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

GF SECURITIES CO., LTD.

廣發証券股份有限公司

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

(Stock Code: 1776)

2015 ANNUAL RESULTS ANNOUNCEMENT

The board of directors of GF Securities Co., Ltd. (the "**Company**") hereby announces the audited results of the Company and its subsidiaries for the year ended 31 December 2015. This announcement, containing the full text of the 2015 annual 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 the information to accompany preliminary announcements of annual results.

The 2015 annual report of the Company and its printed version will be published and delivered to the H shareholders of the Company and available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.gf.com.cn by the end of April 2016.

By order of the Board
GF Securities Co., Ltd.
Sun Shuming
Chairman

Guangzhou, the PRC
March 18, 2016

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Sun Shuming, Mr. Lin Zhihai, Mr. Qin Li and Ms. Sun Xiaoyan as executive Directors; Mr. Shang Shuzhi, Mr. Li Xiulin and Mr. Chen Aixue as non-executive Directors; and Mr. Liu Jiwei, Mr. Yang Xiong, Mr. Tang Xin and Mr. Chan Kalok as independent non-executive Directors.

Important Notice

The Board of Directors, Supervisory Committee and the Directors, Supervisors and senior management of the Company confirm the truthfulness, accuracy and completeness of the contents of this annual report, that there is no misrepresentation, misleading statement or material omission herein, and that they will be jointly and severally liable for the legal responsibility. Mr. Sun Shuming (the Chairman), Ms. Sun Xiaoyan (the Chief Financial Officer) and Ms. Wang Ying (the head of accounting department of the Company) hereby confirm the truthfulness, accuracy and completeness of the financial statements contained in this annual report.

None of the Directors, Supervisors and senior management has made any statement that he/she is unable to warrant or objects to the truthfulness, accuracy and completeness of the information contained in this report. This report has been considered and approved at the 29th meeting of the Eighth Session of the Board of Directors of the Company. All of the 11 Directors of the Company attended the meeting.

The 2015 financial statements of the Company, prepared in accordance with the International Financial Reporting Standards, have been audited by Deloitte Touche Tohmatsu, who has issued a standard unqualified audit report. Unless otherwise indicated, the financial data stated in this report is denominated in RMB.

According to the profit distribution proposal of the Company passed in this Board meeting, all shareholders will be distributed RMB8.0 (tax inclusive) for every 10 shares based on the number of shares held as at the record date.

Forward-looking statements included in this annual report, including future plans, do not constitute a substantive commitment to investors by the Company. Investors should be aware of such investment risks.

This annual report has been prepared by the Company in both Chinese and English languages. When there is any discrepancies in interpretation between the Chinese version and English version of this report, the Chinese version shall prevail.

Warning About Material Risk Factors

The risks faced by the Company in its operations mainly include: policy risk that may cause adverse effects to the operations of securities companies as a result of macroeconomic adjustment and control measures promulgated by the State or changes in laws and regulations, regulatory policies and trading rules relevant to the securities industry; liquidity risk that may arise from the failure of the Company to obtain sufficient funds timely at reasonable cost to settle debts on due dates, perform other payment obligations and satisfy the capital requirements for ordinary business operations; market risk that may cause losses to be incurred by various operations of the Company due to adverse changes in market prices (such as prices of equity securities, interest rates, exchange rates or commodity prices); credit risk that may cause losses to be incurred by the Company as a result of the issuer or counterparty failing to perform their obligations as stipulated in the contracts or due to changes in the market value of debts arising from changes in credit ratings or contractual performance capabilities; compliance risk that may cause the imposition of sanctions by laws or punishment by regulatory authorities, material financial losses to be incurred or harm to reputation as a result of non-compliance with the relevant standards stipulated by laws and regulations, regulatory requirements, rules or relevant standards established by self-disciplinary bodies and the code of conduct applicable to the business activities conducted by securities companies as principals; operation risk that may cause losses to be incurred as a result of deficiency or problems involving internal procedures, personnel, system and external events; and information technology risk that may cause potential impact on the design and operation of the systems due to the reliance on new and advanced technologies.

In response to the risks mentioned above, the Company has established a comprehensive internal control system, compliance management system and a dynamic regulatory system based on risk control indicators to ensure that the operations of the Company are conducted within an extent of predictable, controllable and tolerable risks. Investors are advised to read the “Management Discussion and Analysis” as set out in Section 5 of this annual report carefully and to pay particular attention to the above risk factors.

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Definitions

Term	Definition
Reporting Period	Year 2015 (January 1, 2015 to December 31, 2015)
The Company, Company, parent company, GF Securities	GF Securities Co., Ltd.
The Group, Group	the Company and its subsidiaries
Liaoning Cheng Da	Liaoning Cheng Da Co., Ltd. (遼寧成大股份有限公司)
Jilin Aodong	Jilin Aodong Pharmaceutical Group Co., Ltd. (吉林敖東藥業集團股份有限公司)
Zhongshan Public Utilities	Zhongshan Public Utilities Group Co., Ltd. (中山公用事業集團股份有限公司)
GFHK	GF Holdings (Hong Kong) Corporation Limited (廣發控股 (香港) 有限公司)
GF Securities (Hong Kong)	GF Securities (Hong Kong) Brokerage Limited (廣發証券 (香港) 經紀有限公司)
GF Asset Management (Hong Kong)	GF Asset Management (Hong Kong) Limited (廣發資產管理 (香港) 有限公司)
GF Investments (Hong Kong)	GF Investments (Hong Kong) Limited（廣發投資 (香港) 有限公司）
GF Capital (Hong Kong)	GF Capital (Hong Kong) Limited（廣發融資 (香港) 有限公司）
GF Futures	GF Futures Co., Ltd. (廣發期貨有限公司)
GF Futures (Hong Kong)	GF Futures (Hong Kong) Co., Limited (廣發期貨 (香港) 有限公司)
GF Xinde	GF Xinde Investment Management Co., Ltd. (廣發信德投資管理有限公司)
GF Qianhe	GF Qianhe Investment Co., Ltd. (廣發乾和投資有限公司)
GF Asset Management	GF Securities Asset Management (Guangdong) Co., Ltd. (廣發証券資產管理 (廣東) 有限公司)

GF Fund	GF Fund Management Co., Ltd. (廣發基金管理有限公司)
Guangdong Equity Exchange	Guangdong Equity Exchange Co., Ltd. (廣東金融高新區股權交易中心有限公司)
E Fund	E Fund Management Co., Ltd. (易方達基金管理有限公司)
ECT	E-Capital Transfer Co., Ltd. (證通股份有限公司)
The PRC	Mainland China
CSRC	the China Securities Regulatory Commission
CIRC	the China Insurance Regulatory Commission
Guangdong Bureau of CSRC	Guangdong Bureau of the China Securities Regulatory Commission
SSE	the Shanghai Stock Exchange
SZSE	the Shenzhen Stock Exchange
SZSE Listing Rules	Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
SFC	the Securities and Futures Commission of Hong Kong
SFO	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong)
Margin financing and securities lending	the operating activities engaged by the Company in which loans are provided to customers for purchasing listed securities (margin financing) or listed securities are borrowed by customers for sale (securities lending) with collaterals provided by customers

Definitions

Stock Index Futures	a financial futures contract using stock price index as the subject matter, that is, a standard form of contract to be entered into by both parties which stipulates the performance of a transaction on stock price index at an agreed price on a specific date in future, and in which the stock price index of a stock market is the subject matter of the transaction
SME Private Placement Bonds	corporate bonds issued and transferred by medium, small and micro enterprises in the PRC by way of private placement with an agreement to repay principal with interest within a given period
Direct Investment	the business of identifying and discovering quality investment projects or companies by securities companies using their own professional strengths with equity investments being made with their own or raised funds for the purpose of obtaining return on equity. In this process, securities companies may provide intermediary service and receive commission, as well as participate in the investment with their own funds
Stock Pledged Repo Transaction	a transaction in which a qualified borrower pledges his shares or other securities held as collaterals to obtain financing funds from a qualified lender, and agrees to repay the funds on a future date to release the pledge
Security Transactions with Repurchase Agreement	a transaction in which a qualified customer sells the subject securities at an agreed price to the securities company which is the custodian of such securities, and agrees to purchase the subject securities from the securities company at another agreed price on a future date, and the securities company will return the relevant yields generated by the subject securities during the period pending for repurchase to the customer pursuant to the agreement signed with the customer.
NEEQ	National Equities Exchange and Quotations (全國中小企業股份轉讓系統), also known as new third board (新三板)
QDII	Qualified Domestic Institutional Investors
QDLP	Qualified Domestic Limited Partner
QFII	Qualified Foreign Institutional Investors
RQFII	RMB Qualified Foreign Institutional Investors
ETF	Exchange Traded Funds, an open index fund available for trading, commonly known as Exchange Traded Fund, which is an open fund listed for trading on a stock exchange with variable portions of the fund components

FICC	Fixed Income, Currencies & Commodities
PB Business	Prime Broker Business
OTC	Over The Counter
VaR	Value at Risk
PPP	Public-private-Partnership
ABS	Asset-backed Securities
A Share(s)	domestic shares of the Company with a nominal value of RMB1.00 each, which are listed on the SZSE and traded in Renminbi
H Share(s)	foreign shares of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
H Share prospectus	the prospectus issued by the Company on March 25, 2015 in relation to the public offering of H Shares
CPA, auditor, Deloitte	Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu, accounting firms appointed by the Company

In the 2015 annual report, some total figures may be slightly deviated in the last digit from the sum of direct aggregation of all amounts. Such discrepancy is due to the rounding up calculation of decimal places.

公司簡介

COMPANY PROFILE

Section 1 Company Profile

I. COMPANY NAME

Name in Chinese:	廣發証券股份有限公司
Short Name in Chinese:	廣發証券
Name in English:	GF Securities Company Limited
Short Name in English:	GF Securities Co., Ltd.

II. LEGAL REPRESENTATIVE OF THE COMPANY: Sun Shuming

III. GENERAL MANAGER OF THE COMPANY: Lin Zhihai

IV. SECRETARY TO THE BOARD: Luo Binhua

V. SECURITIES AFFAIRS REPRESENTATIVE: Xu Youjun

VI. AUTHORIZED REPRESENTATIVES OF THE COMPANY: Lin Zhihai, Wan Ka Hung

VII. JOINT COMPANY SECRETARIES: Luo Binhua, Wan Ka Hung

VIII. COMPANY CONTACT DETAILS:

Registered Address of the Company:	43rd Floor (Room 4301-4316), Metro Plaza, No. 183-187 Tianhe North Road, Tianhe District, Guangzhou, PRC
Postal Code of the Registered Address of the Company:	510075
Business Address of the Company:	5th, 7th, 8th, 18th, 19th, 38th, 39th, 40th, 41st, 42nd, 43rd and 44th Floor, Metro Plaza, No. 183-187 Tianhe North Road, Tianhe District, Guangzhou, PRC
Postal Code of the Business Address of the Company:	510075
Company Website:	http://www.gf.com.cn
Company E-mail:	dshb@gf.com.cn, gfzq@gf.com.cn

IX. THE COMPANY'S PRINCIPAL PLACE OF BUSINESS IN HONG KONG: 29-30/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong

X. CONTACT PERSONS AND CONTACT INFORMATION

Secretary of the Board	Luo Binhua 43rd Floor, Metro Plaza, No. 183-187, Tianhe North Road, Tianhe District, Guangzhou Tel: (86) 20-87550265/87550565 Fax: (86) 20-87553600 E-mail: lbh@gf.com.cn
Securities Affairs Representative	Xu Youjun 39th Floor, Metro Plaza, No. 183-187, Tianhe North Road, Tianhe District, Guangzhou Tel: (86) 20-87550265/87550565 Fax: (86) 20-87554163 Email: xuyj@gf.com.cn

XI. INFORMATION DISCLOSURE AND PLACE OF INSPECTION:

Newspapers designated by the Company for A Shares information disclosure	The China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily
Website designated by the CSRC for publication of annual report	http://www.cninfo.com.cn
Website designated by the Hong Kong Stock Exchange for publication of annual report	http://www.hkexnews.com.hk
Place where the annual report of the Company is available for inspection	39th Floor, Metro Plaza, No. 183-187 Tianhe North Road, Tianhe District, Guangzhou, PRC

XII. PLACES OF LISTING, STOCK NAMES AND STOCK CODES

A Shares: SZSE	Stock name: GF Securities	Stock code: 000776
H Shares: Hong Kong Stock Exchange	Stock name: GF SEC	Stock code: 1776

XIII. CHANGES IN REGISTRATION INFORMATION

Organization Code	12633543-9
Changes in the Principal Business of the Company since the Listing of the Company's A Shares (if any)	In February 2010, pursuant to the Approval for the Absorption and Merger of GF Securities Co., Ltd. by Yan Bian Road Construction Co., Ltd. through Shares Repurchase and Issue of New Shares (Zheng Jian Xu Ke No. [2010] 164) (《關於核准延邊公路建設股份有限公司定向回購股份及以新增股份換股吸收合併廣發証券股份有限公司的批覆》(證監許可【2010】164號文)) issued by the CSRC, Yan Bian Road absorbed and merged with the Original Guangfa. Upon completion of the absorption and merger, the existing company changed its name to GF Securities Co., Ltd. and undertook all the businesses of the Original Guangfa. The trading of the Company's shares was resumed with effect from February 12, 2010. Since then, the Company's full name was changed from "Yan Bian Road Construction Co., Ltd." to "GF Securities Co., Ltd.", and its stock name was changed from "S Yan Bian Road" to "GF Securities", with the stock code of "000776" remain unchanged. Meanwhile, the Company's industry classification was also changed from "supporting the industry of transportation" to "integrated securities company". Currently, the business scope of the Company includes: securities brokerage, securities investment consultation, financial advisory business relating to securities trading and securities investment, securities underwriting and sponsorship, securities proprietary trading, margin financing and securities lending, distribution of securities investment fund, securities investment fund custodian, provision of intermediary services for futures companies, distribution of financial products and market-making business of stock options. (Businesses which require approvals according to laws shall be subject to the approval from relevant authorities before the commencement of business).
Changes in Controlling Shareholders (if any)	In January 2003, Yan Bian State-owned Assets Management Corporation, the original largest shareholder of Yan Bian Road, transferred its shares in Yan Bian Road to Jilin Aodong. Upon completion of the transfer, Jilin Aodong became the largest shareholder of Yan Bian Road. Subsequently, Jilin Aodong was also transferred the shares from other shareholders, and it also increased its shareholdings in the secondary market to 46.76%. As a result, it became the controlling shareholder of Yan Bian Road. In February 2010, prior to the absorption and merger of the Original Guangfa by Yan Bian Road, the controlling shareholder was Jilin Aodong. After the completion of the absorption and merger, GF Securities had no controlling shareholders.

XIV. QUALIFICATIONS OF INDIVIDUAL BUSINESSES

No.	Type of License	Approval Department	Issue Date
1	Qualification for entry into the national inter-bank market (conducting inter-bank lending, sales and trading of bonds, spot bonds transactions and bond repurchase businesses)	PBOC	September 1999
2	Membership of the national inter-bank lending market	China Foreign Exchange Trading System & National Interbank Funding Center	November 1999
3	Qualification for online entrusted securities trading business	CSRC	February 2001
4	Qualification for entrusted investment management business	CSRC	May 2002
5	Qualification for open-end securities investment fund distribution business	CSRC	August 2002
6	Pilot securities firm to carry on relevant innovative activities	Securities Association of China	December 2004
7	Qualification as an eligible clearing participant for purchasing warrants (Qualification for warrants clearing business of China Securities Depository and Clearing Corporation Limited)	China Securities Depository and Clearing Corporation Limited	August 2005
8	Short-term financing bill underwriting business	PBOC	September 2005
9	Qualification for quotation transfer business	Securities Association of China	January 2006
10	Clearing participant of China Securities Depository and Clearing Corporation Limited	China Securities Depository and Clearing Corporation Limited	March 2006
11	Membership of SSE	SSE	April 2007
12	Membership of SZSE	SZSE	April 2007
13	Qualification of level one dealer on the SSE Integrated Electronic Platform for Fixed Income Securities	SSE	July 2007
14	Class A clearing participant of China Securities Depository and Clearing Corporation Limited	China Securities Depository and Clearing Corporation Limited	August 2007
15	Qualification for providing intermediary services for futures companies	CSRC	May 2008
16	Qualification of qualified investor of block trade system	SSE	June 2008
17	Qualification for direct investment business on a pilot basis (conducted through GF Xinde)	CSRC	October 2008

No.	Type of License	Approval Department	Issue Date
18	Qualification for margin financing and securities lending	CSRC	March 2010
19	Qualification for providing intermediary services for GF Futures Co., Ltd.	CSRC Guangdong Bureau	March 2010
20	Membership of Chongqing Share Transfer Center	Chongqing Share Transfer Center	July 2011
21	License for operating foreign exchange business	State Administration of Foreign Exchange	August 2011
22	Qualification for bond-pledged repo business	SSE	November 2011
23	Alternative investment business (conducted through GF Qianhe)	CSRC Guangdong Bureau	January 2012
24	Qualification for provision of marketing unit for insurance institutional investors	CIRC	January 2012
25	Qualification for the pilot work of underwriting business of SME private placement bonds	Securities Association of China	June 2012
26	Qualification for the participation in proprietary business of securities firms in the interest rate swap investment and transaction	CSRC Guangdong Bureau	July 2012
27	Membership of Zhejiang Equity Exchange	Securities Association of China	August 2012
28	Qualification for the first batch of pilot work for refinancing business of China Securities Finance Corporation Limited	China Securities Finance Corporation Limited	August 2012
29	Trading permission for repurchase agreements	SSE	September 2012
30	Qualification for entrusted management insurance fund	CIRC	October 2012
31	Institutional member recommended by Guangzhou Equity Exchange	Guangzhou Equity Exchange	October 2012
32	Qualification for main underwriting business of debt financing instruments for non-financial businesses	National Association of Financial Market Institutional Investors	November 2012
33	Qualification for OTC trading business	Securities Association of China	December 2012
34	Qualification for the swap transaction business of equity income	Securities Association of China	January 2013
35	Trading permission for repurchase agreements	SZSE	January 2013

No.	Type of License	Approval Department	Issue Date
36	Qualification for stock index futures business of China Financial Futures Exchange	China Financial Futures Exchange	January 2013
37	Authorization for lending transaction of refinancing securities	SSE	February 2013
38	Qualification of the sales agent for financial products	CSRC Guangdong Bureau	May 2013
39	Authorization for stock-pledged repo business	SSE	June 2013
40	Authorization for stock-pledged repo business	SZSE	June 2013
41	Qualification for consultancy services relating to the secrets of the military industry	The Office of Scientific and Technological Industry of National Deference in Guangdong Province	June 2013
42	Qualification for proprietary business of Shanghai Futures Exchange	Shanghai Futures Exchange	September 2013
43	Membership of Guangdong Equity Exchange	Securities Association of China	November 2013
44	License for part-time insurance agency	CIRC Guangdong Bureau	November 2013
45	Securities fund consumption payment services for clients	CSRC	December 2013
46	Qualification for the pilot work of comprehensive custody business of private equity	CSRC	January 2014
47	Qualification for ETF business (博時標普500ETF, 易方達滬深300ETF, 華安上證180ETF)	SSE	February 2014
48	Qualification for pledged repo business	SZSE	April 2014
49	Qualification for pilot work of receipt certificates	Securities Association of China	May 2014
50	Qualification for custody business of securities investment funds	CSRC	May 2014
51	Qualification for pilot work of Internet securities business	Securities Association of China	June 2014
52	Qualification on the Dalian Equity Exchange	Securities Association of China	June 2014
53	Engagement in the business relating to the non-IPO for enterprises on the Shandong Equity Exchange	Shandong Equity Exchange	June 2014
54	Qualification for the mutual swap and central clearing of Renminbi interest rates	Shanghai Clearing House	June 2014
55	Qualification on the Gansu Equity Exchange Center	Securities Association of China	July 2014

No.	Type of License	Approval Department	Issue Date
56	Qualification of the sponsor broker (market-making, sponsoring and brokerage businesses)	National Equities Exchange and Quotations Co., Ltd.	July 2014
57	Qualification for Hong Kong Stock Connect business	SSE	October 2014
58	Membership certificate of the Asset Management Association of China	Asset Management Association of China	November 2014
The qualifications of individual business that the Company has obtained in 2015 include:			
1	Qualification for agency services business for gold and other precious metal spot contracts and proprietary trading for spot gold contracts	CSRC	January 2015
2	Qualification for stock option market-making business	CSRC	January 2015
3	Qualification for options settlement business	China Securities Depository and Clearing Co., Ltd.	January 2015
4	Qualification as a stock options trading participant	SSE	January 2015
5	Qualification for the SSE 50 ETF options market-making business	SSE	January 2015
6	Qualifications for financing-oriented option exercise business and restricted securities lending business with respect to share incentive schemes of listed companies	SZSE	January 2015
7	Membership certificate of the Shanghai Gold Exchange	Shanghai Gold Exchange	April 2015
8	Membership of the China Emissions Exchange	China Emissions Exchange	June 2015
9	Opening accounts through one-way video	China Securities Depository and Clearing Co., Ltd.	June 2015

The qualifications of individual business that the subsidiaries of the Company have obtained include:

No.	Type of License	Approval Department	Issue Date
Business qualifications obtained by GF Futures Co., Ltd. and its subsidiaries			
1	Qualification for commodity futures brokerage business	CSRC	March 1993
2	Membership	ICE Futures Europe	March 2005
3	Type 2: dealing in futures contracts	SFC	February 2007
4	Futures Exchange Participant	Hong Kong Futures Exchange Limited (Hong Kong)	May 2007
5	HKCC Participant	HKFE Clearing Corporation Limited (Hong Kong)	May 2007
6	Qualification for futures financial futures brokerage business	CSRC	August 2007
7	Membership	China Financial Futures Exchange	February 2008
8	Membership	Shanghai Futures Exchange	June 2008
9	Membership	ICE Clear Europe	September 2008
10	Membership	Dalian Commodity Exchange	December 2008
11	Membership	Zhengzhou Commodity Exchange	March 2009
12	Qualification for futures investment consulting business	CSRC	August 2011
13	Trading membership	Singapore Exchange Derivatives Trading Limited	August 2011
14	Membership of the Euronext London Derivatives Market	NYSE Liffe London	July 2011
15	Qualification for asset management business	CSRC	November 2012
16	Category 1, Ring dealing membership	London Metal Exchange	January 2014
17	Membership	London Stock Exchange	February 2014
18	Non-active clearing membership	Chicago Board of Trade, Inc.	December 2014
19	Non-active clearing membership	Commodity Exchange, Inc.	December 2014
20	Non-active clearing membership	New York Mercantile Exchange, Inc.	December 2014
21	Qualification for fund sales business	CSRC Guangdong Bureau	February 2015

Membership and business qualifications obtained by GFHK and its subsidiaries

No.	Type of License	Approval Department	Issue Date
1	Type 1: dealing in securities	SFC	January 2007
2	Type 6: advising on corporate finance	SFC	January 2007
3	Stock Exchange Participant	Hong Kong Stock Exchange	February 2007
4	Type 4: advising on securities	SFC	November 2007
5	Type 9: asset management	SFC	November 2007
6	Business license for securities investment	CSRC	December 2011
7	RMB Qualified Foreign Institutional Investor (RQFII) Qualification	CSRC	December 2011
8	RMB Qualified Foreign Institutional Investor (RQFII) Qualification	State Administration of Foreign Exchange (PRC)	January 2012
9	Account opening license	The People's Bank of China Shenzhen Central Sub-branch (PRC)	February 2012
10	Money Lenders Licence	Licensing Court (Hong Kong)	February 2013
11	QFII investment quota	State Administration of Foreign Exchange (PRC)	January 2015
12	Business license for insurance brokerage: (long term (including LLT) & general)	Professional Insurance Brokers Association (PRC)	March 2015
13	Investment dealer	Investment Industry Regulatory Organization of Canada (IIROC)	May 2015
14	Options Trading Exchange Participant	Hong Kong Stock Exchange	November 2015
15	Direct Clearing Participant	The SEHK Options Clearing House Limited	November 2015
Membership and business qualifications obtained by GF Asset Management			
1	Permit for operation of securities asset management business	CSRC	March 2014
Membership and business qualifications obtained by GF Qianhe and its subsidiaries			
1	Private Investment Fund Manager Registration Certificate	Asset Management Association of China	October 2015
2	Pilot of the Qualified Domestic Limited Partners (QDLP)	Office of Shanghai Finance Services	November 2015
Membership and business qualifications obtained by GF Xinde and its subsidiaries			
1	Private Investment Fund Manager Registration Certificate	Asset Management Association of China	April 2015

No.	Type of License	Approval Department	Issue Date
Membership and business qualifications obtained by GF Fund and its subsidiaries			
1	Securities investment fund management	CSRC	August 2003
2	Client-specific asset management	CSRC	February 2008
3	Qualified Domestic Institutional Investor (QDII)	CSRC	January 2009
4	Entrusted Domestic Investment Manager of NSSF	NSSF	December 2010
5	Type 4: advising on securities (Hong Kong)	SFC	September 2011
6	Type 9: asset management (Hong Kong)	SFC	September 2011
7	RMB Qualified Foreign Institutional Investor (RQFII) (Hong Kong)	CSRC	August 2012
8	Entrusted investment managers of insurance funds	CIRC	October 2012
9	Client-specific asset management	CSRC	June 2013
10	Qualified Foreign Institutional Investor (QFII) (Hong Kong)	CSRC	September 2013
11	Financial Services Commission of South Korea - investment consulting business license (Hong Kong)	Financial Services Commission of South Korea	November 2013
12	Type 1: dealing in securities (Hong Kong)	SFC	March 2014
13	Investment advisory (Hong Kong)	U.S. Securities and Exchange Commission	May 2014
14	MiFID and UCITS businesses (UK)	Financial Conduct Authority (FCA)	October 2015
15	RMB Qualified Foreign Institutional Investor (RQFII) (UK)	CSRC	December 2015

XV. COMPANY HISTORY

With the approval of the PBOC, Guangdong Development Bank (廣東發展銀行) (currently known as China Guangfa Bank) established a securities department on April 9, 1991. On May 21, 1993, the Guangdong Administration for Industry and Commerce approved the due establishment of the Securities Department of Guangdong Development Bank (廣東發展銀行證券業務部). On January 25, 1994, the Company was converted into Guangdong Guangfa Securities Company (廣東廣發証券公司) whose capital was contributed by Guangdong Development Bank with its own funds.

On December 26, 1996, the Company was converted into a limited liability company and its name was changed to Guangfa Securities Limited Liability Company (廣發証券有限責任公司). On August 26, 1999, the Company was spun off from Guangdong Development Bank as required by the sectorial regulations applicable to the financial industries under the PRC laws. On July 25, 2001, the Company was converted into a joint stock company and its name was changed to GF Securities Co., Ltd. (廣發証券股份有限公司) (the "Original Guangfa").

On February 12, 2010, the Company became listed on the Shenzhen Stock Exchange by completing a reverse takeover of Yan Bian Road Construction Co., Ltd. (延邊公路建設股份有限公司) ("Yan Bian Road"), a company listed on the Shenzhen Stock Exchange with the stock code 000776 (the "Reverse Takeover"). The key steps of the Reverse Takeover were as follows:

- the repurchase by Yan Bian Road of 84,977,833 shares from one of its then shareholders, Jilin Aodong Pharmaceutical Group Co., Ltd. (吉林敖東藥業集團股份有限公司);
- the issuance of 2,409,638,554 shares by Yan Bian Road to shareholders of the Original Guangfa in exchange for all the then existing shares of the Original Guangfa; and
- as a result of the Reverse Takeover, the Original Guangfa transferred all its assets and employees to Yan Bian Road and was deregistered on February 10, 2010.

As part of the Reverse Takeover, the name of Yan Bian Road was changed to "GF Securities Co., Ltd.".

MAJOR INCREASES IN SHARE CAPITAL

Upon its establishment on May 21, 1993, the Company's registered capital was RMB10,000,000.

On January 25, 1994, the Company increased its registered capital to RMB150,000,000.

On November 1, 1995, the Company increased its registered capital to RMB200,000,000.

On December 26, 1996, the Company increased its registered capital to RMB800,000,000.

On December 14, 1999, the Company increased its registered capital to RMB1,600,000,000.

On July 25, 2001, the Company was converted into a joint stock company with registered share capital of RMB2,000,000,000.

On February 10, 2010, as a result of the Reverse Takeover, the Company increased its registered share capital to RMB2,507,045,732.

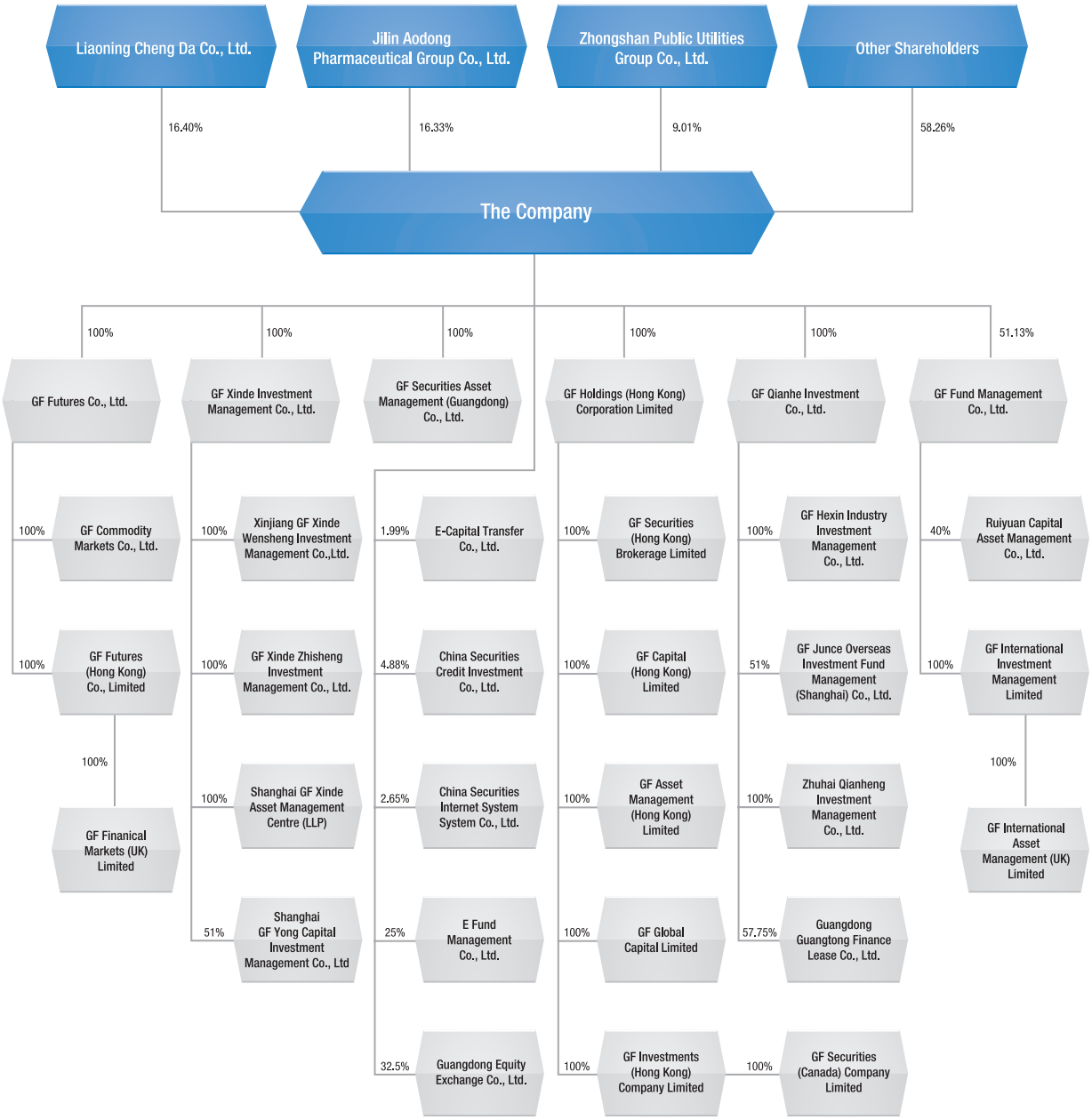
On December 15, 2011, the Company issued 452,600,000 A Shares to 10 investors by way of private placement. As a result, the Company increased its registered capital to RMB2,959,645,732.

On September 17, 2012, the Company increased its share capital from RMB2,959,645,732 to RMB5,919,291,464 through the capitalization of our capital reserves on the basis of 10 shares for every 10 shares.

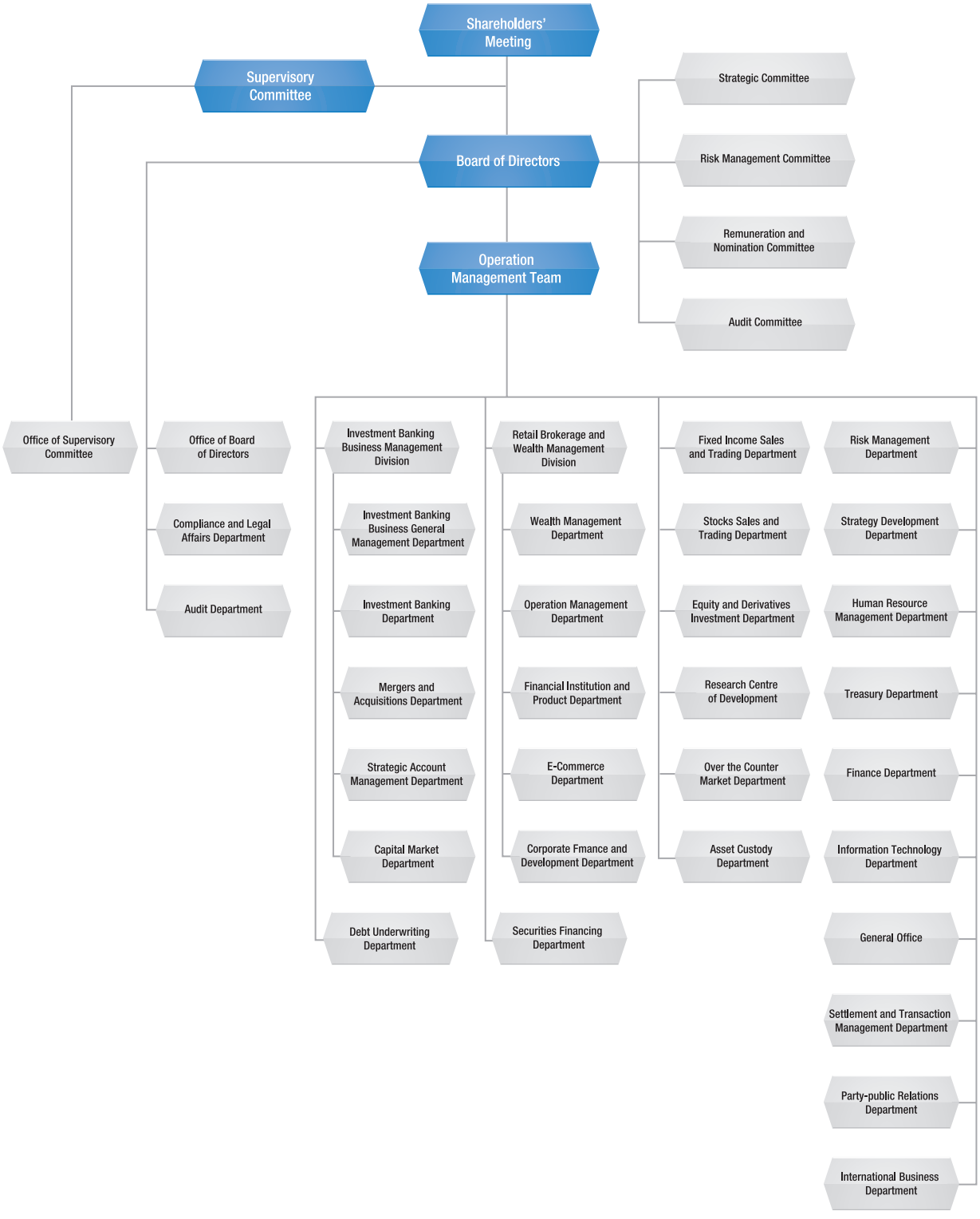
On April 10, 2015, the Company was listed for trading on the Main Board of the Hong Kong Stock Exchange. Upon full exercise of the over-allotment option, the Company issued a total of 1,701,796,200 H Shares and changed its registered capital to RMB7,621,087,664.

XVI. CORPORATE STRUCTURE

1. Shareholding Structure (As of 31 December 2015)



2. Organization Structure (As of the date of this report)



3. Domestic Branch Companies

No.	Name of Branch Companies	Registered Address	Date of Establishment	Responsible Person	Contact No.
1	GF Securities Co., Ltd. Shenzhen Branch	Level 20, Shum Yip Centre, 5045 Shennan East Road, Luohu District, Shenzhen City	July 2009	Jing Jianguo	(86) 755-82083898
2	GF Securities Co., Ltd. Dalian Branch	478 Zhongshan Road, Shahekou District, Dalian City, Liaoning Province	July 2009	Chu Jin	(86) 411-84335166
3	GF Securities Co., Ltd. Shandong Branch	West Wing, 10th Floor, 3 Luoyuan Street, Lixia District, Jinan City, Shandong Province	July 2009	Zhang Yuqiang	(86) 531-86993666
4	GF Securities Co., Ltd. Shanghai Branch	Area A, Room 315, 710 Dongfang Road, Pudong New District, Shanghai City	July 2009	Mei Jiyuan	(86) 21-68818808
5	GF Securities Co., Ltd. Hebei Branch	9 Yuhua West Road, Qiaoxi District, Shijiazhuang City, Hebei Province	July 2009	Huang Bin	(86) 311-85278887
6	GF Securities Co., Ltd. Hubei Branch	3rd Floor, Guangyuan Building, 133 Yanjiang Avenue, Jiangan District, Wuhan City, Hubei Province	July 2009	Peng Tao	(86) 27-82763201
7	GF Securities Co., Ltd. Guangzhou Branch	2nd Floor, Industrial Bank Plaza 101 Tianhe Road, Guangzhou City, Guangdong Province	July 2009	Chen Liming	(86) 20-83863518
8	GF Securities Co., Ltd. Zhejiang Branch	Room A201, 41 Qianjiang Road, Shangcheng District, Hangzhou City	August 2009	Chen Xiaoyu	(86) 571-86566651
9	GF Securities Co., Ltd. Chengdu Branch	Level 4, Guannanshangyu, 1 Xinguang Road, Wuhou District, Chengdu City, Sichuan Province	August 2009	Liu Jiezhou	(86) 28-85972529
10	GF Securities Co., Ltd. Beijing Branch	Level 18, Yuetan Building, 2 Yuetan North Street, Xicheng District, Beijing City	August 2009	Wang Qijun	(86) 10-59136868
11	GF Securities Co., Ltd. Xi'an Branch	Level 9, 25 Jinhua North Road, Xincheng District, Xi'an City, Shaanxi Province	August 2009	He Xiaoshe	(86) 29-82518760
12	GF Securities Co., Ltd. Jiangsu Branch	Level 5, Nanqi Business Building, 68 Luxiying, Gulou District, Nanjing City, Jiangsu Province	August 2009	Li Ping	(86) 25-86899227
13	GF Securities Co., Ltd. Zhuhai Branch	Area I (2), Level 2, Building 17, Zhuhai Hengqing Financial Industry Service Base, Shizimen Central Business District, Hengqing New District, Zhuhai City, Guangdong Province	February 2011	Zhong Xiongying	(86) 756-8286229

No.	Name of Branch Companies	Registered Address	Date of Establishment	Responsible Person	Contact No.
14	GF Securities Co., Ltd. Foshan Branch	Room 401, Block 2, 100 Lingnan Avenue North, Chancheng District, Foshan City, Guangdong Province	May 2011	Su Yingbiao	(86) 757-83035720
15	GF Securities Co., Ltd. Changchun Branch	1272 Minkang Road, Nanguang District, Changchun City, Jilin Province	August 2011	Li Chao	(86) 431-88639610
16	GF Securities Co., Ltd. Fujian Branch	Part of Level 10, Mingliutiandi, 56 Gutian Road, Shuibu Subdistrict, Gulou District, Fuzhou City	April 2012	Li Huilong	(86) 592-5801968
17	GF Securities Co., Ltd. Yuexi Branch	Deputy House, Telecommunications Building, 1 Tianning Road, Pengjiang District, Jiangmen City, Guangdong Province	June 2014	Lin Qing	(86) 750-3488001
18	GF Securities Co., Ltd. Yuedong Branch	5 Haibin Road, Jinping District, Shantou City, Guangdong Province	June 2014	Zhang Haiou	(86) 754-88280098
19	GF Securities Co., Ltd. Dongguan Branch	Level 5, The Union Plaza, Dongcheng South Road, Dongcheng District, Dongguan City, Guangdong Province	June 2014	Kang Shaohua	(86) 769-22323933
20	GF Securities Co., Ltd. Hainan Branch	19 Heping Avenue, Meilan District, Haikou City, Hainan Province	September 2015	Wu Zikui	(86) 898-66288660

4. Domestic and Overseas Principal Wholly-owned and Non Wholly-owned Subsidiaries

(1) Domestic Wholly-owned and Non Wholly-owned Subsidiaries

Name of Subsidiaries	Date of Establishment	Registered Capital (RMB ten thousand)	Shareholding Ratio(%)	Office Address	Responsible Person	Contact No.
GF Futures	1993.03	130,000	100	Level 9, Level 14 and Level 15, Hongdun Building, 57 Tiyu West Road, Tianhe District, Guangzhou City	Luo Mansheng	(86) 20-38456966
GF Xinde	2008.12	280,000	100	Level 16, Guangzhou Metro Plaza, 183-187 Tianhe North Road, Tianhe District, Guangzhou City	Zeng Hao	(86) 20-87555888
GF Qianhe	2012.05	290,000	100	Level 9, Tower B, Xin Sheng Building, Finance Avenue, Xicheng District, Beijing City	Zhang Shaohua	(86) 10-56571886
GF Asset Management	2014.01	100,000	100	Room 105-285, 6 Baohua Road, Hengqin New District, Zhuhai City, Guangdong Province	Zhang Wei	(86) 20-87555888
GF Fund	2003.08	12,688	51.13	Level 31-33, South Tower, Poly International Plaza, No. 1 Pazhou Avenue East, Haizhu District, Guangzhou City	Wang Zhiwei	(86) 20-83936666
GF Equity Exchange	2013.10	10,000	32.50	1st Floor and Shop A2-12, 2nd Floor, Building 2, Phase I, Guangdong Xiaxi International Rubber & Plastics City, Nanping West Road, Guicheng Subdistrict, Nanhai District, Foshan City, Guangdong Province	Qin Li	(86) 20-87555888
E Fund	2001.04	12,000	25	40th – 43th Floor, Bank of Guangzhou Square, 30 Zhujiang East Road, Zhujiang New City, Tianhe District, Guangzhou City	Liu Xiaoyan	(86) 20-38797888
China Securities Credit Investment Co., Ltd.	2015.05	410,000	4.88	Level 44, Shenzhen Stock Exchange, 2012 Shennan Avenue, Futian District, Shenzhen City	Niu Guanxing	(86) 755-84362888
China Securities Internet System Co.,Ltd.	2013.02	755,024.45	2.65	Unit B808, Level 8, Building B, 19 Finance Avenue (Lot 5 of Block B in Finance Avenue), Xicheng District, Beijing City	Chen Gongyan	(86) 10-83897972
ECT	2015.01	251,875	1.99	Room 726, Level 7, 6 Jilong Road, Shanghai Free Trade Zone	Wang Guanrong	(86) 21-20538888

GF Futures established GF Commodity Markets Co., Ltd..

Name of Subsidiary	Date of Establishment	Registered Capita (RMB ten thousand)	Shareholding Ratio (%)	Office Address	Responsible Person	Contact No.
GF Commodity Markets Co., Ltd.	2013.4	20,000	100	Room A-1088H, International Trade Building, Yangshan Bonded Zone, 188 Yesheng Road, Shanghai Free Trade Zone, PRC	Zhou Gongda	(86) 21-60126367

GF Xinde has four subsidiaries, namely Xinjiang GF Xinde Wensheng Investment Management Co., Ltd., GF Xinde Zhisheng Investment Management Co., Ltd., Shanghai GF Xinde Asset Management Centre (LLP) (上海廣發信德資產管理中心 (有限合夥)) and Shanghai GF Yong Capital Investment Management Co., Ltd (上海廣發永胥股權投資管理有限公司).

Name of Subsidiaries	Date of Establishment	Registered Capital (RMB ten thousand)	Shareholding Ratio (%)	Office Address	Responsible Person	Contact No.
Xinjiang GF Xinde Wensheng Investment Management Co., Ltd.	2013.3	2,050	100	Level 16, Guangzhou Metro Plaza, 183-187 Tianhe North Road, Tianhe District, Guangzhou City	Chen Chongyang	(86) 20-87555781
GF Xinde Zhisheng Investment Management Co., Ltd.	2014.11	5000	100	Level 16, Guangzhou Metro Plaza, 183-187 Tianhe North Road, Tianhe District, Guangzhou City	Chen Chongyang	(86) 20-87555781
Shanghai GF Xinde Asset Management Centre (LLP)	2015.4	1000	100	Level 16, Guangzhou Metro Plaza, 183-187 Tianhe North Road, Tianhe District, Guangzhou City	Chen Chongyang	(86) 20-87555781
Shanghai GF Yong Capital Investment Management Co., Ltd	2015.8	500	51	Level 16, Guangzhou Metro Plaza, 183-187 Tianhe North Road, Tianhe District, Guangzhou City	Xiao Xuesheng	(86) 20-87555985

GF Qianhe has three subsidiaries, namely Zhuhai Qianheng Investment Management Co., Ltd., Guangdong Guangtong Finance Lease Co., Ltd. (廣發廣通融資租賃有限公司) and GF Hexin Industry Investment Management Co., Ltd. (廣發合信產業投資管理有限公司), and one non wholly-owned subsidiary, namely GF Junce Overseas Investment Fund Management (Shanghai) Co., Ltd. (廣發鈞策海外投資基金管理 (上海) 有限公司).

Name of Subsidiaries	Date of Establishment	Registered Capital (in ten thousand)	Shareholding Ratio (%)	Office Address	Responsible Person	Contact No.
Zhuhai Qianheng Investment Management Co., Ltd.	2015.3	RMB 70,000	100	Room 105-1891, 6 Baohua Road, Hengqin New District, Zhuhai City	Jin Bo	(86) 20-87570115
Guangdong Guangtong Finance Lease Co., Ltd.	2015.6	RMB60,000	57.75	Room 4203, 42th Floor, 183-187 Tianhe North Road, Tianhe District, Guangzhou City, Guangdong Province	Zhang Wei	(86) 20-38880058
GF Hexin Industry Investment Management Co., Ltd.	2015.8	RMB5,000	100	Room 105-5649, 6 Baohua Road, Hengqin New District, Zhuhai City	Zhang Wei	(86) 10-56571798
GF Junce Overseas Investment Fund Management (Shanghai) Co., Ltd.	2015.10	USD500	51	Room 701-5, 438 Pudian Road, Pudong New District, Shanghai City	Fu Zhu	(86) 21-60750692

Note: From January 2016, GF Investments (Hong Kong) has been holding the remaining 42.25% equity interest in Guangdong Guangtong Finance Lease Co., Ltd..

GF Fund established Ruiyuan Capital Asset Management Co., Ltd..

Name of Subsidiary	Date of Establishment	Registered Capital (RMB ten thousand)	Shareholding Ratio (%)	Office Address	Responsible Person	Contact No.
Ruiyuan Capital Asset Management Co., Ltd.	2013.6	7,500	40	Level 17, South Tower, Poly International Plaza, No. 1 Pazhou Avenue East, Haizhu District, Guangzhou City	Lin Chuanhui	(86) 20-89188648

(2) Overseas Wholly-owned and Non Wholly-owned Subsidiaries

Name of Subsidiary	Date of Establishment	Paid-up Capital (HK$ ten thousand)	Shareholding Ratio (%)	Office Address	Responsible Person	Contact No.
GFHK	2006.6	560,000	100	29th and 30th Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong	Lin Xianghong	(852) 37191111

GFHK has five wholly-owned subsidiaries, namely GF Capital (Hong Kong), GF Securities (Hong Kong) Brokerage, GF Asset Management (Hong Kong), GF Global Capital Limited and GF Investments (Hong Kong); GF Investments (Hong Kong) established GF Securities (Canada) Company Limited.

Name of Subsidiaries	Date of Establishment	Paid-up Capital (ten thousand)	Shareholding Ratio (%)	Office Address	Responsible Person	Contact No.
GF Securities (Hong Kong) Brokerage	2006.7	HK$280,000	100	29th and 30th Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong	Wang Yue	(852) 37191111
GF Capital (Hong Kong)	2006.7	HK$13,000	100	29th and 30th Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong	Ye Yong	(852) 37191111
GF Asset Management (Hong Kong)	2006.7	HK$32,500	100	29th and 30th Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong	Li Zijian	(852) 37191111
GF Investments (Hong Kong)	2011.9	HK$500	100	29th and 30th Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong	Sha Jianyan	(852) 37191111
GF Global Capital Limited	2015.11	HK$0	100	29th and 30th Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong	Chen Lu	(852) 37191111
GF Securities (Canada) Company Limited	2014.3	CAD1,000	100	5911 No 3 Rd Unit 130 Richmond BC V6X 0K9	Wen Huiqing	(778) 8922698

GF Fund established GF International Investment Management Limited which in turn established GF International Asset Management (UK) Limited.

Name of Subsidiaries	Date of Establishment	Paid-up Capital (ten thousand)	Shareholding Ratio (%)	Office Address	Responsible Person	Contact No.
GF International Investment Management Limited	2010.12	HK$30,000	100	Suite 3503-05, 35th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong	Ding Liang	(852) 36952868
GF International Asset Management (UK) Limited	2015.9	GBP200	100	First Floor 43 London Wall London EC2M 5TF	Guo Chongyang	(44) 20 3828 9888

GF Futures established GF Futures (Hong Kong) Co., Limited which in turn established GF Financial Markets (UK) Limited.

Name of Subsidiaries	Date of Establishment	Paid-up Capital (ten thousand)	Shareholding Ratio (%)	Office Address	Responsible Person	Contact No.
GF Futures (Hong Kong) Co., Limited	2006.5	HK$43,500	100	29th and 30th Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong	Ye Mei	(852)37191153
GF Financial Markets (UK) Limited	1976.2	GBP3,000	100	1 Broadgate, London, EC2M 2QS, United Kingdom.	Andy Gooch	(44)2073301688

5. Numbers and Distribution of Securities Brokerage Branches

As of December 31, 2015, the Company has established 264 securities brokerage branches. The numbers and distribution of securities brokerage branches are set out below:

Province	Number of Brokerage Branches	Province	Number of Brokerage Branches	Province	Number of Brokerage Branches
Guangdong Province (of which: Shenzhen)	116 (9)	Shaanxi Province	5	Guizhou Province	1
		Henan Province	4	Hunan Province	1
Shanghai	21	Yunnan Province	3	Ningxia	1
Hubei Province	16	Hainan Province	3	Gansu Province	1
Liaoning Province	15	Chongqing	3	Inner Mongolia	1
Hebei Province	13	Jilin Province	3	Qinghai Province	1
Zhejiang Province	10	Sichuan Province	2	Shanxi Province	1
Jiangsu Province	10	Guangxi	2	Anhui Province	1
Fujian Province	8	Jiangxi Province	2	Xinjiang	1
Beijing	7	Tianjin	2	Tibet	1
Shandong Province	7	Heilongjiang Province	2		

XVII. OTHER RELEVANT INFORMATION

1. Auditors engaged by the Company:

PRC Auditors	**Deloitte Touche Tohmatsu Certified Public Accountants LLP** 30th Floor, Bund Center, 222 Yan An Road East, Shanghai, China
International Auditors	**Deloitte Touche Tohmatsu** 35/F, One Pacific Place, 88 Queensway, Hong Kong

2. Legal Advisors

PRC Legal Advisor:	**Jia Yuan Law Offices, Beijing**
Overseas Legal Advisor:	**Latham & Watkins**

3. **Joint Compliance Advisors:** **ABCI Capital Limited**
GF Capital (Hong Kong)

4. Share Registrars:

A Share Registrar	**China Securities Depository and Clearing Corporation Limited, Shenzhen Branch** 18th Floor, Zhongxin Building, No. 1093, Shennan Mid Road, Shenzhen, Guangdong, PRC
H Share Registrar	**Computershare Hong Kong Investor Services Limited** Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

5. According to the Regulatory Requirements for Classification of Securities Companies issued by the CSRC, the Class Ratings of the Company in the latest three years are as follows:

The Company was rated as Class A Grade AA Securities Company in 2013;

The Company was rated as Class A Grade AA Securities Company in 2014;

The Company was rated as Class A Grade AA Securities Company in 2015.

6. **Registered Capital of the Company:** RMB7,621,087,664
Net capital of the Company: RMB64,346,276,811.98

主要會計數據和財務指標

KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

Section 2 Key Accounting Data and Financial Indicators

I. KEY ACCOUNTING DATA (CONSOLIDATED STATEMENTS)

(Accounting data and financial indicators set out in this report have been prepared in accordance with the International Financial Reporting Standards)

Unit: RMB in millions

	2015	2014	**Variance in comparison with last year**	2013
Total revenue and other income	**42,733**	16,163	164.38%	9,332
Profit before income tax	**17,806**	6,649	167.81%	3,477
Net profit attributable to owners of the Company	**13,201**	5,023	162.83%	2,813
Net cash used in operating activities	**7,691**	15,040	-48.86%	7,025
Basic earnings per share (RMB/share)	**1.85**	0.85	117.65%	0.48
Diluted earnings per share (RMB/share)	**1.85**	N/A	N/A	N/A
Return on weighted average net assets (%)	**21.14**	13.56	increase of 7.58 percentage points	8.33

	December 31, 2015	December 31, 2014	**Variance in comparison with the end of last year**	December 31, 2013
Total assets	**419,097**	240,100	74.55%	117,292
Total liabilities	**339,276**	198,722	70.73%	82,549
Equity attributable to owners of the Company	**77,519**	39,611	95.70%	34,605
Total share capital	**7,621**	5,919	28.75%	5,919
Net assets per share attributable to owners of the Company (RMB/share)	**10.17**	6.69	52.02%	5.85
Gearing ratio (%)	**73.48**	75.46	decrease of 1.98 percentage points	59.45

Note 1: Gearing ratio = (Total liabilities-Accounts payable to brokerage clients)/(Total assets-Accounts payable to brokerage clients)

II. ACCOUNTING DATA DISCREPANCY UNDER PRC GAAP AND IFRS

The net profits in the years of 2015 and 2014 and the net assets as of December 31, 2015 and December 31, 2014 as stated in the consolidated financial statements of the Company disclosed in accordance with the International Financial Reporting Standards (IFRS) are consistent with those in accordance with the PRC generally accepted accounting principles (PRC GAAP).

III. NET CAPITAL OF THE COMPANY AND THE RELEVANT RISK CONTROL INDICATORS

The Company has solid asset quality, each major risk control indicator is in compliance with the relevant requirements under the Regulations for Supervision and Administration of Securities Companies (《證券公司監督管理條例》) and the Administrative Measures for Risk Indicators of Securities Companies (《證券公司風險控制指標管理辦法》) issued by the CSRC.

Unit: RMB

Item	December 31, 2015	December 31, 2014	Variance in comparison with the end of last year
Net capital	**64,346,276,811.98**	32,664,124,190.63	96.99%
Net assets	**72,337,308,089.64**	37,668,386,434.52	92.04%
Net capital/total risk capital reserves	**888.27%**	816.08%	increase of 72.19 percentage points
Net capital/net assets	**88.95%**	86.71%	increase of 2.24 percentage points
Net capital/liabilities	**31.55%**	27.27%	increase of 4.28 percentage points
Net assets/liabilities	**35.47%**	31.44%	increase of 4.03 percentage points
Proprietary equity securities and securities derivatives/net capital	**47.83%**	42.78%	increase of 5.05 percentage points
Proprietary fixed income securities/net capital	**196.35%**	122.66%	increase of 73.69 percentage points

Note 1: In July and September 2015, the Company and China Securities Finance Corporation Limited ("CSF") entered into OTC Derivatives Transactions on China's Securities and Futures Market (《中國證券期貨市場場外衍生品交易主協議》) and the Confirmation Letter for Return Swaps (《收益互換交易確認書》), respectively, allocating a total of RMB 13,863,790,000.00 to CSF for investment. A special account will be set up by CSF for this investment for the purpose of unified operation and the Company will share the investment risks and investment income in accordance with the investment ratio. In the ratio of the "proprietary equity securities and securities derivatives/net capital" as at the end of the year, the Company will treat the investment amount as stock and include 100% of the closing balance in the item of "proprietary equity securities and securities derivatives" in this indicator.

Note 2: The above relevant data were based on the Administrative Measures for Risk Indicators of Securities Company issued by the CSRC and PRC Accounting Standards, and expressed on a non-consolidated basis.

IV. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS IN THE LAST FOUR YEARS (UNIT: RMB'000)

1. Earnings (Unit: RMB'000)

	2015	2014	2013	2012
Total revenue and other income	**42,732,815**	16,163,495	9,331,847	7,280,520
Total expenses	**25,216,915**	9,852,065	6,247,556	4,969,781
Profit before income tax	**17,805,712**	6,648,595	3,477,313	2,685,219
Net profit attributable to owners of the Company	**13,201,014**	5,022,568	2,812,501	2,191,457

2. Assets (Unit: RMB'000)

	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Total assets	**419,097,015**	240,099,776	117,292,171	89,855,806
Total liabilities	**339,276,186**	198,722,320	82,549,195	56,901,028
Equity attributable to owners of the Company	**77,519,274**	39,610,880	34,604,666	32,942,624
Share capital	**7,621,088**	5,919,291	5,919,291	5,919,291

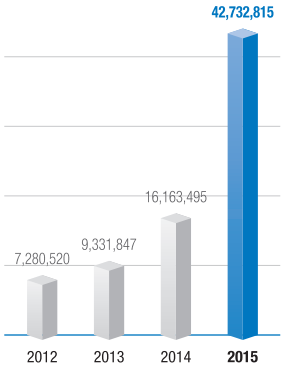
3. Key financial indicators

	2015	2014	2013	2012
Basic earnings per share (RMB/share)	**1.85**	0.85	0.48	0.37
Diluted earnings per share (RMB/share)	**1.85**	N/A	N/A	N/A
Return on weighted average net assets (%)	**21.14**	13.56	8.33	6.80
Gearing ratio (%)	**73.48**	75.46	59.45	40.69
Net assets per share attributable to owners of the Company (RMB/share)	**10.17**	6.69	5.85	5.57

Note: Gearing ratio = (Total liabilities-Accounts payable to brokerage clients)/(Total assets-Accounts payable to brokerage clients)

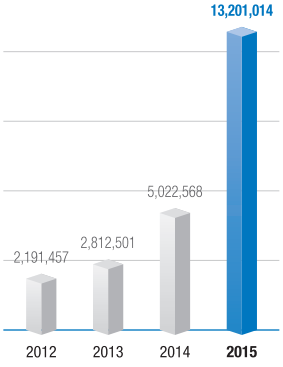
Total revenue and other income

(Unit: RMB'000)

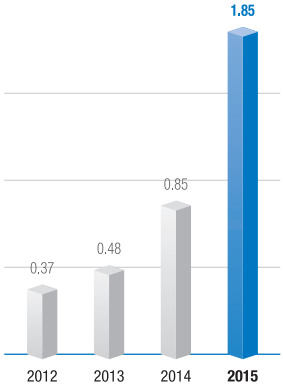


Net profit attributable to owners of the Company

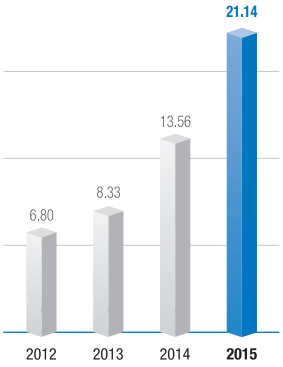
(Unit: RMB'000)



Basic earnings per share (RMB/share)

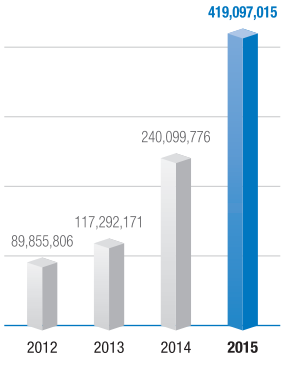


Return on weighted average net assets (%)



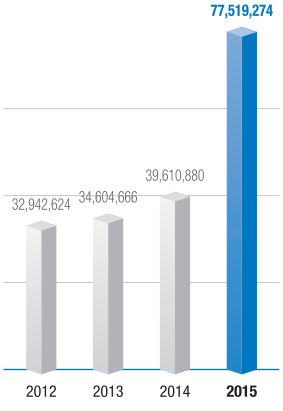
Total assets

(Unit: RMB'000)



Equity attributable to owners of the Company

(Unit: RMB'000)



董事長致辭

CHAIRMAN'S STATEMENT

Section 3 Chairman's Statement

In 2015, China's capital market experienced unprecedented abnormal fluctuation, reflecting that China's finance and economy have entered into an exceptional complicated new phase. China's economy has entered a "New Normal" situation and the effect of "Three Period Superimposed" has become increasingly obvious, while promotion of economic restructuring by reforms has also brought about certain accumulated risk exposures. For these reasons, coupled with low global growth, high unemployment and unstable economic condition, China's GDP growth continued to decline and hit new lows, while the influence and impact of external environmental on domestic financial market were also more pronounced than at any time in the past. The management skillfully grasped market opportunities brought about by policies on the one hand, while on the other hand exercised considerable care in managing risks at all levels, consolidated and enhanced the Company's market position during operation, and continued to enhance its competitiveness and influence.

In 2015, the Group continued to proceed with implementation of the five-year development strategy, and achieved the best operating performance since its inception, with total assets at the end of the year reaching RMB419.097 billion, representing an increase of 74.55% (compared with the end of 2014, same as below); equity attributable to owners of the Company was RMB77.519 billion, representing an increase of 95.70%; total revenue and other income for the whole year was RMB42.733 billion, representing an increase of 164.38% over the previous year; net profit attributable to owners of the Company was RMB13.201 billion, representing an increase of 162.83% over the previous year. We would like to extend our sincere thanks to our customers for their trust in GF Securities, to all shareholders and investors for their strong support, and to all our staff for their hard work and devotion.

Since the innovative development of the industry, the importance of capital strength of securities firms has been increasingly highlighted. In 2015, the Company seized the opportunity to timely issue 1.702 billion H Shares and listed them publicly on the Hong Kong Stock Exchange, raising proceeds of HK$32.079 billion which has significantly enhanced the capital strength and international reputation of the Company, and optimized its capital structure and corporate governance. Meanwhile, the IPO of the Company has set a number of records for IPO international offerings of domestic securities companies, is widely praised by the SFC, peers, intermediary agencies and the community, and is rated as "the best IPO" by "AsianMoney", an authoritative financial magazine in the Asia-Pacific region. Strengthened capital has not only provided strong support for the development and upgrading of all businesses of the Company, but also provided solid support for accelerating the development of the Group. In 2015, the Company increased injection in capital of HK$ 4.16 billion in GFHK and established several related companies to engage in financial businesses such as financial leasing, Internet small loans, PPP and QDLP. As a result, the Group has further enriched its structure and continued to launch mixed operations, while contribution from subsidiaries to the Group's revenue and earnings is rising and the conglomeration strategy of the Group has achieved initial results. In the future, all subsidiaries will strive to become the pioneers and leaders in their respective industry segments.

With continuous innovation and deepening of securities business operations, the requirements for risk management are also enhancing. The Company first introduced experts with extensive Wall Street experience and set up the post of Chief Risk Officer specially for strengthening the establishment of the Company's risk management system. On the basis of effective risk management and control, the Board supported the Company to strengthen effort on restructuring, proceed with the reform of the Business Department, and explore implementation of cooperative entrepreneurship, consolidate existing advantages while nurturing and exploring new growth points, so as to ensure

the sustainable development of the Company. All businesses of the Company, including brokerage, margin financing and securities lending, investment, asset management, investment banking, M&A and NEEQ, have maintained their forefront positions in the industry in terms of performance rankings, while innovative businesses such as Internet Securities and OTC continued to lead the industry. In 2015, the total assets, net assets and net capital of the parent company ranked No.3, No.5 and No.4 respectively, while its total revenue and net profit also ranked No.4 and No.5 respectively; meanwhile, with a brand value of RMB6.8 billion, the Company also ranked No.2 and No.22 respectively in the securities industry and financial industry in China in the 2015 "Hurun Brand List".

Corporate culture is the cornerstone of the Company's development. In 2015, on the basis of inheriting GF's outstanding culture, the Company published an official overview of corporate culture. In accordance with this publication, we will regard "**Rewarding Our Country with Value-created Finance**" as our corporate mission, "**Becoming a Modern Investment Bank with International Competitiveness, Brand Influence and Systematic Significance**" as the goal and vision of the Company's strategic development, and will inherit our core values of "**Inquisitiveness, Integrity, Client focus, and Teamwork**", and constantly strived to implement our operation and management philosophy of "**Stable Operation, Continual Innovation, Performance-driven Culture and Business Synergies**". The overview of corporate culture has embodied the consensus of all our employees. It represents the spiritual source of energy for the Company to respond to the new changes in China's economy and the capital market, and motivates our team to strive courageously forward for creation of brilliant results again. We must bear in mind and take into action the overview of corporate culture and make due contribution for leading the cultural construction and development of the securities industry.

In 2016, economic development and market environment within China and aboard will be even more complicated. However, I believe that China's capital market is still in a precious period of strategic opportunities and the direction of development has remained unchanged, so I am still convinced that it has a prospect of extensive development. 2016 is the first year of China's 13th Five-Year Plan, the first year of the decisive stage for China to build a moderately prosperous society, and is also a crucial year for pushing forward the supply-side reform. The Group will also take this as an opportunity to make scientific planning for the next stage of five-year strategic development plan of the Company, striving for the early completion of a first-class modern international investment bank. Having gone through the exceptionally volatile stock market in 2015, it is expected that in 2016 supervision will be more strengthened and rigorous, so we will place more emphasis on comprehensive risk prevention and control, and will firmly hold the lifeline and bottom line of compliance for risk management, so as to build a solid foundation for promoting the commencement and innovative development of all businesses of the Company. Human capital is the core resource of the Company, so we will strengthen development of qualified personnel and establish long-term mechanism for nurturing talents, and will further enhance the performance appraisal system to play the role of value assessment on protecting corporate culture construction. The Company should promote the development and enhancement of operation management through the promotion of qualified personnel.

Our revenue originates from the society and our clients. Facing new opportunities and challenges, in the new year we should be prepared for fighting a hard battle while seeking progress and maintaining stability, closely following China's development strategy and the development trend of the industry, observing the objective of financial services institutions, focusing on customer needs, and continuing to satisfy our customers and improve customer satisfaction. With the concerted efforts of all staff to unite together and forge ahead, I believe that the Group is poised to enter a new stage of development and will make due contribution to China's construction of a moderately prosperous society.

Chairman
Sun Shuming

董事會報告

DIRECTORS' REPORT

Section 4 Directors' Report

I. MAIN BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD

(I) The Group's Main Business Type

The Company is positioned as a provider of comprehensive capital market services with industry-leading innovation capabilities focused on serving China's quality SMEs and affluent individuals. The Group has built a diversified business serving the various needs of corporations (especially SMEs), individuals (especially affluent individuals), institutional investors, financial institutions and government clients. The main business of the Group can be classified into four segments, namely investment banking, wealth management, trading and institutional client services and investment management. Details of the main business activities of the Company and its principal subsidiaries are set out in note 66 in the Notes to the Consolidated Financial Statements.

Products and services of the four business segments are set out in the table below:

Investment Banking	Wealth Management	Trading and Institutional Client Services	Investment Management
◆ Equity finance	◆ Retail brokerage and wealth management	◆ Equity sales and trading	◆ Assets management
◆ Debt finance	◆ Margin financing and securities lending	◆ Fixed income sales and trading	◆ Fund management
◆ Financial advisory	◆ Repurchase transactions	◆ OTC sales and trading	◆ Private equity investment
		◆ Investment research	◆ Alternative investment
		◆ Asset custody	

Investment banking: the Group earns its commissions, sponsor and consultant fees through underwriting stocks and bonds and providing financial advisory services;

Wealth Management: the Group earns its fees and commissions through providing brokerage and investment advisory services to retail customers, obtaining interest income from its business of financing and securities lending and borrowing, repurchase transactions and cash holding on behalf of clients, and earning its fees through acting as agent for the sales of financial products developed by the Group and other financial institutions;

Trading and Institutional Client Services: the Group earns its investment income and interest income through market services from stock, fixed income and derivatives and self-support transactions, and earning its fees and commissions through providing transaction consultation and execution, investment research services and the main broker services to institutional customers;

Investment Management: the Group earns its management and advisory fees through providing services for the assets management, fund management and private equity investment management, and obtaining its investment income through making private equity investments and alternative investments.

During the Reporting Period, the Group has also carried out innovative businesses including the financing lease, the Internet small loans, QDLP and PPP. The Group has persisted in adhering to the core of securities business, integrating resources, developing crossover, and creating an innovative integrated financial services platform. During the Reporting Period, the main businesses and the operating model of the Group have had no significant changes.

(II) Development Characteristics of the Industry in which the Group Operates

The main businesses of the Group have developed steadily in light of various driving factors, which mainly include the following aspects:

1. Paying equal attention to the development and supervision of the securities industry. In 2016, the National Securities and Futures Supervision Working Conference has pointed out that it will further focus on deepening the reform around the fields of developing multi-level equity market, further promoting the market reformation of merger and recombination, standardizing the development of the bond market, steadily promoting the market development of futures and derivatives, expanding the two-way open capital markets, and at the same time strengthening the supervision and making the supervision tightly regulated. In addition, it is worth mentioning that the Standing Committee of the National People's Congress has passed a resolution authorizing the State Council to implement a registration system for the stock contemplated to be traded in public offerings in the case of the Securities Act Amendments failing to be completed in accordance with the market expectations, which reflects the government's determination to support the development and growth of the capital market, especially the stock market. In general, we believe that the development and supervision measures will broaden the depth and breadth of the securities market, improve the resources allocation efficiency of the securities market, and promote the development of the real economy, so as to increase the income source for the securities companies, enhance the risk resistance ability of the securities firm, and be conducive to the long-term healthy development of China's securities industry.

2. The direct financing demand of enterprises is huge, and the merger market is developing. In the process of the rapid economic growth and transformation in China, the financing requirements of the Chinese enterprises have increased continually. Compared with the overseas mature capital markets, the proportion of direct financing in China is relatively low, and China's capital market has a broad space for growth. Benefited from China's economic transformation and the government's policy to encourage direct financing, the financing requirements of the Chinese enterprises have increased continually, and China's capital market has a strong growth potential. Besides, China's current economy is in a transitional period of steady growth and structural adjustment. This will take place over a longer-time period; assets reorganization and mergers and acquisitions will play a special role in the economic transformation of China; in the recent years, the approval efficiency of major mergers and acquisitions by the China Securities Regulatory Commission has been greatly improved, and the mergers of equity and debt instruments have been increasing. All these will promote the development of investment banking business for securities companies.

3. The wealth of residents has been increasing; the demands for assets allocation have been continuously strong. With the rapid growth of China's economy over the past 20 years, the wealth of Chinese residents has continuously increased, and in particular, the number of wealthy people and their demands for wealth management services have increased dramatically. In January 2016, Forbes and other agencies issued the white paper on the wealth of the 2016 China middle and high-end affluent population. It is estimated that by the end of 2016, China's middle and high-end affluent population will reach 12.3 million people, and that per capita investment assets will be more than RMB1.4 million. The growing middle class, especially the rich, has made it possible that the demand for the assets diversification will continue to create opportunities for China's securities companies.

4. The degree of participation of institutional investors has increased continuously. With the development of China's capital market, the degree of participation of institutional investors has gradually increased in recent years. According to the data disclosed by the 2016 National Securities and Futures Regulatory Working Conference, by the end of 2015, there were 112 asset management institutions with public offering license with a public fund management scale of RMB8.4 trillion and with a year-to-year growth of 85%; there were 25,000 registered private equity fund management institutions with a fund subscription scale of RMB5.1 trillion and with a year-to-year growth of 138%. Compared to the individual investors, the institutional investors have a stronger demand for value-added services and tailor-made structured products, and their price sensitivity is lower. The increase in the degree of participation of the institutional investors in China's capital market will effectively expand the income source and improve the profitability of China's securities companies.

5. The process of the RMB internationalization has been accelerated. With the promotion of the proportion and status of the Chinese economy in the global economic system and with the steady progress of the national strategy of "One Belt, One Road", the market demand of the international market for the RMB continues to rise. The internationalization of the RMB has accelerated the vigorous development of QFII and RQFII business. According to the data of the State Administration for Foreign Exchange, as of January 27, 2016, QFII investment quota has amounted to US$80.795 billion, while RQFII investment quota has amounted to RMB469.825 billion. Furthermore, Shanghai-Hong Kong Stock Connect has been officially launched in November 2014, which allows Chinese investors to buy and sell Hong Kong stocks and permits Hong Kong investors to buy and sell A shares on the Shanghai Stock Exchange. Shenzhen-Hong Kong Stock Connect is being intensely promoted, while the feasibility study of Shanghai-London Stock Connect has been started. With the acceleration of the RMB internationalization, this will help to enhance the development level of the internationalization of China's securities industry and increase revenue sources.

Benefited from China's economic growth and the innovation development of the capital market in more than two decades, the capital market of China has grown increasingly and has become an important force in the financial markets. China's economy is now in the process of transformation and upgrading, there are sustainable financing needs for enterprises, and the capital market will play an important role. The Chinese government has launched a series of policies of deepening reform, promoting the transformation of economic structures, and streamlining government and delegating authorities. It has put forward One Belt And One Road strategy for economic development. In addition, it has promoted in the financial sector a series of financing reforms for the marketization of interest rates and exchange rates, the internationalization of the RMB, relaxing capital controls, simplifying capital market approvals, and has given full play to the role of finance acting on the transformation and upgrading of China's real economy. The Chinese government is also committed to accelerate the construction of multi-level capital market and vigorously enhance the proportion of direct financing. As an important emerging market, China's capital market and China's securities industry have a huge potential for growth.

The securities business of the Group relies on and benefits from China's economic growth and the development and performance of China's capital market. Financial products issuance and trading volume, including stocks, bonds, and financial products and affected by the economic environment, regulatory environment, investor sentiment and the international market and other factors, have shown stronger periodic features and larger uncertainties.

II. BUSINESS REVIEW

Business operations and business review of the Group for the year ended December 31, 2015 are set out in "Management Discussion and Analysis", which forms part of the Directors' Report, in section 5 of this annual report.

III. ANALYSIS ON CORE COMPETITIVENESS

1. Market-oriented mechanism, balanced and diversified ownership structure, and perfect corporate governance

The Company is the only one not controlled by the State among China's top ten securities firms, and there is no controlling shareholder. Over the past nearly 16 years, the top three shareholders have been Liaoning Cheng Da, Jilin Aodong and Zhongshan Public Utilities (all public listed companies). As of December 31, 2015, the percentages of their shareholdings were 16.40%, 16.33%, 9.01% respectively, (excluding shares held via HKSCC Nominees Limited, the shares by which are owned by Non Registered Shareholders of H Shares), forming a stable equity structure, a balanced and diversified ownership structure arrangement. It has laid a good foundation for the establishment of effective corporate governance and market operation mechanism, ensuring that the Company is able to accurately grasp the changes in the industry and regulations, and to seize every opportunity in the market through the forward-looking innovation and development model, so as to achieve the Company's sustained and steady development.

In accordance with the requirements of modern enterprise system, the Company has established a corporate governance structure – consisting of the general meeting of shareholders, board of directors, supervisory committee and the operation management – and corresponding operating mechanism. The Company safeguards the right to know and right of decision-making for the shareholders and board of directors and establishes the internal hierarchical authorization and power balance mechanism by means of key governance documents such as the Articles of Association, Rules of Procedure of the General Meeting of Shareholders, Rules of Procedure of the Meeting of Board of Directors, Rules of Procedure of the Meeting of the supervisory committee, and the Working Instructions of the General Manager. The Company adopts a scientific operations decision-making system. All major matters are handled as per the collective decision-making mechanism. The decision-making of the various businesses is handled in accordance with the stipulated approval process. The individual sections of the approval process are conducted with professional judgment, maintenance of standards and risk control in accordance with the defined roles and responsibilities.

2. Excellent Corporate Culture and Stable Management Team

With the core value of "knowledge for power, pragmatism and dedication; customer first and win-win cooperation", the Company has carried out the management philosophy of "steady operations, sustainable innovation; performance orientation, efficient coordination" to seek sustained, healthy and stable development. The Company adheres to the securities business as the core, integration of resources and cross-border development so as to create an innovative integrated financial services platform, maintain a leading position in the industry and construct an important modern investment bank in the system in the near future. During the Reporting Period, the Company completed the issuance of H shares which has been listed and publicly traded on the Main Board of the Hong Kong Stock Exchange. It was an important milestone in the development of the Company's internationalization. The Company will further rely on the national foreign development strategy, speed up its plan for internationalization, actively participate in the international competition, and gradually obtain the bargaining and pricing power in the international capital markets.

Sound corporate culture will boost the Company's cohesion and momentum. The Company has a highly stable management team and a core business team with low turnover rate of talent. The senior management team members have an average of more than 16 years of managerial experience in securities and finance and relevant sectors and have served an average term of approximately 15 years. Over the past three years, the voluntary turnover rates of the middle and high-level management team and the employees are 1% and 2% or so, thus greatly boosting client confidence, the continuity and stability of the various businesses.

3. With full licenses, industry-leading main businesses and the structure of a financial group with overseas presence, the Group possesses strong comprehensive customer service capabilities.

Our Group possesses licenses for a full range of services including investment banking, wealth management, transaction and institutional client services and investment management. The various main businesses of the Company have achieved relatively balanced development and rank among the top in the industry. Meanwhile, the Company is the controlling shareholder of GF Futures, GF Fund, GFHK, GF Xinde, GF Qianhe and GF Asset Management, and also holds shares at E Fund Management, GF Equity Exchange and ECT, China Securities Credit Investment, and China Securities Internet System Co., Ltd. (中證機構間報價系統股份有限公司), and has formed a comprehensive financial group structure by China Securities Credit Investment Sqstem Co., Ltd. (中證機構間報價系統股份有限公司) and financing in pan financial industries of lease, Internet small loans, PPP and QDLP through its subsidiaries.

As of the end of the Reporting Period, the Company has been one of the securities firms with the largest sponsor representative teams in the industry, and, with its investment bank business, provides clients with systematic one-stop professional services throughout each development stage by virtue of its comprehensive financial service products and powerful products innovation and marketing capability. As of the end of the Reporting Period, the Company ranks first in the industry in terms of its investment consultant team, and possesses leading service capability for affluent clients, thus achieving the leading position in the wealth management business sector. With full licenses of the Group, top-ranking main businesses and conglomerated financial services, the Company maintains and continuously boosts its core competitiveness in the various business sectors.

The Group and its subsidiaries have received a number of awards and have gained widespread recognition in the market. The main awards for the year 2015 were as follows:

Awards	Organizer/Media
2015 Best IPO	AsiaMoney
Most Market Influential Award	National Interbank Funding Center
Best Market-maker	National Interbank Funding Center
Outstanding corporate bond sponsor	SSE
Best all-around investment bank	Securities Times
Annual Financial Social Responsibility Award	Nan Fang Daily
2015 Best Wealth Management Organization in China	Securities Times
2015 Best Internet Securities Firm in China	Securities Times
2015 Best Asset Management Broker in China	Securities Times
China's Top 100 Listed Companies Most Respected by Investors	China Association for Public Companies
	China Securities Investors Protection Fund
	SSE
	SZSE
	China Securities Investment Fund Industry Association

4. Outstanding business innovation ability

The Group emphasizes the importance of business innovation for the business development and profit contribution. Being committed to the innovation in various businesses, the Group has achieved outstanding results. In the past three years, the innovative products offered by the Company and the main qualifications in the business innovation sector are shown in the table below:

Year	Innovative products released and the main qualifications in the business innovation sector
2013	GF Futures has set up a wholly-owned subsidiary, GF Trade and Commerce Co., Ltd., to engage in the pilot work of risk management services as its main business. The pilot business filed for record is warehouse financing services and basis trading; Obtained the securities fund consumption payment services for clients; Obtained the qualifications of sales agent for financial products; Obtained the license for part-time insurance agency; Obtained the qualifications for the swap transaction business of equity income; Became a member of the Asset Management Association of China; Became a member of Guangdong Equity Exchange; Obtained authorization for stock-pledged repo business (Shanghai Stock Exchange, Shenzhen Stock Exchange); Obtained authorization for the lending transaction of refinancing securities (Shanghai Stock Exchange, Shenzhen Stock Exchange); Obtained the trading permission for repurchase agreement (Shenzhen Stock Exchange); Obtained the qualifications for consultancy services relating to the secrets of the military industry; The Company adopts the dual-SPV structure and issues the first securitization products of financial leasing assets on the Chinese capital market; The Company has already issued BBI leveraged graded products and structural graded products which are traded through the Company's over-the-counter market; The Company has already issued the QDII products for dollar bonds and the short-term financing products which have graded terms and are continuously raised.

2014 Obtained the qualifications for the pilot work of comprehensive custody business of private equity;
Obtained the authorization to engage in the custody business of securities investment funds;
Obtained the qualifications for pilot work of receipt certificates in OTC markets;
Obtained the qualifications to engage in the pilot work of innovation of Internet securities business;
Engagement in the business relating to the non-IPO for enterprises (Gansu and Dalian Equity Trust Transaction Center);
Obtained the authorization for the Hong Kong Stock Connect business on the SSE;
Obtained qualifications for the mutual swap and central clearing of Renminbi interest rate in the Shanghai Clearing House;
Obtained authorization to act as a market maker in the Chinese equity transfer system for small and medium-sized enterprises;
Become a member of the Asset Management Association of China.

2015 Obtained the qualifications for market-making business for stock options;
Obtained the qualifications for agency services for precious metal (including gold) spot contracts and proprietary business for gold spot contacts;
Obtained the qualifications for financing by exercising of equity incentive stock options and restricted stock financing for listed companies on the SZSE;
Obtained the qualifications for participation in the stock options trading on the SSE
Obtained the qualifications for market-making business for 50ETF futures on the SSE;
Obtained the certificate of qualifications as a member of the Shanghai Gold Exchange;
Obtained qualifications for the pilot work of the business of one-way video account opening;
Become a member of the China Emissions Exchange;
Became the pilot enterprise of the Qualified Domestic Limited Partners.

5. A pioneer in the Internet finance industry

The Company has always attached importance to innovative applications in the Internet sector and walks in the forefront of innovation in respect of sectors such as Securities O2O, Internet banking and Internet commerce mode innovation. In particular, achievements made by the Company in the sectors of platform, account, service and marketing have all achieved the industry-leading position. First, the Company has established five Internet channels, namely mobile securities, Official WeChat, E-Taojin website, online trading finance terminal and web-based trading and enhanced the experience of customers in securities transactions, Internet banking and online business processes through continual platform innovation. Currently, data such as the number of users of the five terminals all achieved an industry-leading position. The number of mobile securities has exceeded 7.5 million. Product sales and transfers on the E-Taojin e-commerce platform exceeded RMB60 billion in 2015. The number of users of Public WeChat ID has exceeded 2.3 million. Secondly, the Company established the convenient mobile self registration of account, focusing on off-site account registration, while undertaking reforms on the operational support of online account registration from the traditional centralized mode to a diversified mode, which ensure efficient registration in case of massive registrations and avoid large-scale expansion in the supporting manpower, thereby enhancing efficiency and reducing the costs, and achieving an increase in the number of online self-registration as a percentage of the total number of registration of the Company from 48.79% in 2014 to 93.62% in 2015. Thirdly, the Company actively developed its Internet banking business and established convenient Internet banking accounts based on its Internet securities innovation qualification through account innovation and product innovation and launched the Internet cash management product, Taojin Wallet (淘金錢包), and provided the Taojin market for the transfer of products to establish an Internet banking business chain for investors.

With respect to service innovation, the Company made use of the mobile Internet technology to establish the "Golden Key (金鑰匙)" system and instantly aligned the demand from a large number of online customers with more than 7,000 professional consultants located offline throughout the country. The Company also established its O2O service system to provide responsive "Surely Answer Any Questions (有問必答)" services to customers on the basis of 24 hours a day, 7 days a week. The model capitalizes on Internet thinking and mechanism innovation such as mobile platform, decentralized operations, the approach of competing for orders through crowdsourcing (眾包搶單模式) and electronic wallet and market incentive mechanism for customer evaluation to break the traditional service model and significantly improve the service efficiency and service quality. In 2015, the Golden Key provided services to over 2.99 million investors with over 4,690,000 orders for service. Besides, the Company activated the open platform "Banking eShop (理財網店)" online in June 2015, which explores the mode of starting businesses on a staff platform and allows customer managers and investment consultants to establish their personal e-shops of banking in the Banking eShop to generate information and services with their own expertise and provide point-to-point services to the platform users. With Banking eShop, at which individual investors establish service relationship with the investment consultants who are able to satisfy their needs while the owners of the e-shops generate their income through the establishment of the service relationship, enthusiasm of individual service personnel and quality of customer service are both enhanced. As at the end of 2015, 5,219 e-shops were established in the Banking eShop.

Apart from the Internet innovation of the service model, the marketing system of the Company was also actively transformed to using the Internet. The Company seized the Internet traffic entrance through using search engines to drive traffic and strategic cooperation with Sina and Baidu. At the same time, the Company innovated the Internet marketing model and implemented visual tracking of the marketing performance of individuals and offered timely incentives through technical means such as customized QR code to achieve "more pay for more work". In addition, the Company fully mobilized all branches and the enthusiasm of all marketing service staff to make it an important marketing model of the Company. In 2015, over 29% of the new accounts of the Company were derived from Internet traffic.

In support of the business innovation of the Company, in response to the Internet + strategy of the State of enhancing the ability of independent control in the construction of core business information system and improving operational effectiveness and management efficiency, the Company has consistently increased investments in respect of the Internet finance, PB business, cloud computing and big data applications through self-development, joint development and commissioned development by contributing a total of RMB124.0891 million towards research on information systems and management platform, an increase of 121.34% compared with the previous year and represented a ratio of 0.29% of the total revenue and other income in the Reporting Period. Construction of the Internet finance information system of the Company has enjoyed a leading position in the industry.

6. Outlets across the Country, mainly Located in Economically Developed Areas

As of December 31, 2015, the Company had a total of 20 branch companies, 264 securities brokerage offices, ranking fourth in the industry. Operating outlets of the Company are widely distributed in 31 provinces, municipalities and autonomous regions of the PRC, mainly covering the more developed areas in the Chinese economy, namely the Pearl River Delta, Yangtze River Delta, Bohai Sea Region, which has formed a nationwide brokerage business network system. The rapid economic development and capital adequacy in these areas have provided the guarantee of adequate customer resources for the Company's business outlets to obtain good economic benefits. As of the end of the Reporting Period, the number of the Company's investment advisory team is more than 2,100, ranking first in the industry, with each investment consultant having an average of more than 9 years of consulting experience to provide professional advice to customers in asset allocation and product selection. In addition, the Company also has more than 3,000 customer managers. Together with investment advisers, they have formed a matrix of customer management model to implement differentiated customer management through the customer's fine stratification in order to provide full-time, customized financial products and services for high net worth clients and wealth management clients.

The wholly-owned subsidiary of the Company, GF Futures, has set up 27 futures brokerage branches in 16 provinces and direct-controlled municipalities, ranking first among the futures companies in terms of the number of outlets. The 157 securities branches of the Company have obtained the futures intermediary brokerage qualifications, thus being capable of introducing clients to GF Futures and forming a sprawling service sphere.

7. The Main Operating Indicators Have Ranked in the Forefront of the Industry for Many Years

Adhering to the management philosophy of "steady operations, sustainable innovation; performance orientation, efficient coordination ", the Company has explored with dedication and forged ahead in the competitive and complex environment of the industry. It has withstood the test of major changes in the industry, and has been one of the securities firms with the largest influence in the Chinese market for many years. The business income, net profit and other main indicators rank among the top in the industry. The details are as follows:

Rankings of the main business indicators in the industry over 2013 -2015

Items	**2015**	2014	2013
Total assets	**3**	4	4
Net capital	**4**	3	4
Operating revenue	**4**	4	4
Net assets	**5**	4	3
Net profit	**5**	5	4

Source: China Securities Industry Association

Note 1: The 2015 indicators are based on unaudited parent statistical data. The 2014 and 2013 indicators are based on audited parent company data statistics.

8. Time-tested effective risk management mechanism

The Company's risk management ability is outstanding in the industry, and has been repeatedly tested in the Company's development process. The Company is one of the first batch of pilot compliance management brokerages selected by the China Securities Regulatory Commission, one of the first brokerages to implement a comprehensive risk management strategy, and one of four major brokerages which has not received investment or restructuring due to operating losses among the first batch of brokers established from the end of the 80's to the early 90's. The Company has consistently adhered to a modest risk preference and core management philosophy of income corresponding to risks, supported the steady development of the business through modest risk-bearing, effective risk management and independent oversight of risk, and ensured that the Company remains ahead in each of its business lines. The Company set up a comprehensive risk management system covering risk mechanism, organization, system, index, personnel and culture, and actively builds matching risk management systems for its new businesses, to support business innovation development. Over the years, the Company's asset quality has been excellent, the main risk management indicators are better than the regulatory indicators, the safety margin of leverage regulatory indicators is relatively huge, with a strong ability to resist risks.

During the Reporting Period, the Company's core competitiveness has been further stabilized and enhanced.

IV. PROFIT DISTRIBUTION

The formulation and implementation details of the Company's cash dividends policy and the profit distribution proposal for 2015 are set out in "I. Particulars of Profit Distribution Implementation of Ordinary Shares and Conversion of Capital Reserves into Share Capital by the Company" and "II. Proposals on Profit Distribution and Conversion of Capital Reserves into Share Capital during the Reporting Period" of Section 6 "Significant Events" in this report.

V. SHARE CAPITAL CHANGES AND MATTERS RELATING TO BONDS

Particulars about changes in the share capital of the Company during the Reporting Period are set out in Note 49 of the Notes to the Consolidated Financial Statements.

For details on the issuance of securities (excluding preference shares) during the Reporting Period, please refer to "2. Particulars about the Issuance and Listing of Securities" of Section 7 "Changes in Shareholdings and Particulars About Shareholders" in this report.

For details on the issuance of corporate bonds, subordinated bonds, short-term corporate bonds and short-term financing bills by the Company, please refer to "20. Relevant Particulars about Corporate Bonds" of Section 6 "Significant Events" in this report.

VI. DIRECTORS AND SUPERVISORS OF THE COMPANY

(I) During the Reporting Period and as at the date of this report, the Directors and Supervisors of the Company are as follows:

Directors of the Company:

Executive Directors: Mr. Sun Shuming, Mr. Lin Zhihai, Mr. Qin Li and Ms. Sun Xiaoyan
Non-executive Directors: Mr. Shang Shuzhi, Mr. Li Xiulin and Mr. Chen Aixue
Independent Non-executive Directors: Mr. Liu Jiwei, Mr. Yang Xiong, Mr. Tang Xin and Mr. Chan Kalok

Supervisors of the Company:

Mr. Wu Zhaoming (Employee Representative Supervisor)
Ms. Zhan Lingzhi
Mr. Cheng Huaiyuan (Employee Representative Supervisor)

(II) During the Reporting Period and as at the date of this report, the resignation of Directors and Supervisors of the Company are as follows:

Supervisors of the Company:

Ms. Zhai Meiqing (resigned on March 20, 2015)
Mr. Xu Xinzhong (appointed on July 21, 2015 and resigned on February 1, 2016)
Mr. Zhao Jin (resigned on August 22, 2015)

During the Reporting Period, the details on the changes of Directors and Supervisors are set out in "II. Changes in the Directors, Supervisors and Senior Management" of Section 9 "Particulars about Directors, Supervisors, Senior Management and Employees" in this report.

The detailed biographies of the Directors and Supervisors of the Company are set out in "III. Particulars of Positions" of Section 9 "Particulars about Directors, Supervisors, Senior Management and Employees" in this report.

VII. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company has entered into "Service Contracts for Directors" and "Service Contracts for Supervisors" with each of the 11 Directors of the current Eighth Session of the Board of Directors and each of the 3 Supervisors of the current Eighth Session of the Supervisory Committee. The term of office of the Directors and Supervisors was effective from the date of approval by the General Meeting and having obtained the relevant qualification for appointment until the expiry date of the term of office for the Eighth Session of the Board of Directors and the Eighth Session of the Supervisory Committee. The "Service Contracts for Directors" and "Service Contracts for Supervisors" provide the agreed terms on, among others, the duties and responsibilities, term of office and remuneration of the Directors and Supervisors during their term of office.

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

Please refer to "6. Directors, Supervisors and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and its Associated Corporations" in "III. Changes in Controlling Shareholders or De Facto Controllers" of Section 7 "Changes in Shareholdings and Particulars about Shareholders" in this report.

IX. SHARE PURCHASE RIGHTS OF DIRECTORS AND SUPERVISORS

Save as disclosed above, none of the Company or any of its subsidiaries had participated at any time during the year in any arrangement through which the Directors and Supervisors of the Company may benefit by purchasing shares or bonds of the Company or any other entities.

X. PERMITTED INDEMNITY PROVISION

Appropriate insurance policy arrangements have been made by the Company in respect of the responsibilities of the Directors and members of the senior management to cover possible legal liabilities owed to third parties arising from corporate activities that may be faced by the Directors and members of the senior management.

XI. INTEREST OF DIRECTORS AND SUPERVISORS IN MATERIAL CONTRACTS

Except for the service contracts, neither the Company nor its subsidiaries has entered into any significant transactions, arrangements or contracts in which the Directors or Supervisors of the Company or their connected entities had or continue to have, directly or indirectly, a material interest during the Reporting Period.

XII. INTEREST OF DIRECTORS IN BUSINESSES IN COMPETITION WITH THE COMPANY

Mr. Qin Li, our Executive Director, was nominated by us to act as a director of E Fund, which is a fund management company in China, in which we held 25.0% equity interest as of December 31, 2015. E Fund provides asset management services to insurance companies, finance companies, corporate annuities, other institutional investors, high net worth individuals and NSSF. Since E Fund is primarily engaged in fund management business, it competes or may compete, directly or indirectly, with certain aspects of our business.

The Directors are of the view that we are able to operate our business independently of E Fund and conduct transactions on arm's length because (i) we can only appoint one director among the nine directors of E Fund, and hence we have no control over its board of directors, (ii) the management team of E Fund is independent of our Company, (iii) we do not participate in the day to day management of E Fund and do not share any operating facilities with E fund, and (iv) we are financially independent of E Fund.

Save as disclosed above, none of the Directors has any interest in any business that competes or may compete with our business, directly or indirectly.

XIII. MANAGEMENT CONTRACTS

For the year ended December 31, 2015, no contract has been entered into for the management and administration of the entire business or any material part of the business of the Group.

XIV. MAJOR CUSTOMERS

The Company provides diversified businesses and services to satisfy the diverse needs of customers, such as enterprises, individuals and institutional investors, financial institutions and the government. Our major customers are based in the PRC. With further progress in internationalization and the development of international business, the Company will provide services to more overseas customers. In 2015, income generated from the five largest customers of the Company contributed 1.34% to the total revenue and other income of the Company.

None of the shareholders controlling more than 5% of the shareholding of the Company, Directors, Supervisors and their respective associates has any interest in the five largest customers of the Company. The Company has no major supplier due to the nature of its business.

XV. CHARITABLE DONATIONS

During the Reporting Period, the Group's total expenditure on social charity was RMB15.1496 million. The GF Securities Social Charity Foundation in Guangdong Province (廣東省廣發証券社會公益基金會) established by the Group had actively organized activities for poverty relief and provided financial support for education. The total expenditure on social charity for the full year was RMB12.5979 million.

XVI. RESERVES AND RESERVES FOR PROFIT DISTRIBUTION

For particulars about changes in reserves and reserves for profit distribution, please refer to the "Consolidated Statement of Changes in Equity" and Notes 51 and 52 to the Financial Statements in this report.

XVII. EMPLOYEES

Human resources is one of the greatest assets of the Group. The Company is committed to increase effort in building its talents pool by enhancing training and improving the quality of employees. Please refer to "V. Staff Information of the Company" in Section 9 "Particulars about Directors, Supervisors, Senior Management and Employees" in this report.

XVIII. PERFORMANCE OF SOCIAL RESPONSIBILITIES

Please refer to "XIX. Social Responsibilities" of Section 6 "Significant Events" in this report.

By Order of the Board
Sun Shuming
Chairman

Guangzhou
March 18, 2016

管理層討論與分析

MANAGEMENT DISCUSSION AND ANALYSIS

Section 5 Management Discussion and Analysis

I. OVERVIEW

During the Reporting Period, the Company continued to develop steadily in line with our five-year development strategy. Our management team, alongside the employees of the Company, is fully dedicated to fulfilling the Company's vision of "**Becoming a Modern Investment Bank with International Competitiveness, Brand Influence and Systematic Significance**" under the guidance of the Board of Directors within a sophisticated operating environment both within the PRC and abroad.

During the Reporting Period, the Company successfully issued H Shares which were then listed on the Hong Kong Stock Exchange, making a significant impact on the international market. The divisional reform of the Company's brokerage business line and investment banking business line was accelerated, and the comprehensive operation of the branches was promoted in an all-round way, further improving the Company's group structure. During the Reporting Period, the Company officially issued the outline of new enterprise culture. All the Company's staff upheld the core values of "**knowledge for power, pragmatism and dedication; customer first and win-win cooperation**" and carried out the operation management philosophy of "**steady operations, sustainable innovation; performance orientation, efficient coordination**", to achieve the enterprise mission of "**creating value to realize the dream of serving the country with financial services**".

During the Reporting Period, the Company was operated steadily to avoid major risk, and achieved good operation results by grasping the market opportunities. The main business indicators were maintained at the top of the industry, creating good return for shareholders.

II. ANALYSIS ON MAJOR BUSINESSES

(I) Overview

In 2015, the economic situation in the PRC and abroad was complicated. In line with stabilizing growth, promoting reforms, adjusting structures and benefiting people's livelihood, the State Council issued a series of policies and measures. In 2015, the economic development continued to slow down, with the GDP growth rate falling from 7.4% in 2014 to 6.9% (Source: National Bureau of Statistics, 2016). The Chinese economy has entered into the new normal of development. Compared with major economies in the world, the economic growth rate of China remained relatively high. In 2015, the A Share market experienced significant volatility from a sharp increase in share prices to a sharp slump. Stock trading volume increased significantly. In the full year of 2015, the SSE Composite Index, the CSI 300 Index, the SSE SME Composite Index and the Growth Enterprise Index had risen 9.41%, 5.58%, 53.70% and 84.41%, respectively. In 2015, the trading volume of A Shares was RMB253.30 trillion, representing a year-on-year increase of 243.36%. In 2015, the margin financing and securities lending business witnessed the two stages of explosive increase and sharp decline. The balance of margin financing and securities lending on the Shenzhen stock market and the Shanghai stock market was RMB2,049.386 billion at the end of June 2015, but declined to RMB1,174.267 billion at the end of 2015, an increase of 14.49% as compared with the figure as at the end of 2014 and a decrease of 42.70% as compared with the figure as at the end of June 2015. In 2015, the primary market of A shares expanded rapidly, with the volume of equity finance increasing 101.02% year-on-year to RMB1,535.036 billion. The New Third Board market expanded remarkably. As at the end of 2015, the total number of enterprises listed increased by 226.27% year-on-year to 5,129. In 2015, the enterprise bond financing market was sluggish, with the volume of enterprise bond financing reaching RMB668.682 billion, representing a year-on-year decrease of 4.09%; the volume of corporate bond financing was RMB1,016.980 billion, representing a year-on-year increase of 662.32% (Source: WIND Information, 2016).

Based on unaudited financial statements, the total assets, net assets, net capital, customers' transaction settlement fund amount (including the credit trading fund), market value of securities under custodianship and the total principal sum of funds under management of 125 securities firms were RMB 6.42 trillion, RMB 1.45 trillion, RMB 1.25 trillion, RMB 2.06 trillion, RMB 33.63 trillion, and RMB 11.88 trillion as at the end of 2015, an increase of 56.97%, 57.52%, 84.05%, 71.67%, 35.28% and 49.06% as compared with those at the end of 2014, respectively. In 2015, 124 of the 125 securities firms in the industry were profitable, with the operating income totaling RMB 575.155 billion, a year-on-year increase of 120.97%. Specifically, the net income was RMB 269.096 billion from securities trading agency services, RMB 39.352 billion from securities underwriting and sponsorship, RMB 13.793 billion from financial advisory services, RMB 4.478 billion from investment consultancy, RMB 27.488 billion from asset management, RMB 141.354 billion from securities investment (including changes in fair value), and RMB 59.125 billion from the net interest income. The net profit was RMB 244.763 billion on a full-year basis, rising by 153.50% on a year-on-year basis (Source: Securities Association of China, 2016).

As of the end of 2015, the total assets of the Group were RMB 419.097 billion, increasing by 74.55% as compared with the year end of 2014. The equity attributed to owners of the company was RMB 77.519 billion, increasing by 95.70% as compared with the year end of 2014. During the Reporting Period, the revenue and other income of the Group was RMB42.733 billion, a year-on-year growth of 164.38%; the total expenses were RMB25.217 billion, rising by 155.96% on a year-on-year basis; and the net profit attributable to owners of the Company was RMB 13.201 billion, a year-on-year growth of 162.83%.

(II) Analysis of main business

The main business of the Group is divided into four segments, namely investment banking, wealth management, trading and institutional client service and investment management. During the Reporting Period, the total revenue and other income from the investment banking business segment was RMB 2.101 billion, a year-on-year growth of 17.63%; the total revenue and other income from the wealth management business was RMB 23.584 billion, a year-on-year growth of 170.98%; the total revenue and other income from the trading and institutional client service business was RMB9.505 billion, a year-on-year growth of 178.37%; and the total revenue and other income from investment management was RMB5.698 billion, a year-on-year growth of 215.14%.

1. Investment banking segment

The Company's investment banking segment mainly comprises of equity financing business, debt financing business and financial advisory services. During the Reporting Period, the total revenue and other income from the investment banking business was RMB 2.101 billion, a year-on-year growth of 17.63%.

(1) Equity financing business

In 2015, IPO was suspended for about 4 months due to the abnormal fluctuations in the secondary market. In general, however, the primary market of A shares expanded relatively rapidly. A total of 1,082 equity financing deals were launched on A share market throughout the year, an increase of 72.57% on year-on-year basis; the fund raised was RMB 1,535.036 billion, a substantial increase of 101.02% when compared to that of 2014; 224 IPOs were launched, raising RMB 157.829 billion, an increase of 79.20% and 135.96%, respectively (Source: WIND Information, 2016). The Company's business strategy in 2014 was followed by the investment banking business. With the strategy of taking a leading position in the number of IPO deals and the strategy of vigorously developing refinancing business, the Company's refinancing business in 2015 achieved sound development. During the Reporting Period, the Company completed 49 equity financing projects, ranking No.3 in the industry; funds raised in deals where the Company acted as a lead manager reached RMB 51.866 billion; the number of IPO deals where the Company acted as a lead manager was 14, which ranked No.2 in the industry. In 2015, the Company's commission and fee income from equity underwriting and sponsorship was RMB 951 million, a decline of 7.99% when compared to the last year.

Details of the Company's equity underwriting and sponsorship business in 2015 are shown in the table below:

	2015		2014	
Items	**Amount of lead underwriting fees (RMB100 million)**	**Number of offerings**	Amount of lead underwriting fees (RMB100 million)	Number of offerings
Initial public offering (IPO)	46.16	14	145.71	14
Refinancing offering	472.49	35	199.35	17
Total	518.66	49	345.06	31

Source: Statistics of the Company, 2016.

(2) Debt financing business

In 2015, the bond market accelerated with relatively obvious structural change, driven by factors such as streamlining administration and instituting decentralization, market-oriented development and reform of market supply side. On the one hand, the corporate bond market substantially expanded; on the other hand, the enterprise bond issuance market declined due to the influence from policies such as the Opinion of the State Council on Strengthening the Local Government Debt Management (Guo Fa [2014] No.43).

In 2015, affected by the structure of the Company's backlog, business cyclicity, resource allocation and other factors, the Company's bond underwriting business (see table below) declined on the whole as compared with that of 2014. While both number and amount of corporate bond offerings (including the privately placed bonds of middle and small-sized enterprises) substantially increased, the relative market position declined in the industry. In 2015, the Company led the underwriting for the issuance of 22 corporate bonds, a year-on-year growth of 633.33%; the amount of underwriting fees was RMB 29.3 billion, a year-on-year growth of about 30 times. The Company's commission and fee income from bond underwriting and sponsorship was RMB 344 million, a year-on-year decline of 15.19%.

Details on bond deals underwritten and sponsored by the Company in 2015

	2015		2014	
Items	**Amount lead of underwriting fees (RMB100 million)**	**Number of offerings**	Amount lead of underwriting fees (RMB100 million)	Number of offerings
Enterprise bonds	**76.50**	**9**	349.15	35
Corporate bonds (including the privately placed bonds of middle and small-sized enterprises)	**293.00**	**22**	9.40	3
Debt financing instruments of non-financial enterprises	**75.00**	**13**	63.27	12
Financial bonds	**45.00**	**2**	208.83	6
Total	**489.50**	**46**	630.65	56

Source: Statistics of the Company, 2016.

(3) Financial advisory business

The Company's financial advisory business mainly comprises of M&A and restructuring of listed companies, as well as New Third Board listings. During the Reporting Period, the commission and fee income was RMB 664 million, a year-on-year growth of 207.47%.

Under the active promotion by the regulatory body, the market-oriented reform of the regulatory regime was progressing gradually, M&A activities in the industry were persistently active, the ongoing reform of mixed ownership of state-owned enterprises was further implemented. During the Reporting Period, the Company's M&A business was under rapid development. In 2015, the Company acted as the financial advisor to 28 major asset restructurings (according to statistics of the M&A and Restructuring Committee of the China Securities Regulatory Commission), which ranked the second in the industry; the commission and fee income from financial advisory services for M&As and restructurings was RMB 441 million, a year-on-year growth of 313.53%.

In the New Third Board market, the momentum of rapid growth since the expansion at the beginning of 2014 continued into 2015. Both the number of companies listed and funds raised reached a new record high. 3,557 companies were newly listed throughout the year. As of the end of 2015, the Company acted as the lead manager for the listing of a total of 124 companies on the New Third Board, and accumulatively recommended 197 listed companies, which ranked the fifth in the industry (Source: website of stock transfer system, 2016); the Company's commission and fee income from New Third Board recommendation business was RMB 194 million, a year-on-year growth of 195.09%.

In addition, for its overseas investment banking business, the Company mainly developed relevant business through its wholly-owned subsidiary GF Holdings Hong Kong and its subsidiaries. During the Reporting Period, GF Holdings Hong Kong acted as the principal underwriter for 15 deals (including IPO, refinancing and bond offerings) through its subsidiaries. During the Reporting Period, the commission and fee income was RMB 343 million (including the commission income for underwriting of H Shares of the parent company), a year-on-year growth of 513.90%.

2. Wealth management segment

The Company's wealth management segment mainly comprises of retail brokerage and wealth management business, margin financing and securities lending business and repurchase transaction business. During the Reporting Period, the commission and fee income from the wealth management business was RMB 23.584 billion, a year-on-year growth of 170.98%.

(1) Retail brokerage and wealth management business

The Group provides brokerage services for the customers to buy and sell stocks, bonds, mutual fund products, warrants, futures and other tradable securities. During the Reporting Period, the market turnover of A shares was RMB 253.30 trillion, which substantially increased by 243.36% on year-on-year basis (Source: WIND Information, 2016). When the stock trading amount substantially expanded on the whole, the retail brokerage and wealth management business also faced great challenges, with the implementation of off-site account opening, introduction of uniform account and development of Internet finance. The competition among securities firms is increasingly fierce on commission level, business process, service mode, service content and requirements on employees.

More than 70% of the Group's brokerage offices is located in the Pearl River Delta, the Yangtze River Delta and the Bohai rim, the most-developed regions in China, laying a solid foundation for the Company's retail brokerage and wealth management business.

Meanwhile, in order to cope with the changes in the market competition pattern, the Company enhanced its transformation to embrace the opportunities and challenges brought by the Internet finance and the regulatory environment, and promoted Internet services in an all-round way. The Company also actively promoted the Internet marketing, especially making full use of its strategic cooperation with leading large portal websites like Sina and Baidu, so as to massively diversify its business. Based on the Internet thinking, the Company developed the "Golden Key" system, with a focus on "Questions and Answers" and off-site account opening. This greatly improved the operation efficiency. By grasping the market opportunities successfully, the Company took a leading position in the industry in number and amount of accounts opened. The Company actively expanded the Internet wealth management business, continuously optimized the user experience of Yitaojin E-commerce platform and increased the product quantity, innovated the banking account, introduced cash management tools, transfer market and other new business of Taojin wallets, and improved the Internet wealth management business chain. All the Company's e-commerce platforms took a leading position in the industry, with the number of mobile-phone securities users exceeding 7.5 million, the sales and transfer amount of products of Yitaojin E-commerce platform exceeding RMB60 billion in the first half of the year, and the number of users served on the WeChat platform exceeding 2.3 million. The accounts opened on the Company's online self-service system increased from 48.79% in 2014 to 93.62% in 2015 as a percentage of the total number of accounts opened. In 2015, the "Golden Key" system of GF Securities provided services to more than 2.99 million investors in aggregate, over 4.69 million service orders were executed, and a total of 5,219 online wealth management outlets were opened.

In addition, the Company vigorously promoted the transformation of its country-wide business outlets towards the comprehensive direction, positioning the branches as the point of undertaking various businesses for the Company. The branches will thus gradually become the marketing window and service base of the Company's various businesses, to provide comprehensive financial services, and promote the transformation from the traditional brokerage business mode to the wealth management mode, and from the single brokerage business to the comprehensive business.

In 2015, the Company's trading volume of shares and mutual fund products was RMB 25.49 trillion, which ranked the fourth in the industry, one place ahead as compared with that of 2014. The commission and fee income from the Company's securities brokerage business throughout the year was RMB12.557 billion, representing a year-on-year growth of 180.56%.

The trading volume and market share of the Company's securities trading agency business are shown in the table below:

Securities trading agency business

Unit: RMB100 million

Type of securities	Trading volume in 2015	Market share in 2015 (%)	Trading volume in 2014	Market share in 2014 (%)
Stocks	**249,888.97**	**4.90%**	66,053.23	4.45%
Mutual funds	**4,999.02**	**1.64%**	1,281.89	1.36%
Bonds	**14,6810.88**	**5.73%**	70,929.42	3.92%
Total	**401,698.87**	**5.04%**	138,264.54	4.08%

Note 1: The data is from the statistics of the Company, Shanghai Stock Exchange and Shenzhen Stock Exchange;

Note 2: The data in the above table is the data of the parent company;

Note 3: The market share refers to the ratio of trading volume of this kind of securities to the total trading volume of this kind of securities of stock markets of Shanghai and Shenzhen in the same period.

In respect of the consigned financial products business, the commission and fee income from the consigned financial products business of the Company was RMB 364 million during the Reporting Period, a year-on-year growth of 183.78%.

In the futures brokerage business field, the Group developed its futures brokerage business through its wholly-owned subsidiary, GF Futures, and provides the transaction and liquidation services for the main international commodity market through the wholly-owned subsidiary of GF Futures, GF Futures (Hong Kong), and the wholly-owned subsidiary of GF Futures (Hong Kong), GF Financial Markets (UK) Limited. During the Reporting Period, the total revenue and other income from the futures brokerage business of GF Futures was RMB572 million with a year-on-year growth of 38.72%.

In regions outside of the PRC, the Group provides brokerage service for the high-net-worth individuals and retail customers through its wholly-owned subsidiary, GF Holdings Hong Kong, covering the stocks listed on the Hong Kong Stock Exchange and other overseas exchanges. During the Reporting Period, as the trading volume in the market increased significantly, the total revenue and other income from the securities brokerage business of GF Holdings Hong Kong was RMB270 million with a year-on-year growth of 68.45%.

(2) Margin financing and securities lending business

In 2015, the margin financing and securities lending business has gone through two stages, i.e. explosive growth and rapid decline; and still recorded an increase to some extent when compared with that of last year on the whole. As of the end of June 2015, the balance of margin financing and securities lending of stock markets of Shanghai and Shenzhen reached RMB2.049386 trillion; and as of the end of 2015, the balance of margin financing and securities lending of stock markets of Shanghai and Shenzhen was RMB1.174267 trillion, which increased by 14.49% when compared with that of the end of 2014 (Source: WIND Information, 2016).

The Company pays attention to strengthen the management of margin financing and securities lending customers, pays high attention to compliance risk management of business development, strictly implements the requirements for customer's appropriateness management and classified and graded management, strengthens the investor education and risk announcement, and guides the customers to conduct professional investment and rational investment; the Company determines the financing business scale scientifically, reasonably and carefully, and grasps the development rhythm and speed of margin financing and securities lending business according to the level of its net capital, customer status and risk management ability, appropriately controls the operating leverage, and effectively prevents the liquidity risk. Since mid-June 2015, the domestic A-share market has experienced substantial and continuous decline, and the Company's risk management system has played a positive role. At the early stage of the decline in the stock market, the Company carried out the pressure test analysis for many times, strictly controlled the limit of margin financing and securities lending and other businesses, and formulated the relevant polices and provisions including strictly controlling the concentration ratio of the holding of a single stock for each customer, screening the Company's guarantee quality and adjusting the conversion rate, improving the margin ratio and strictly carrying out the same in a targeted manner, so that the Company can respond to the market earlier and more quickly in the abnormal fluctuations of the stock market, thus, controlling the risks during the rapid development of margin financing and securities lending business properly.

As of the end of 2015, the closing balance of the Company's advances to customers and securities lending business was RMB 66.922 billion, an increase of 3.99% when compared with that at the end of 2014; and the market share was 5.70%, which ranked the fifth on a combined basis. During the Reporting Period, the interest income from the advances to customers and securities lending of the Company was RMB 7.498 billion with a year-on-year growth of 191.76%.

(3) Repurchase transaction business

During the Reporting Period, the stock pledge-style repo business of the Company grew steadily. As of the end of 2015, the amount that the Company developed the stock pledge-style repo business through its owned funds was RMB 6.963 billion, an increase of 21.90% when compared with that at the end of 2014; and due to the substitution diversion effect of pledge-style repo business, the scale of agreed repurchase securities trading business continued to decline. As of the end of 2015, the fund-providing amount of agreed repurchase securities trading business of the Company was RMB 373 million, a decline of 56.88% when compared with that at the end of 2014. Besides, as the number of the new shares being issued during the Reporting Period increased, the "Rongyitong" new share financing and subscription business launched by the Company in the stock pledge-style repo business achieved sound development during the Reporting Period, which had effectively satisfied customer needs as well as generated good returns for the Company.

During the Reporting Period, the interest income from the resale agreements of the Company was RMB 675 million, a year-on-year growth of 67.53%.

3. Trading and institutional client service segment

The Company's trading and institutional client service business mainly includes the stock sales and trading business, fixed income sales and trading business, OTC sales and trading business, and investment research business and asset custody business. During the Reporting Period, the total revenue and other income from the trading and institutional client service business segment was RMB9.505 billion, a year-on-year growth of 178.37%.

(1) Stock sales and trading business

The Company mainly sells the stocks underwritten by it to institutional clients for its stock sales and trading business, as well as engages in market-making and trading of stocks, financial products related to stocks and stock derivatives. The institutional clients of the Company mainly include the National Social Security Fund, commercial banks, insurance companies, fund companies, financial companies, trust companies, listed companies, qualified foreign investors who are approved to invest in China's capital market by the China Securities Regulatory Commission and other investors.

As one of the first batch of players in the stock index futures market, the Company also uses stock index futures to hedge the risk of the stock portfolio of the Company. In addition, the Company currently provides liquidity to various exchange traded funds (ETF), including single-market ETFs, cross-market ETFs, cross-border ETFs, bond ETFs, and gold ETFs.

The Company provides a channel for domestic institutional clients to invest in the international capital market, and has developed international institutional clients extensively in Hong Kong. The Company assists the international clients to invest in Chinese capital market through QFII and RQFII plans.

The Company received the qualification for market-making in stock futures in January 2015, and became one of the 8 market-making players on the Shanghai Stock Exchange with 50ETF future contract varieties.

During the Reporting Period, the net investment gains from stock sales and trading business of the Company was RMB 3.876 billion, a year-on-year growth of 567.33%.

(2) Fixed income sales and trading business

The fixed income sales and trading of the Company consists mainly of sales of underwritten bonds to institutional clients, and market-making and trading of financial products and interest rate derivatives with fixed income.

The Company trades multiple fixed income and derivative products in Chinese inter-bank bond markets and exchanges, and provides market-making service, such as national debts, policy-based financial bonds, central bank bills, medium-term notes, short-term financing bonds, enterprise bonds, company bonds, treasury fund futures and interest rate swaps. The Company executes fixed income derivative instruments (such as interest rate swap and treasury fund futures) to hedge the interest rate risk arising from the transactions and market-making activities. In addition, the Company vigorously expands the FICC business. At present, the Company has obtained the membership of the Shanghai Gold Exchange; and the Company has preliminarily built the international FICC platform through GF Holdings Hong Kong. At present, the Company is applying for a spot transaction license of precious metals and plans to apply for the qualification of other commodities and foreign currency transactions. The Company is one of the first batch of the 13 securities traders obtaining the qualification of trial market-making player in the interbank bond market, and in 2015, the Company ranked the 36th in the annual statistical data of transaction volume of the bank domestic currency market and ranked the second in the securities traders (Source: China Foreign Exchange Trade System, 2016).

During the Reporting Period, the net investment gains from fixed income sales and trading business of the Company was RMB 3.501 billion, a year-on-year increase of 54.36%.

(3) OTC sales and trading business

The Company designs and sells a variety of OTC products, including the non-standard products, income vouchers, OTC derivatives and others. Meanwhile, the Company provides liquidity support to non-standard products and income vouchers through OTC. In 2015, the number of the Company's new OTC registered products was about 1,770, and at the end of the Reporting Period, the market value of OTC products was more than RMB 90 billion, which cover the income voucher products, financial derivatives-equity income swap business, off-field options, subsidiary asset management products, third-party asset management products, third-party fund products and private equity fund trust products. The OTC structured product library is formed by many sub-series of off-field derivatives and income vouchers, including the binary and embedded European style options and other structures; as it covers the indices within and out of the PRC, individual share, bulk commodity and other relevant targets, the products meet the personalized investment demand of investors, and the product diversity is industry-leading. The bilateral transaction scale of the OTC market throughout the year was about RMB 25 billion, which realized the industry-leading advantages.

The Company carries out the New Third Board market-making business. As of the end of 2015, the Company provided market-making services for 121 New Third Board enterprises; and the industries mainly cover TMT, biological medicine, huge consumption, high-end manufacturing industry and others. In the New Third Board business, the Company is committed to providing the diversified capital layout, industrial transformation and market value management service for the high-quality New Third Board enterprises.

The net investment gains from the OTC sales and trading business of the Company for the year was RMB 580 million.

(4) Investment research business

The investment research of the Company mainly comprises of the investment research services provided in areas such as macro economy and strategy, industry and listed companies, fixed income and financial engineering for the institutional clients. To be specific, our investment research services cover the research reports and customized investment research services for the National Social Security Fund, insurance companies, fund companies, private equity funds, financial companies, securities companies and other institutional investors in Hong Kong and the PRC. The Company's stock research covers over 600 listed companies in the PRC in 24 industries, and over 70 companies listed on the Hong Kong Stock Exchange. The outstanding research capacity of the Company enjoys a high reputation in the industry. In 2015, the Company's research team ranked the fourth in "Best Local Research Team" of New Fortune; and in the survey of New Fortune 2015 on 34 fields, the Company ranked the first in coal mining and environmental protection, ranked the second in nonferrous metals, building and engineering, construction and building materials, and ranked the third in financial engineering, real estate, electronics and basic chemical industry.

During the Reporting Period, the total revenue and other income from the investment research business of the Company was RMB 457 million, representing a year-on-year growth of 130.36%.

(5) Asset custody business

The Company obtained qualification for securities investment and fund custodian in 2014, and obtained the filing of fund operation outsourcing service in 2015. The Company provides high-quality asset custody and fund operation outsourcing service for various asset management products; the targets of service provided include fund companies and its subsidiaries, futures companies and its subsidiaries, securities companies and its asset management subsidiaries, private equity fund managers and other various asset management institutions; and its services include various services such as asset custody, account management, liquidation and settlement, fund accounting, asset valuation, fund compliance monitoring, performance evaluation, fund investment risk analysis and the overall back-office operation outsourcing of funds.

As of the end of 2015, the total asset scale of asset custody and fund operation outsourcing service provided by the Company was RMB 87.818 billion, of which the scale of trust products was RMB 56.721 billion, and the scale of operation outsourcing service products provided was RMB 31.097 billion.

During the Reporting Period, the total revenue and other income of asset custody and fund operation outsourcing service of the Company was RMB 52 million.

4. Investment management segment

Our investment management business mainly covers the asset management business, fund management business, private equity investment business and alternative investment. During the Reporting Period, the total revenue and other income from the investment management business was RMB 5.698 billion, a year-on-year growth of 215.14%.

(1) Asset management business

Asset management services provided by the Group aims to maintain and appreciate the value of the financial assets of its clients, which include individuals and institutional investors. The Group carries out asset management business through its subsidiaries GF Asset Management, GF Futures and GF Asset Management (Hong Kong).

GF Asset Management invests and manages assets of clients in multiple asset categories and investment strategies, including equity investment, fixed income investment and quantitative investment. GF Asset Management carries out investment management through three categories of schemes, including the collective asset management schemes, private placement asset management schemes and special asset management schemes. In addition, GF Asset Management actively carries out overseas asset management business through the schemes of qualified domestic institutional investors.

As of the end of 2015, GF Asset Management has managed 105 collective asset management schemes, including equity schemes, fund of funds (FOF plans), fixed income investment schemes, monetary market schemes and quantitative investment schemes with a collective asset scale of RMB 298.007 billion, a year-on-year growth of 519.78%.

As of the end of 2015, GF Asset Management has managed 259 private placement asset management schemes with an asset scale of RMB 217.919 billion, a year-on-year growth of 49.99%. The private placement asset management schemes of GF Asset Management widely invests in assets classes, including stocks, fixed income and alternative investment (including trust products, loan by mandate and notes). The clients of GF Asset Management mainly include commercial banks, trust companies, other institutional investors and affluent population including the high-net-worth individuals.

During the Reporting Period, the scale of enterprise ABS issued by GF Asset Management was RMB 13.4 billion, an increase of 294% compared with that of last year; and the leasing asset securitization products and asset securitization product of receivables issued by GF Asset Management in the exchange market ranked the top in the industry, thus, establishing the industrial influence and leading advantages.

During the Reporting Period, the asset management scale and income of GF Asset Management are as follows:

Asset management scale and income in 2015

	Asset management scale (RMB 100 million)		**Management fee income (RMB 100 million)**	
	December 31, 2015	December 31, 2014	**2015**	2014
Collective asset management business	**2,980.07**	480.83	**10.12**	3.15
Private placement asset management business	**2,179.19**	1,452.88	**1.40**	1.11
Special asset management business	**159.98**	34.06	**0.10**	0.01
Total	**5,319.24**	1,967.77	**11.62**	4.27

Note: The various data of 2014 in the table above includes the relevant data of asset management department of GF Securities before GF Asset Management was established. Source: statistics of the Company, 2016.

In 2015, the total management fee income realized by GF Asset Management was RMB 1.162 billion, an increase of 172.13% over the previous year.

The Group carries out futures asset management business mainly through GF Futures. GF Futures was one of the first batch of companies which obtained the qualification of carrying out asset management business in November 2012 and it carries out the futures asset management business actively. As of the end of 2015, 49 asset management plans of GF Futures were being operated, and the asset management scale was RMB5.888 billion, including 21 single asset management plans with the asset management scale of RMB 157 million and 28 collective asset management plans with the asset management scale of RMB5.731 billion. During the Reporting Period, the total revenue and other income of the asset management business of GF Futures was RMB62 million, a year-on-year growth of 181.44%.

In respect of the overseas asset management business field, the Group provides consulting services for various investment instruments and manages the same through the wholly-owned subsidiary of GF Holdings Hong Kong, GF Asset Management (Hong Kong). GF Holdings Hong Kong is one of the first Sino-funded financial institutions in Hong Kong with RQFII qualification, which collects RMB in Hong Kong to invest in the Chinese securities market through GF Asset Management (Hong Kong). As of the end of 2015, GF Asset Management (Hong Kong) has established and managed 2 fund-based public equity funds (GF China RMB Fixed Income Fund and GF China Growth Fund) and 4 fund-based private equity products, 2 private equity funds cooperated externally and 1 Luxembourg UCITS fund cooperated externally. As of the end of 2015, the scale of assets managed by GF Asset Management (Hong Kong) was HKD7.63 billion.

(2) Fund management service

The Group carries out fund management services through its controlled subsidiary, GF Fund, associate company and E Fund.

As of the end of 2015, the Company held 51.13% interests in GF Fund. As of December 31, 2015, GF Fund managed 88 open-ended fund products. As one of the domestic investment managers of the National Social Security Fund, GF Fund also provides asset management services for insurance companies, financial companies, and other institutional investors as well as HNWIs. In addition, GF Fund can invest the capital raised domestically in overseas capital market through QDII, and invest the capital raised from overseas markets in China's capital market through its wholly-owned subsidiary, GF International Investment Management Limited, in the form of RQFII; GF Fund has been active to take part in the mutual recognition of funds from Mainland China and Hong Kong. It is among the first having obtained the qualification for mutual recognition of funds from Mainland China and Hong Kong, and has been selling the certified fund products in Hong Kong. As of December 31, 2015, the publicly offered funds managed by GF Fund have reached RMB330.024 billion, increasing by 147.27% over that of 2014 and ranking No.7 in the industry (Source: Galaxy Securities Fund Research Center, 2016).

During the Reporting Period, GF Fund realized total revenue and other income of RMB2.993 billion; the net profit was RMB0.893 billion, a year-on-year growth of 48.01%.

As of December 31, 2015, the Company held 25% interests in E Fund and became one of the three parallel largest shareholders. As of December 31, 2015, E Fund managed 88 open-ended funds. As one of the investment managers of the National Social Security Fund, E Fund also provides asset management services for insurance companies, financial companies, enterprise annuity, and other institutional investors as well as HNWIs. In addition, E Fund may invest the capital raised domestically in overseas capital market through QDII, and invest the capital raised from overseas market in China's capital market through RQFII. As of December 31, 2015, the publicly offered funds managed by E Fund reached RMB 576.038 billion, increasing by 159.43% over that at the end of 2014 and ranking No.3 in the industry (Source: Galaxy Securities Fund Research Center, 2016).

During the Reporting Period, E Fund realized net profit of RMB1.190 billion, a year-on-year growth of 82.03%.

(3) PE (private equity) investment and management services

The Group mainly engages in PE investment management business through its wholly-owned subsidiary GF Xinde.

During the Reporting Period, GF Xinde and the funds under its management have completed a total of 64 equity investment deals, with the investment amount up to RMB1.371 billion; as of the end of 2015, GF Xinde completed 127 equity investment projects, of which 17 projects were listed on China's A-share market through initial public offering. GF Xinde exited five projects through merger of listed companies.

In addition, GF Xinde actively develops asset management services for its equity investment. It has set up six fund management platforms, including Xinjiang GF Xinde Wensheng Investment Management Co., Ltd., GF Xinde Zhisheng Investment Management Co., Ltd., GF Xinde Medical Capital Management Co., Ltd., Zhuhai GF Xinde Aofei Capital Management Co., Ltd., Zhuhai GF Xinde Aodong Fund Management Co., Ltd., and Shenzhen Qianhai GF Xinde Zhongshan Public M&A Fund Management Co., Ltd., to manage the PE funds and mezzanine funds. GF Xinde actively explores a diversified profit model and seeks development through innovation, with good results being achieved.

As of the end of 2015, GF Xinde set up and managed eight PE funds and five mezzanine funds. The total size of customers' assets under management amounted to RMB7.451 billion. During the Reporting Period, GF Xinde realized total revenue and other income of RMB843 million, a year-on-year growth of 160.49%.

In the overseas market, the Group made many equity investments through GF Investment (Hong Kong), a wholly-owned subsidiary of GF Holdings (Hong Kong). A domestically leading enterprise, which was principally engaged in solar grade silicon manufacturing and contracting service for wind power and PV projects, invested by GF Investments (Hong Kong) in 2015 was successfully listed on the Main Board of Hong Kong Stock Exchange in the same year. In addition, GF Investments (Hong Kong) has now exited from a China's famous IT training enterprise invested by it previously, with notable investment returns.

(4) Alternative investment

In the alternative investment field, the Group actively develops its businesses through GF Qianhe and focuses on the investment in non-public offered shares, non-standardized fixed income instruments, venture investments, industrial investment funds, and other products or fields.

During the Reporting Period, GF Qianhe set up GF Hexin Industrial Investment Management Co., Ltd., Guangdong Guangtong Financial Leasing Co., Ltd., Guangdong GF Hulian Petty Loan Co., Ltd., and GF Junce Overseas Investment Fund Management (Shanghai) Co., Ltd., to carry out PPP, financial leasing, internet petty loan, QDLP, and other businesses, respectively. In addition, GF Qianhe set up Zhuhai Zhongbing GF Investment Fund Partnership (limited partnership) by cooperating with China North Industries Group Investment Management Co., Ltd., raising funds amounting to RMB660 million.

During the Reporting Period, GF Qianhe invested in a total of 19 projects, with an investment amount of RMB2.524 billion. As of the end of 2015, GF Qianhe had accumulatively invested in 46 projects, with investment amount reaching RMB4.520 billion. It has exited from 18 projects.

During the Reporting Period, GF Qianhe realized total revenue and other income of RMB425 million, a year-on-year growth of 427.84%.

III. Analysis on financial statements

1. Analysis on consolidated income statement

Revenue composition

Unit: RMB'000

	2015	2014	Amount of increase/ decrease	Percentage of increase/ decrease
Commission and fee income	**20,046,440**	8,217,320	11,829,120	143.95%
Interest income	**12,336,200**	4,324,638	8,011,562	185.25%
Net investment gains	**10,396,215**	3,604,956	6,791,259	188.39%
Other income and gains or losses	**(46,040)**	16,581	(62,621)	N/A
Total revenue and other income	**42,732,815**	16,163,495	26,569,320	164.38%

In 2015, due to favourable market conditions, all business lines recorded significant increase in revenue. Total revenue and other income of the Group was RMB42,733 million, representing an increase of 1.64 times compared with the revenue of RMB16,163 million in 2014.

Commission and fee income

Unit: RMB'000

Item	2015	2014	Amount of increase/ decrease	Percentage of increase/ decrease
Commission on securities dealing and brokerage and handling fee income	**13,803,088**	4,949,888	8,853,200	178.86%
Underwriting and sponsors fees	**1,441,856**	1,552,291	(110,435)	(7.11%)
Commission on futures and options contracts dealing and brokerage and handling fee income	**320,170**	230,531	89,639	38.88%
Asset management and fund management fee income	**3,597,426**	1,124,488	2,472,938	219.92%
Consultancy and financial advisory fee income	**807,668**	327,325	480,343	146.75%
Others	**76,232**	32,797	43,435	132.44%
Total commission and fee income	**20,046,440**	8,217,320	11,829,120	143.95%

The increase in total revenue and other income is primarily reflected in the increase in commission and fee income of RMB20,046 million, which has increased by RMB11,829 million or 1.44 times as compared with 2014, mainly due to (1) increased trading amount of stock and funds by our brokerage clients which resulted in increased commission and fee income of RMB8,853 million from brokerage business in 2015 over 2014; (2) consolidation of GF Fund into the consolidated statements starting from August 2014 and the increased size of asset management and fund management of GF Asset Management and GF Fund which resulted in increased asset management and fund management fee of RMB2,473 million in 2015 over 2014; and (3) increase in financial advisory business which resulted in increased consultancy and financial advisory fee income of RMB480 million in 2015 over 2014.

Interest income

Unit: RMB'000

Item	**2015**	2014	Amount of increase/ decrease	Percentage of increase/ decrease
Interest income from deposits with exchanges and non-bank financial institutions and bank balances	**3,852,572**	1,235,138	2,617,434	211.91%
Interest income from advances to customers and securities lending	**7,593,990**	2,636,161	4,957,829	188.07%
Interest income from financial assets held under resale agreements	**784,046**	423,535	360,511	85.12%
Interest income from due from banks	**359**	16,320	(15,961)	(97.80%)
Other interest income	**105,233**	13,484	91,749	680.43%
Total interest income	**12,336,200**	4,324,638	8,011,562	185.25%

The increase in total revenue and other income is also attributable to the interest income of RMB12,336 million in 2015 which has increased by RMB8,012 million or 1.85 times as compared with 2014, mainly attributable to (1) the growth in margin financing and securities lending business which resulted in increased interest income from advances to customers and interest income of securities lending of RMB4,958 million in 2015 over 2014; and (2) increased deposits from brokerage clients which resulted in an increase of RMB2,617 million interest income from deposits with exchanges and non-bank financial institutions and bank balances.

Net investment gains

Unit: RMB'000

Item	2015	2014	Amount of increase/ decrease	Percentage of increase/ decrease
Net realized gains from disposal of available-for-sale financial assets	**4,085,008**	235,193	3,849,815	1636.87%
Dividend income and interest income from available-for-sale financial assets	**2,032,530**	1,128,422	904,108	80.12%
Net realized gains from disposal of financial assets at fair value through profit or loss	**1,816,335**	1,302,445	513,890	39.46%
Dividend income and interest income from financial assets at fair value through profit or loss	**2,320,245**	1,157,622	1,162,623	100.43%
Interest income and net realized gains from loan and receivable investments	**63,465**	40,134	23,331	58.13%
Net realized losses from derivatives	**(292,400)**	(685,456)	393,056	N/A
Unrealized fair value change of financial instruments at fair value through profit or loss				
– financial assets at fair value through profit or loss	**183,965**	693,817	(509,852)	(73.49)%
– derivatives	**187,101**	(268,047)	455,148	N/A
Others	**(34)**	826	(860)	N/A
Net investment gains	**10,396,215**	3,604,956	6,791,259	188.39%

Net investment gains in 2015 was RMB10,396 million, representing an increase of RMB6,791 million or 1.88 times as compared with 2014, mainly attributable to (1) increased net realized gains from disposal of available-for-sale financial assets of RMB3,850 million in 2015 over 2014; and (2) increased dividend income and interest income during the holding period from financial assets at fair value through profit or loss and available-for-sale financial assets of RMB2,067 million in 2015 over 2014.

Component of expenses

Unit: RMB'000

Item	2015	2014	Amount of increase/ decrease	Percentage of increase/ decrease
Depreciation and amortization	**279,485**	257,364	22,121	8.60%
Staff costs	**10,913,683**	4,345,926	6,567,757	151.12%
Commission and fee expenses	**461,441**	240,813	220,628	91.62%
Interest expenses	**8,942,914**	2,757,676	6,185,238	224.29%
Other operating expenses	**4,337,292**	2,100,342	2,236,950	106.50%
Impairment losses	**282,100**	149,944	132,156	88.14%
Total expenses	**25,216,915**	9,852,065	15,364,850	155.96%

In 2015, total expenses of the Group was RMB25,217 million, representing an increase of 1.56 times compared with RMB9,852 million in 2014. The increase in total expenses is mainly reflected in the increase in staff costs and interest expenses. Staff costs in 2015 increased by RMB6,568 million compared with 2014 along with the increase in the Group's revenue and increased total payroll; interest expense in 2015 increased by RMB6,185 million compared with 2014, which was reflected from (1) increased interest expenses of RMB2,154 million for financial assets sold under repurchase agreements, (2) increased interest expenses of RMB3,788 million for short-term corporate bonds, subordinated bonds and structured notes in 2015.

In 2015, the Group realized net profit attributable to owners of the Company of RMB13,201 million, representing a year-on-year increase of 1.63 times; basic earnings per share of RMB1.85, representing a year-on-year increase of 1.18 times; return on weighted average net assets of 21.14%, representing a year-on-year increase by 7.58%.

2. Analysis on consolidated financial statements

Unit: RMB'000

	December 31, 2015	Composition	December 31, 2014	Composition	Amount of increase/ decrease	Percentage of increase/ decrease
Non-current assets	**26,241,522**	6.26%	6,438,533	2.68%	19,802,989	307.57%
Of which: Available-for-sale financial assets	**17,850,015**	4.26%	2,109,902	0.88%	15,740,113	746.01%
Investments in associates	**2,552,462**	0.61%	1,548,796	0.65%	1,003,666	64.80%
Property and equipment	**1,579,745**	0.38%	1,287,461	0.54%	292,284	22.70%
Financial assets held under resale agreements	**1,835,232**	0.44%	431,864	0.18%	1,403,368	324.96%
Deferred tax assets	**269,442**	0.06%	230,185	0.10%	39,257	17.05%
Investment in joint ventures	**795,042**	0.19%	35,369	0.01%	759,673	2147.85%
Loan and receivable investments	**499,640**	0.12%	206,000	0.09%	293,640	142.54%
Advances to customers	**220,837**	0.05%	–	–	220,837	–
Current assets	**392,855,493**	93.74%	233,661,243	97.32%	159,194,250	68.13%
Of which: Bank balances	**106,250,453**	25.35%	67,199,352	27.99%	39,051,101	58.11%
Advances to customers	**68,969,706**	16.46%	64,695,844	26.95%	4,273,862	6.61%
Financial assets at fair value through profit or loss	**83,912,240**	20.02%	26,936,662	11.22%	56,975,578	211.52%
Available-for-sale financial assets	**78,732,563**	18.79%	32,300,214	13.45%	46,432,349	143.75%
Clearing settlement funds	**31,222,061**	7.45%	22,624,796	9.42%	8,597,265	38.00%
Financial assets held under resale agreements	**11,910,685**	2.84%	11,800,690	4.91%	109,995	0.93%
Deposits with exchanges and non-bank financial institutions	**5,277,796**	1.26%	3,029,862	1.26%	2,247,934	74.19%
Loan and receivable investments	**99,953**	0.02%	402,692	0.17%	(302,739)	(75.18%)
Total assets	**419,097,015**	100%	240,099,776	100.00%	178,997,239	74.55%

	December 31, 2015	Composition	December 31, 2014	Composition	Amount of increase/ decrease	Percentage of increase/ decrease
Current liabilities	**263,258,470**	77.59%	165,530,117	83.30%	97,728,353	59.04%
Of which: Accounts payable to brokerage clients	**118,137,085**	34.82%	71,465,563	35.96%	46,671,522	65.31%
Financial assets sold under repurchase agreements	**85,395,761**	25.17%	50,717,726	25.52%	34,678,035	68.37%
Short-term financing payables	**21,643,800**	6.38%	29,536,739	14.86%	(7,892,939)	(26.72%)
Other liabilities	**10,515,964**	3.10%	4,283,311	2.16%	6,232,653	145.51%
Bonds payable	**6,976,681**	2.06%	–	–	6,976,681	–
Net current assets	**129,597,023**		68,131,126		61,465,897	90.22%
Non-current liabilities	**76,017,716**	22.41%	33,192,203	16.70%	42,825,513	129.02%
Of which: Bonds payable	**72,270,186**	21.30%	26,030,664	13.10%	46,239,522	177.63%
Financial assets sold under repurchase agreements	**–**	–	4,050,000	2.04%	(4,050,000)	(100.00%)
Long-term loans	**3,469,168**	1.02%	3,000,000	1.51%	469,168	15.64%
Total liabilities	**339,276,186**	100.00%	198,722,320	100.00%	140,553,866	70.73%
Total equity	**79,820,829**		41,377,456		38,443,373	92.91%

As of December 31, 2015, total assets of the Group were RMB419,097 million, representing an increase of RMB178,997 million or 74.55% over the end of 2014; total liabilities were RMB339,276 million, representing an increase of RMB140,554 million or 70.73% over the end of 2014. In the Group's assets, the proportion of bank balances and clearing settlement funds to total assets was 32.80%, the proportion of financial assets at fair value through profit or loss and available-for-sale financial assets to total assets was 43.07%, the proportion of advances to customers to total assets was 16.51%, and the proportion of financial assets held under resale agreements to total assets was 3.28%.

As of the end of 2015, non-current assets were RMB26,242 million, representing an increase of 3.08 times over the end of 2014, which is attributable to increase in available-for-sale financial assets, investment in associates and joint ventures and financial assets held under resale agreements; current assets were RMB392,855 million, representing an increase of RMB159,194 million or 68.13% over the end of 2014, of which financial assets at fair value through profit or loss and available-for-sale financial assets increased in total by RMB103,408 million, mainly due to increase of monetary funds and bond investments; bank balances, clearing settlement funds and advances to customers increased in total by RMB51,922 million, which is attributable to favorable market condition, increase in size of brokerage business and growth in margin financing and securities lending business; current liabilities were RMB263,258 million, representing an increase of 59.04% over the end of 2014, which is attributable to increase in accounts payable to brokerage clients and financial assets sold under repurchase agreements within one year; non-current liabilities were RMB76,018 million, representing an increase of 1.29 times over the end of 2014, which is attributable to the issuance of new subordinated bonds. As of the end of 2015, net current assets were RMB129,597 million, representing an increase of RMB61,466 million or 90.22% over the end of 2014, mainly because the Company increased the issuance of subordinated bonds for more than one year in the current period and the issuance of H Shares to replenish working capital, resulting in the higher growth rate of current assets than current liabilities.

The Group's equity attributable to owners of the Company at the end of 2015 were RMB77,519 million, representing an increase of RMB37,908 million or 95.70% over the end of 2014, which is attributable to the Company's issuance of H Shares in April 2015 to replenish capital and the increase in net profits of the Group. Without considering the affecting factor of accounts payable to brokerage clients, the Group's gearing ratio at the end of 2015 was 73.48%, representing a decrease of 1.98 percentage points compared with the gearing ratio of 75.46% at the end of 2014, while the Group's assets and liabilities structure remained relatively stable.

Borrowings and debt financing

At the end of 2015, total borrowings and debt financing of the Group were RMB105.256 billion, of which RMB borrowings and bond financing accounting for 98.73%. The following table sets forth details of the Group's borrowings and bond financing:

Unit: RMB'000

	December 31, 2015	December 31, 2014
Borrowings	**896,010**	1,285,907
Short-term financing payable	**21,643,800**	29,536,739
Bonds payable	**79,246,867**	26,030,664
Long-term loans	**3,469,168**	3,000,000
Total	**105,255,845**	59,853,310

RMB3 billion of the long-term loans are due within 36 months and bearing interest at 7% per annum. For details of the interest rates and maturities of borrowings, short-term financing payable and bonds payable, please refer to notes 40, 41 and 53 to the consolidated financial statements.

Apart from borrowings and debt financing instruments, the Company also raised funds through inter-bank lending as well as on-market and OTC repurchase, with balance of due to banks and other financial institutions and financial assets sold under repurchase agreements amounting to RMB1.75 billion and RMB85.396 billion, respectively during the Reporting Period. In the aforesaid liabilities, amounts with financing terms of more than one year and those of less than one year was RMB95.266 billion and RMB97.136 billion, respectively, representing 49.51% and 50.49%, respectively of the aforesaid total liabilities.

Save as disclosed in this report, as at December 31, 2015, the Group did not have outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans or other similar indebtedness or liabilities under acceptances or acceptance credits, any guarantees or other material contingent liabilities.

3. Analysis on the Consolidated Statements of Cash Flow

As at the end of 2015, cash and cash equivalents of the Group amounted to RMB20,382 million, of which RMB cash and cash equivalents accounting for 94.20%, representing an increase of 7.42% as compared to RMB18,974 million as at the end of 2014. Of which:

Net cash used in operating activities was RMB7,691 million in 2015, representing a decrease of RMB7,394 million over 2014. The change primarily reflected (1) a decrease of RMB39,710 million in operating cash outflow as a result of a reduction in the size of advances to customers; (2) a decrease of RMB5,928 million in operating cash outflow from financial assets held under resale agreements; (3) an increase of RMB55,529 million in operating cash outflow as a result of the increase in financial assets at fair value through profit or loss of the Group.

Net cash used in investing activities was RMB57,620 million in 2015, representing an increase of RMB48,897 million over 2014, mainly due to an increase in cash outflow of RMB47,449 million for the current period as a result of the increase in our investment in available-for-sale financial assets.

Net cash generated from financing activities was RMB66,680 million in 2015, representing an increase of RMB30,573 million over 2014, which was attributable to the proceeds from our issuance of bonds and short-term financing payable as well as the listing of H Shares.

4. Explanation of Changes in the Scope of Financial Statements Consolidation

(1) Subsidiaries newly included into the scope of consolidation during the Reporting Period

GF Investments (Hong Kong) established the subsidiaries, GF Bright Investment Limited and GF Energy Investment Limited, by capital contribution during the current period, and the capital contribution for GF Bright Investment Limited had not been completed as at the end of the current period.

GF Fund established a subsidiary, namely GF International Asset Management (UK) Company Limited, by capital contribution through its wholly-owned subsidiary, GF International Investment Management Limited, during the current period. GF Fund Management Co., Ltd. established the subsidiaries, namely Zhuhai Haoyitou Internet Financial Services Co., Ltd. (珠海好易投互聯網金融服務有限公司) and Shenzhen Ruiyuan Fund Management Co., Ltd. (深圳瑞元基金管理有限公司) through its subsidiary Ruiyuan Capital Asset Management Co., Ltd. (瑞元資本管理有限公司) during the current period, and capital contributions to Zhuhai Haoyitou Internet Financial Services Co., Ltd. (珠海好易投互聯網金融服務有限公司) and Shenzhen Ruiyuan Fund Management Co., Ltd. (深圳瑞元基金管理有限公司) has not yet completed as at the end of the Current period.

GF Xinde Investment Management Co., Ltd. established the subsidiaries, namely Shenzhen Qianhai GF Xinde Zhongshan Public Utilities M&A Fund Management Co., Ltd. (深圳前海廣發信德中山公用併購基金管理有限公司), Zhuhai GF Xinde Aodong Fund Management Co., Ltd. (珠海廣發信德敖東基金管理有限公司), Shanghai GF Yong Capital Investment Management Co., Ltd (上海廣發永胥股權投資管理有限公司), GFXD Shimge Pump Industry Fund (廣發信德新界泵業產業投資基金), Shanghai GF Xinde Asset Management Co., Ltd. (上海廣發信德資產管理有限公司) and Shanghai GF Xinde Asset Management Center (LLP) (上海廣發信德資產管理中心(有限合夥)) in the current period, and capital contribution to Shenzhen Qianhai GF Xinde Zhongshan Public Utilities M&A Fund Management Co., Ltd. (深圳前海廣發信德中山公用併購基金管理有限公司), Shanghai GF Xinde Asset Management Co., Ltd. (上海廣發信德資產管理有限公司) and Shanghai GF Xinde Asset Management Center (LLP) (上海廣發信德資產管理中心(有限合夥)) had not been completed as at the end of the current period.

GF Qianhe Investment Co., Ltd. (廣發乾和投資有限公司) established the subsidiaries, namely GF Hexin Industry Investment Management Co., Ltd. (廣發合信產業投資管理有限公司) and Zhuhai Qianheng Investment Management Co., Ltd. (珠海乾亨投資管理有限公司), in the current period, and established the subsidiaries Zhuhai Qianzhen Investment Management Co., Ltd. (珠海乾貞投資管理有限公司), Zhuhai Qianxin Investment Partnership (LLP) (珠海乾鑫投資合夥企業(有限合夥)) and Zhuhai Qianming Partnership (LLP) (珠海乾明投資合夥企業(有限合夥)) through Zhuhai Qianheng Investment Management Co., Ltd. (珠海乾亨投資管理有限公司).

(2) During the current period, 9 funds and asset management schemes were newly included in the scope of consolidation, and 7 funds and asset management schemes were excluded from the scope of consolidation during the current period.

5. Principal Accounting Policies and Changes in Accounting Estimates

During the Reporting Period, there were no significant changes in the principal accounting policies and key accounting estimates; and significant accounting errors requiring rectification had not occurred in the Company.

IV. ASSETS AND LIABILITIES

Analysis on financing channels and short-term and long-term liability structure

1. Financing channels

Financing channels of the Company specifically include equity financing and debt financing, of which the debt financing channel is divided into short-term and mid-and-long term channel. The short-term debt financing channel includes credit lending in the interbank market, and bond repurchase, issuance of short-term financing bonds, short-term corporate bonds and income certificate in inter-bank and exchange market. The mid-and-long term financing channel includes issuance of corporate bonds, subordinated bonds, preferred shares and asset backed securities.

On April 10, 2015, our H shares were listed, the total amount of proceeds raised was HKD32.079 billion or a total of RMB25.680 billion upon foreign exchange conversion, the net amount after deducting issuance expenses was approximately RMB25.077 billion. In terms of debt financing, the Company made comprehensive use of short-term, medium and long-term financing channels, including credit lending, bond repurchase, and issuance of six short-term financing bills, seven subordinated bonds and six short-term corporate bonds.

2. Liability structure

At the end of the Reporting Period, the Company's ratio of net assets to liabilities and the ratio of net capital to liabilities were 35.47% and 31.55% respectively. The Company had no debts due and outstanding, with good operation performance, strong profitability, sufficient cash flow, and low financial risk.

For details of the debt structure, please refer to "Borrowings and debt financing" under "II. Analysis on Major Businesses — (III) Analysis on financial statements" of this section.

3. Liquidity management measures and policies

The Company has been paying attention to liquidity safety and managing the assets based on principles of liquidity, safety, and benefits. The Company realizes reasonable matching between the source of funds and the structure and term of the application of funds through flexible and perspective financing arrangement. The Company performs well in all businesses with good assets quality to guarantee the fundamental liquidity of assets. In actual work, the Company defines the size limit and risk limit for each of the business lines and carries out dynamic monitoring on the net capital and risk control indicators to ensure that all indicators including liquidity risk regulation indicator continue to meet the regulatory requirements.

4. Analysis on financing capacity

The Company observes laws and discipline, manages the Company honestly, and we have sufficient available liquidity resources. In recent years, the Company has constantly increased financing channels and counterparties. We have strong financial capacity as we maintain good cooperative relationship with multiple commercial banks and obtain their comprehensive credit line. As an A+H dual listed securities company, the Company has smooth equity financing and debt financing channels within the PRC and abroad and is able to raise money from the global market.

5. Contingencies and their influence

During the Reporting Period, the Company provided net capital guarantee to its wholly-owned subsidiary, GF Asset Management Co., Ltd.. For details, see "16. Major Contracts And Their Performance-2, (1) Guarantee" of "Section 6. Significant Events" herein. Besides the aforesaid guarantees, the Company has not provided assets cover, mortgage, pledge and other contingencies or financial commitment to any related party or third party.

V. INVESTMENT CONDITIONS

1. General

Investment in the Reporting Period (RMB)	Investment of the same period of last year (RMB)	Change in amount
6,942,816,000.00	955,969,600.00	626.26%

2. Significant equity investment conditions obtained in the Reporting Period

N/A

3. Significant non-equity investment conditions in progress in the Reporting Period

Unit: RMB

Project name	Investment method	Fixed asset investment or not	Industry of the investment project	Investment amount of the Reporting Period	Actual accumulative investment amount as of the end of the Reporting Period	Capital source	Project progress	Estimated earnings	The accumulative earnings realized as of the end of the Reporting Period	Reasons why failing to reach the planned progress and estimate earnings	Disclosure date (if any)	Disclosure index (if any)
GF Securities Tower	Others	Yes	–	247,962,134.77	911,839,454.00	Self-owned	In progress	–	–	–	–	–
Total	–	–	–	247,962,134.77	911,839,454.00	–	–	–	–	–	–	–

4. Financial asset investment

(1) Security investment condition

Unit: 10,000 RMB

No.	Securities type	Securities code	Securities short name	Investment cost	Accounting measurement mode	Book value at the beginning of the period	Profits and loss from the fair value change of the period	Accumulative fair valve change accounted into equity	Amount of purchase in the period	Sales amount of the period	Profit and loss in the Reporting Period	Book value at the end of the period	Financial accounting subject	Fund source
1	Fund	270014	GF Money Market Fund B (廣發貨幣B)	2,122,091.38	Measured according to fair value	37,168.79	42.18	—	2,773,239.59	661,145.93	23,264.81	2,122,091.38	Transactional	Self-owned
2	Other investment	ZJGSTZ	Investment of China Securities Finance Corporation Limited (證金公司投資)	1,386,379.00	Same as the above	—	—	-68,657.11	1,386,379.00	—	—	1,317,721.89	Available	Self-owned
3	Fund	163820	Bank of China Currency B (中銀貨幣B)	597,126.25	Same as the above	—	—	—	647,449.83	50,323.57	8,523.89	597,126.25	Transactional	Self-owned
4	Fund	000010	E Fund Day B (易方達天天B)	402,111.27	Same as the above	—	—	—	402,111.27	—	2,142.13	402,111.27	Transactional	Self-owned
5	Finance product	119538	Tongrun No. 23 (通潤23號)	253,100.00	Same as the above	211,884.27	16,746.22	—	50,000.00	—	16,746.22	278,743.38	Transactional and available	Self-owned
6	Fund	002183	GF Tiantianhong B (廣發天天紅B)	186,423.72	Same as the above	—	—	—	198,561.11	39,563.69	520.15	186,423.72	Transactional	Self-owned
7	Fund	000575	Xingquan Tianlibao (興全添利寶)	147,811.86	Same as the above	8,202.68	—	—	508,947.23	370,759.12	3,577.18	147,811.86	Transactional	Self-owned
8	Fund	000509	GF Qiandaizi (廣發錢袋子)	143,026.86	Same as the above	8.88	—	—	142,522.29	9.09	1,033.12	143,026.86	Transactional and available	Self-owned
9	Fund	482002	ICBC Credit Suisse Currency (工銀瑞信貨幣)	140,877.75	Same as the above	—	—	—	240,877.75	100,000.00	1,393.01	140,877.75	Transactional	Self-owned
10	Fund	000665	Boshi Cash earnings B (博時現金收益B)	132,209.17	Same as the above	—	—	—	307,039.22	174,830.05	2,359.10	132,209.17	Transactional	Self-owned
Other securities investment held at the end of the period				11,530,228.90		5,332,976.70	12,873.29	133,401.54	N/A	N/A	354,199.77	11,700,582.11		
Profit and loss of securities investment sold in the Reporting Period											275,702.42			
Total				17,041,386.17		5,590,241.32	29,661.69	64,744.43	N/A	N/A	689,461.80	17,168,725.65		

Note 1: This table is sorted by the ending book value as a percentage of the Company's total securities investment at the end of this period. Top 10 securities held by the Company at the end of the period are listed;

Note 2: The securities investment mentioned in this table refer to the investment in stocks, warrants, bonds, funds, stock index futures, etc. The stock investment shall only be filled with the parts of the Trading financial assets in the consolidated statement of the Company;

Note 3: The other securities investment only refers to the other securities investment except for the top 10 securities;

Note 4: Profit and loss of the Reporting Period, including the income from investment, changes in fair value recognized in profit or loss and assets impairment loss obtained from holding the securities by the Company in the Reporting Period.

Note 5: As the securities of the securities company transact frequently, the purchasing and sales amount of the other securities except for the top 10 securities is not recorded.

Note 6: "Investment of China Securities Finance Corporation Limited (證金公司投資)" in the table refers to the amount appropriated to China Securities Finance Corporation Limited according to the "Joint Announcement of 21 Securities Firms" issued by the Company on July 4, 2015, The details are set out in 17.2 in "Section 6. Significant Events" of this annual report.

(2) Derivative investment conditions

N/A

5. Use of proceeds

(1) Overall usage of Class A share placement

Unit: RMB 10,000

Placement year	Placement method	Total placement amount	Total placement used in this period	Total placement used accumulatively	Total placement which usage is changed in this Reporting Period	Total placement which usage is changed in this Reporting Period accumulatively	Proportion of the total placement which usage is changed in this Reporting Period accumulatively	Total placement unused yet	Usage and allocation of the unused placement	Amount of the placement, which has not been used for more than two years
2011	Non-publicly issued A share	1,199,994.64	83,174.71	1,208,603.22	–	–	–	0	–	–
Total	–	1,199,994.64	83,174.71	1,208,603.22	–	–	–	0	–	

Indication about the overall usage of the placement

In the Reporting Period, the Company used the funds raised strictly according to the relevant provisions and documents of the *Administrative Measures for the Issuance of Securities by Listed Companies, the SZSE Listing Rules, Guidance on Operations of Companies Listed on Main Board of Shenzhen Stock Exchange and Utilization Management System of the Raised Funds of GF Securities Co., Ltd.*, and timely, correctly, accurately and completely disclosed the relevant information, and there is no non-compliance regarding the management of funds raised.

See "XX. Relevant Conditions of Company Bonds" of "Section VI. Significant Events" for the relevant conditions of the Company's bonds, and the interest payment of the other bonds and debt financing instruments in the Reporting Period.

(2) Commitment projects of funds raised by A-shares

Unit: RMB 10,000

Committed investment project and direction of ultra-raised funds investment	Is the project changed (including partial change)	Total committed investment of raised funds	Adjusted total investment[1]	Investment amount in the Reporting Period	Accumulative investment amount by the end of the period[2]	Investment progress by the end of the period[3]=[2]/[1]	Date when the project reaches expected conditions for use	Benefit achieved in this Reporting Period	Is the anticipated benefit reached	Is there any material change to the project feasibility
Committed investment project										
Increase the Company's capital and supplement the Company's working capital	No	1,199,994.64	1,199,994.64	83,174.71	1,208,603.22	100.72	N/A	N/A	N/A	No
Including 1. Expand the underwriting reserve and strengthen business attractiveness of the investment bank	No	1,199,994.64	1,199,994.64	—	6,000.00		N/A	N/A	N/A	No
2. Increase the reserve for margin transaction to fully develop the margin transaction	No			—	40,000.00		N/A	N/A	N/A	No
3. Optimize the network layout of brokerage business and expand the business channel to promote service products	No			—	6,500.00		N/A	N/A	N/A	No
4. Expand the securities investment business	No			596.70	721,656.81		N/A	N/A	N/A	No
5. Expand the asset management business	No			—	—		N/A	N/A	N/A	No
6. Increase investment to subsidiaries and expand businesses, such as direct investment, international business and stock index futures	No			70,000.00	370,000.00		N/A	N/A	N/A	No
7. Increase capital investment in the information system	No			12,578.01	64,446.41		N/A	N/A	N/A	No
8. Other financial arrangements	No			—	—		N/A	N/A	N/A	No
Subtotal of committed investment project	No	1,199,994.64	1,199,994.64	83,174.71	1,208,603.22	100.72	N/A	N/A	N/A	No
Investment of ultra-raised funds										
N/A										
Repay the bank loan (if any)	—	—	—	—	—	N/A	N/A	N/A	N/A	N/A
Supplementary working capital (if any)	—	—	—	—	—	N/A	N/A	N/A	N/A	N/A
Subtotal of investment of ultra-raised funds	—	—	—	—	—	N/A	N/A	N/A	N/A	N/A
Total	—	1,199,994.64	1,199,994.64	83,174.71	1,208,603.22	100.72	N/A	N/A	N/A	N/A

Committed investment project and direction of ultra-raised funds investment	Is the project changed (including partial change)	Total committed investment of raised funds	Adjusted total investment[1]	Investment amount in the Reporting Period	Accumulative investment amount by the end of the period[2]	Investment progress by the end of the period[3]=[2]/[1]	Date when the project reaches expected conditions for use	Benefit achieved in this Reporting Period	Is the anticipated benefit reached	Is there any material change to the project feasibility
Failure to reach the designed progress or anticipated income and reasons (depends on specific projects)					N/A					
Statement of material change to the project feasibility					No					
Amount, purpose and progress of the ultra-raised funds					No					
Is the location for implementing the investment project of the raised funds changed					No					
Is the method for implementing the investment project of the raised funds adjusted					No					

Earlier investment and its replacement for the investment project of raised funds

Before the raised fund for the investment project of raised funds was actually in place, we had invested self-raised funds in advance to implement partial investment project of raised funds. Up to August 17, 2011, total amount of self-raised funds put into the investment project of raised funds in advance was up to RMB1,176,569,100.35. It was verified and provided with *Special Audit Report on the Investment of GF Securities Co., Ltd. into the Investment Project of Raised Funds in Advance with Self-Raised Funds* (DSB (H)Z (11) No. E0065) by Deloitte & Touche. On October 21, 2011, we replaced the self-raised funds put into the investment project of raised funds in advance with the raised fund, RMB1,176,569,100.35, after being discussed and agreed on the seventh meeting of the Seventh Board of Directors and the fourth meeting of the Seventh Board of Supervisors. This matter did not influence normal execution of the investment plan with raised fund or change the purpose of the raised fund. The matter was agreed by our independent Directors and provided with a special audit report by an accounting firm after going through necessary approval procedure with no objection from the sponsor institution. Our behavior and procedure for replacing the self-raised funds put into the investment project of raised funds in advance with the raised fund conformed to relevant laws, regulations and provisions in normative documents.

Temporary supplement of working capital with idle raised fund

On April 18, 2014, we used partial idle raised fund to supplement working capital of RMB1,149,000,000.00 temporarily for twelve months as of the date when it was discussed and approved by the Board of Directors. This matter was approved on the 47th meeting of the Seventh Board of Directors on April 18, 2014, and agreed by the Board of Supervisors and independent Directors with no objection from the sponsor institution. Therefore, our decision-making procedure was legal and valid for supplementing the working capital with partial idle raised fund and it conformed to relevant provisions in *Guidance on Operations of Companies Listed on Main Board of Shenzhen Stock Exchange and our Utilization Management System of the Raised Funds. We returned and transferred the above raised funds*, RMB300,000,000, RMB149,000,000 and RMB700,000,000, which were used for temporarily supplementing the working capital, to the special account for raised fund respectively on November 12, 2014, December 19, 2014 and April 16, 2015 without exceeding the time limit of 12 months.

On April 27, 2015, we used partial idle raised fund to supplement working capital of working capital of RMB700,000,000.00 temporarily for twelve months as of the date when it was discussed and approved by the Board of Directors. This matter was approved on the 15th meeting of the Eighth Board of Directors on April 27, 2015, and agreed by the Board of Supervisors and independent Directors with no objection from the sponsor institution. Therefore, our decision-making procedure was legal and valid for supplementing the working capital with partial idle raised fund and it conformed to relevant provisions in *Guidance on Operations of Companies Listed on Main Board of Shenzhen Stock Exchange and our Utilization Management System of the Raised Funds*. We returned and transferred the above raised funds, RMB100,000,000, RMB500,000,000, and RMB100,000,000, which were used for temporarily supplementing the working capital, to the special account for raised fund respectively on June 4, 2015, September 18, 2015, and December 30, 2015 without exceeding the time limit of 12 months. So far, we have returned all idle raised funds for temporarily supplementing the working capital to the special account for raised funds.

Balance of raised funds for project implementation and reason

As of December 31, 2015, we have used all the fund raised. Balance of the interest of RMB5,967,004.32 on December 31, 2015 had been transferred from the raised fund account for expanding the securities investment business.

Purpose and allocation of unused fund

As of December 31, 2015, we have used all the fund raised. Balance of the interest of RMB5,967,004.32 on December 31, 2015 had been transferred from the raised fund account for expanding the securities investment business.

Problems and other conditions in the raised fund utilization and disclosure

None

(3) Change of A-share investment projects

There was no change to the A-share investment projects during this Reporting Period.

(4) Overall utilization of funds raised by H-Shares

The Company issued H Shares which were listed on the Main Board of the Hong Kong Stock Exchange on April 10, 2015 after being approved by the CSRC on March 5, 2015 by issuing ZJXK [2015] No. 347 *Official Reply for Approving GF Securities Co., Ltd. to Issue Overseas Listed Foreign Shares*, and being approved at our 8th meeting of the Eighth session of the Board of Directors and the second extraordinary general meeting in 2014. A total of 1,479,822,800 H Shares were issued at the price of HKD18.85 per share through both public offering and international placement. Subsequently, we issued 221,973,400 H Shares at the price of HKD18.85 per share by over-allotment on April 13, 2015. This time, we issued a total of 1,701,796,200 H Shares and raised a total of HKD32.079 billion, which was equivalent to RMB 25.680 billion after settlement of exchange. The net amount was RMB25.077 billion after deducting the issuance cost.

According to H Share prospectus, about 50% of the net amount from H-share raised funds should be used for the wealth management business, about 20% for the investment management business, investment banking and transaction and institutional client service, and about 30% for the international business. The above raised fund should be used for supplementing the working capital and investing in the assets with good liquidity in a short term to preserve or increase the value, when it was not required for the above purpose temporarily.

By the end of December 31, 2015, RMB10.855 billion among the H-share raised fund was used for the wealth management business to develop margin transactions and build a strategic Internet financial platform and wealth management platform; RMB4.342 billion was used for the investment management business, investment banking and transaction and institutional client services to increase the asset size under the investment management, increase input into the seed funds, innovate and develop investment management products, and take part in and provide liquidity support to market makers in various markets for financial products; RMB3.328 billion was used for the international business to increase input to the investment management, transaction and institutional client service in Hong Kong; RMB6.552 billion was used to supplement the working capital and develop short-term investment business. The Company will apply the proceeds from the H Share issuance to various businesses of the Company gradually as planned according to relevant requirements in the H Share prospectus.

VI. SALE OF MAJOR ASSETS AND SHARES

1. Sale of major assets

The Company has not sold any of its assets in this Reporting Period.

2. Major disposal of shares

N/A

VII. ANALYSIS ON PRINCIPAL SUBSIDIARIES AND PARTICIPATING STOCK COMPANIES

The status of principal subsidiaries and participating stock companies

Unit: RMB

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Net profit
GF Futures	Subsidiary	Commodity futures brokerage, financial futures brokerage, futures investment consultancy and asset management.	RMB1,300,000,000	12,816,472,200.08	1,769,629,276.83	173,928,165.52
GF Xinde	Subsidiary	Equity investment; providing financial consultancy service about equity investment and other businesses approved by the CSRC.	RMB2,800,000,000	5,096,438,521.99	4,924,962,953.80	511,734,959.59
GF Holdings (Hong Kong)	Subsidiary	Investment holding, undertaking investment banking, stock sales and transactions, asset management, foreign equity investment and other businesses approved by the SFC through professional subsidiaries.	HKD5,600,000,000	11,914,228,646.13	4,982,292,585.99	215,586,617.96
GF Qianhe	Subsidiary	Project investment; investment management; investment consultancy.	RMB2,900,000,000	3,871,910,953.34	3,716,943,235.75	277,104,370.66
GF Asset Management	Subsidiary	Securities asset management	RMB1,000,000,000	2,251,783,379.75	1,919,021,211.99	674,167,175.13
GF Fund	Subsidiary	Fund raising, fund sales, asset management, other businesses approved by the CSRC.	RMB126,880,000	6,071,745,634.91	4,165,761,034.13	893,297,398.13
E Fund	Participating stock company	Fund raising, fund sales, asset management; other businesses approved by the CSRC.	RMB120,000,000	9,158,625,389.00	5,927,519,478.00	1,190,457,892.00
Guangdong Equity Exchange	Participating stock company	Providing sites, facilities and supporting services for the listing, transfer, financing, registration, custody and settlement for equity, creditor's rights, equity products and relevant financial products of unlisted companies and other businesses approved according to laws.	RMB100,000,000	149,955,109.65	108,048,953.19	8,692,575.47

Conditions of the subsidiaries acquired or disposed of during the Reporting Period

N/A

VIII. SIGNIFICANT ISSUES OF THE COMPANY ABOUT BANKRUPTCY REORGANIZATION, MERGER, SEPARATION, ESTABLISHMENT AND DISPOSAL OF SUBSIDIARIES, BRANCH COMPANIES AND OPERATION DEPARTMENTS, ETC

1. Relevant matters about bankruptcy reorganization

There was no relevant matter about bankruptcy reorganization of the Company in the Reporting Period.

2. Merger or separation conditions of the Company

N/A

3. Subsidiaries, branch companies and operation departments newly established and disposed of

See "XVII. Introduction about Other Significant Matters" of "Section VI. Significant Events" of the report for the establishment of branch companies and operation departments.

4. Structured entities controlled by the Company

As at 31 December 2015, the Group consolidated 19 structured entities, which mainly comprised of collective asset management schemes and funds. The Group is assessing if the maximum risk exposure of the variable returns generated from the structured entities held by the Group and the management remuneration is significant enough to determine whether the Group gains control over the structured entities. If the Group has control over the structured entities managed by it, the structured entities will be included in the consolidated financial statements. As at 31 December 2015, the net assets of the consolidated structured entities were RMB 11,931,330,188.87. The book value of the Group's interests was RMB 1,415,366,339.05. The book value of the interests of the parties outside the Group was RMB 10,515,963,849.82. As regards to the interests of the parties outside the Group, the Group recognized them as payables or financial liabilities at fair value through profit or loss.

5. Major asset disposal, acquisition, replacement and divestment

N/A

6. Restructuring of other companies

N/A

IX. Outlook of the Company

(I) Development trend of the securities industry

As U.S. raises the interest rates, most countries adopt loose monetary policy and the international economic turmoil intensifies in 2016, the global financial assets are expected to be re-allocated and shocks will continue in emerging markets. At present, the economic growth of China declines gradually in a state interweaving with such contradictions as structural change, power switch and risk release. However, GDP growth in large economies is still relatively high, and there appear to be positive changes like the Internet, consumption, high technologies and enhanced service industries percentage. The economy will mainly be influenced by external demand, financial volatility and internal reform factors. Stabilizing growth and adjusting structure are expected to be the main tones in the macro-control of 2016; at the same time, the market-oriented reform efforts will be further deepened, including supply front reforms, registration system in stock offering, development of direct financing and other policy and measures, providing power for economic structural transformation and security industry development.

1. The importance of capital market in the development of the national economy has become increasingly prominent.

2016 is the beginning year of "the 13th Five Year Plan" when the central government puts forward goals such as "to speed up the reform of the financial system, to improve the efficiency of financial services in the real economy", "to actively cultivate multi-level capital market, to promote the stock and bond trading system reform, to improve the proportion of direct financing and to reduce the leverage rate". After the stock market becomes relatively stable, the stock offering registration system, Shenzhen-Hong Kong Stock Connect, multi-level capital market construction, development of the bond market and many of the reform measures are expected to be gradually introduced, helping the capital market to improve the basic system and structure and to enhance the ability to serve the real economy. President Xi Jinping pointed out at the eleventh session of the central financial work leading group: guard against and defuse financial risks and speed up the formation of stock market with complete financing functions, solid foundation system, effective market supervision and full protection of the rights and interests of investors. President Xi's speech not only highlights that the capital market plays an important role in the upgrading of the current economic transformation but also points out the direction for the reform and development of the future capital market. From the perspective of supporting capital market reform and national industry transformation, the next few years will be an important period of great leap and forward development of the securities industry and the financial reform will provide a rare historical opportunity for the development of the securities industry.

2. The finance returns to the principle of serving the real economy, providing opportunities for the securities industry to expand the supply of financial assets.

The real economy structure transformation coupled with all kinds of asset prices generally going down last year causes the traditional ability of bank business to form financial assets to fall rapidly, so the fund hedge and configuration adjustment is in huge demand and the market witnesses a shortage of assets, which promotes P2P, Internet small loans and other new financial industry forms to grow fast but chaotically. All kinds of Internet financial innovations are led into the regulated development and the finance returns to the principle of serving the real economy in 2016, a tendency which will help the investment banking business to play a headstream role, so that the capital markets are more able to solve the financing demand for current entrepreneurial innovations and the growth of scientific and technological enterprises, and have more opportunities to securitize the stock assets to solve the liquidity problem and re-create values. Changes in the market offer the brokerage huge business opportunities, and the securities industry will play bigger asset-forming function comparing with the past. Joining financing and investment ends, product design and supply will remain as one of the core competitiveness of the agency business.

3. The internationalization of the securities industry will accelerate further

With the advance along "One Belt One Road", the internationalization of RMB, the capital market opening up both ways and other national strategies and financial reform measures, domestic enterprises and investors gradually open their international view, which stimulates the client to have high demand in cross-border financing, investment, mergers and acquisitions, risk management, etc.; at the same time, due to the high exchange rate volatility, businesses, residents and financial institutions all demand to avoid the exchange rate risk and acquire for global asset allocation and thus the rapid expansion of international business space is an extremely important field of competition for the securities industry in the future. The CSRC has officially launched the Shanghai-Hong Kong Stock Connect and the Mutual Fund Connect, and will continue to actively promote the Shenzhen-Hong Kong Stock Connect, Shanghai-London Stock Connect, QFII, RQFII and other the policies in favor of the two-way opening of capital market in 2016; at the same time it has also made it clear that it will create conditions to break down barriers for foreign enterprises returning to be listed. A series of initiatives will gradually make the domestic capital market to be in line with the international standards and promote the international layout of domestic brokerage and the development of business.

4. The wealth management demands grow and Internet finance competes increasingly fiercely.

In the retail business, the Chinese market demand for wealth management is huge. As of the end of 2014, the overall personal investable assets reached RMB112 trillion, and high net worth individuals' investable assets reached RMB32 trillion, accounting for 29% of the overall scale of investable assets, and high net worth individuals' wealth management demand continues to heat up in China.

The rapid development of Internet finance in recent years also provides a convenient tool for client security and service platform for the broker to carry out O2O wealth management, extending their service capability greatly. In the acquisition of increment clients, the Internet platform opens space for retail business to get access to increment clients at low cost; in the mining of stock clients, the Internet platform can stimulate new growth points in a large quantity of stock clients through on-line diversified financial products. As we look back, the brokers' Internet finance business development in 2015 still mainly concentrated on the Internet optimization of channels and products on the basis of the traditional business chain. As the brokerage license becomes less limited, the competition in the field of Internet finance will become increasingly fierce.

5. Further efforts in perfecting the way of supervision and preventing local financial risk

The central economic work conference in 2015 proposed to promote the supply front structural reforms, including five tasks of reducing the capacity, reducing the inventory, reducing the leverage, reducing the cost and completing the short board. In recent years, the market interest rate pivot continues to decline, many institutions seek higher returns by adding leverage and maturity mismatch, however, as a result, suffering liquidity risk and market fluctuation risk asymmetrical to risk return. With the broken rigid payment, the credit risk has become explicit and the occurrence of local financial risk is also growing in the market, which is one of the important reasons for abnormal market fluctuations in 2015; with the continuous improvement of regulation method and the situation evolving of financial market development, the securities companies are required to be more capable of risk identification and control as well as liquidity risk management.

6. The overall industrial scale is still small, which means large development space.

According to the statistics from the Securities Association of China, China had 125 securities companies with the average single company total assets, the net assets and the net capital respectively of RMB51.4 billion, RMB11.6 billion and RMB5.7 billion as of December 31, 2015; the average single company operating revenue was RMB4.6 billion and the net profit was RMB2 billion in 2015. Compared with the world's leading investment banks and domestic banks, insurance and other financial institutions, the scale of securities companies is apparently small. In the income structure, securities brokerage, investment banking and proprietary investment business are the main sources of income. Their income structures are growing to be similar and largely influenced by the market in the fierce competition. However, we should also see that with the policy support of constructing multi-level capital market, improving the proportion of direct financing and driving by innovation, the asset scale and profitability of the securities industry has been significantly enhanced while showing the trend of innovative transformation and business diversification. Some brokers have got obvious unique advantages in the field of Internet finance, international business, mergers and acquisitions financing and other subdivisions. The securities industry has entered into a new stage of innovative development, and securities companies with strong comprehensive strength and innovation ability will obtain greater development space under the environment with good policies.

(II) The challenges facing the development of the securities industry

1. The securities industry is still facing challenges of declining commission

The brokerage agency's business of securities sale has a very high degree of homogeneity at a low marginal cost of providing the service, and the service level pricing generally shows a long-term downward trend. Especially under the impact of new technologies like Internet account opening, single sign-on solution and the policy of one client with multiple accounts, the industry commission rate is still expected to show a downward trend in 2016. As the current industry regulatory tone has made it clear to go from the administrative guidance to market pricing, the securities industry will face a huge challenge of low commission competition in recent years.

2. The industry profits still rely mainly on the domestic market, remaining at a low degree of internationalization.

Although after the industry innovation and development in recent years, the business of domestic securities companies is becoming more and more diversified, but in terms of income ratios, investment banking, securities trading, margin financing and stock lending, and traditional proprietary income still accounts for the major proportion. These revenues are highly related to the secondary market activity, which is particularly evident from the industry's profitability in the first half and second half of 2016. Because of regulatory policy adjustments, the whole industry has been largely influenced in carrying out the investment banking business, proprietary business and equity swap business in the second half of the year. At the same time, although with many years of international development and layout, domestic securities companies' source of income relies mostly on local business and is low in the international degree, which means the impact on the performance and profitability will be much more apparent once the domestic market experiences a substantial adjustment, business constraint, etc. and the fluctuations in performance cannot be balanced by the income from the international market.

3. Mixed financial operation imposes challenges for the long-term development of securities business.

Mixed financial operation is the trend in the financial industry, and the CSRC has also proposed the policy guidance of further liberalization of the securities business license. At present, domestic commercial banks, insurance companies, trust companies, private equity funds, Internet companies and other institutions, through mergers and acquisitions and quick penetration to the securities industry, compete directly or indirectly with the securities companies and pose a major challenge to the development of the brokerage business in the field of direct investment, wealth management, innovative ways of financing and investment management services.

4. The industrial innovation and development has higher requirements for the ability of risk management.

Traditionally, the brokerage risk management is largely based on management on compliance risk, operational risk and other aspects to conform to the regulatory requirements, and it is required to constantly improve the management level of securities trader liquidity risk, market risk, credit risk and all other kinds with the continuous development of business innovation in the industry and continuous expansion of brokers' assets and liabilities. The securities companies have currently entered into the era of comprehensive risk management and need to continuously upgrade the risk management ability and to respond to the challenges to the management level since the financial risk prevention pressure is increasing significantly under the background of the new normal economy, capacity and leverage reduction.

Driven by a series of national policies and measures to promote direct financing, two-way opening up in the capital markets, regulator's deregulation and encouragement for innovation, the Chinese securities industry releases great developing vitality, expands industry business scope, enriches innovative products day by day and continues to increase securities companies' profitability and capital power in recent years. However, with accelerating pace of industry reform and innovation, a variety of new situations and new risks are emerging continuously to bring great challenges to industrial risk management, and regulators also elevate the building of industry risk management capacity to a very important position. In the future, only by the establishment of a perfect comprehensive risk management system can we expand our own business scope and depth, and the ability of risk management will become an important core competitiveness of securities companies in the future.

5. Institutions are becoming the main market players in the growing tendency while the overall capacity of the industry to serve the institutional client needs to be improved.

Whether from the current trends and needs of the domestic market's evolution of the structure of investors or the regulator's policy guidance or other factors, the main part of domestic capital market will gradually evolve with the structural changes from the current retail investor dominance to dual dominance by institutional investors and high net worth individuals, which will require securities companies to gradually straighten out the organization structure to deal with institutional clients and business, to strengthen business-across collaboration and to enhance the professional comprehensive financial service ability. Adjusting the product structure, business structure and client structure around the institutional service is the direction of the transformation of the brokerage business while to improve five core competencies of client relationships, pricing sales, investment transactions, risk management and assets and liabilities are keys for the brokerage to obtain competitive advantages in the future.

(III) The Company's development strategy

As a securities financial institution in China, we are subject to the supervision and regulation of the CSRC and other relevant authorities. Our operations are also subject to the general regulations of China and the laws and regulations of the places of listing, including laws, regulations, rules and other statutory documents in respect of foreign exchange control, taxation and anti-money laundering. The development of innovation and transformation in the securities industry is a very important period of strategic opportunities for the Company. The Company will seize the opportunity, uphold the historical sense of mission and steadily march towards the strategic vision of becoming "a modern investment bank with international competitiveness, brand influence and system importance".

1. Overall strategy

The Company has established a development strategy for five years. Facing the new stage of innovation and development of the securities industry, the pursuit of scale growth, business model innovation, comprehensive strength enhancement will become the core theme of the Company's development, and it will firmly grasp the historic opportunity of industry change, accelerate the transformation of traditional business, establish the leading edge of business innovation and promote the Company's development to a new historical stage.

(1) Strategic guiding ideology: adhere to the business management philosophy of "stable operation, continuous innovation, performance oriented, collaboration and efficiency", make great efforts to change the mode of growth, constantly enhance the ability of innovation, continue to optimize the business structure and strive to become China's leading financial securities group enriched with spirit of innovation, equipped with international competitiveness and able to provide comprehensive financial services for the clients.

(2) Strategic vision: to become a modern investment bank with international competitiveness, brand influence and system importance.

(3) Strategic path: focus on internal and extensive growth simultaneously; based on firming the traditional advantage, realize the change from the traditional low-value channel service model to the comprehensive, integrated and international financial service model that provides higher value through the innovation of business model and product leading strategy, integrated internal and external coordination strategy, collectivized financial services strategy and internationalization strategy, making the Company's comprehensive strength rank in the industry forefront.

(4) Strategic support: led by the strategy, establish the innovation organizational structure, resource allocation system, comprehensive risk management ability, information technology construction and brand system which match with the Company's strategic objectives and its business developing plans; perform the strategy of performance management and comprehensively enhance the strategy execution.

2. Main business development strategies

(1) Development strategy of investment banking business

① Goal of development

Speed up the transformation of investment banking business to the specialization of industry chain and the diversification of profit models, improve the ability of client service, grow with the clients and further consolidate the Company's dominant position in high-quality small and medium-sized enterprise client groups in China, as well as to establish the ability and competitiveness to serve large clients.

② Development plan

The Company intends to consolidate its leading market position in the investment banking business of high-quality SMEs and to realize the transformation and upgrading to the specialization of industry chain and the diversification of profit models, expanding the product lines and sources of income in the investment banking business through the following measures:

1) Solidify the advantage in small and medium-sized enterprises clients through the establishment of full-time client relationship maintenance team which grows with enterprises in the long-term, and gradually expand the large and medium-sized enterprise client group. As for the enterprises with which the Company has established a good relationship, enhance investment banking services such as market value management, refinancing, mergers and acquisitions consulting and equity incentive, etc.; further strengthen the integration of the Company's internal resources, improve the quality of service for enterprise clients through comprehensive services;

2) Expand high-quality client group by strengthening the industry grouping. In the existing industry grouping base, the Company will further promote the setting of classifying investment banks according to the industry divisions, enhance the deep understanding of the industry and the screening ability about the enterprises and actively cover enterprises ranking the forefront in the industry subdivision to provide the corresponding investment banking business; at the same time, laying the foundation for investment bank pricing capability under the registration system.

3) Grasp the trend of industrial upgrading and industry integration through strengthening the resource inputs into the M&A team to assist expanding companies in looking for quality objectives of merger and acquisitions within the PRC and abroad, and improve the revenue contribution of the M&A business by enhancing international M&A capabilities by combining the establishment of M&A fund with M&A financing means;

4) Increase development efforts in the asset securitization business, seize the market opportunities and strive for a leading market position by utilizing existing resource advantage of clients including corporate clients and bank clients and the innovation advantage in asset securitization products; at the same time, strengthen the client development, product innovation, pricing and sales ability in the bond market, enhancing the market position of the bond business;

5) Generate innovative products according to the diversified client needs, increase the promotion of New-three board oriented financing, asset securitization, preferred stock, structural bonds and other new financing instruments, explore and introduce customized product solutions and other new products so as to broaden the Company's sources of income;

6) According to the domestic enterprises' growing development needs of internationalization business and foreign enterprises' development to invest in China, give full play to the Company's investment bank's professional ability of investment and financing for clients and extend the Company's brand effect as the leading investment bank to the international market to promote the breakthrough growth of international business;

7) Integrate the Company's client network and perfect the construction of sales network system to improve the Company's ability to sell financial instruments;

8) Perfect the construction of information systems to improve the Company's ability to acquire a variety of investment banking information and the ability to explore business opportunities;

9) After the registration system is introduced, the securities company is required to have higher pricing capability and marketing capability. The project end will select high quality projects of growth potential, and the sales end will continue to accumulate institutional client resources to get the sales pricing right and to strengthen the ability of professional research to get the pricing right.

(2) Development strategy for wealth management business

① Goal of development

Achieve sustainable growth in revenue by enhancing service capability with respect to affluent clients, especially high-net-worth individuals, and expanding coverage of and deepening product penetration among affluent clients;

② Development plan

The Company plans to deepen the transformation of the brokerage business to the wealth management business, further enhance the service level and ability, continue to increase the number of affluent clients of the Company, especially the number of high net worth clients, to improve the comprehensive income from the wealth management business through increasing the scale of investment advisory teams, expanding the types and scope of products to be sold, creating more portfolios, optimizing branch network structure, upgrading the branches, carrying out family wealth management business and other measures:

1) Continue to expand the scale of the Company's investment advisory teams to continue to maintain the No. 1 position in the industry. Enhance the professional ability of the client managers and investment advisers, further improve the matrix service management model for the clients and change the business development model of wealth management clients from short-term, time-phased sales led mode to the long-term, asset allocation planning led mode so as to enhance the income stability and durability;

2) Develop more financial industry partners, enrich the financial product portfolios and build product platforms. Expand to insurance, commercial bank financing, asset securitization products and client-oriented customized financial products from the current public funds, private equity funds, trust products, asset management plans to provide the clients with more abundant product choices and to meet the investment preferences of different clients;

3) Make strategic development of the margin trading business to add value to wealth management clients. By providing supporting research reports and continuously introducing innovative products and other value-added services, promote the margin trading business to improve the client penetration rate;

4) Continue to increase and optimize the network layout in the Pearl River Delta, Yangtze River Delta and the Circum-Bohai-Sea region, deepen the network upgrading of the wealth management centers and improve the coverage density and breadth of the affluent population;

5) Based on the Company's ability on customized products and affluent client service, develop family wealth management business to further increase the number of high net worth clients and the scale of asset management.

(3) Development strategy of service for institutional clients

① Development goal

Grasp the growth trend of service for institutional clients, strengthen the capability of comprehensive financial solutions and establish a leading position among market makers.

② Development plan

The Company will gradually complete the transformation from a product center to a comprehensive financial solution center; through developing the business of market making, the Company will expand the capital intermediary service and consolidate the leading service capability of the research team to meet the demands of institutional clients of different levels and enrich the income sources:

1) Establish a relationship with more mutual funds, private equity funds, banks, insurance companies, trust institutions and other professional investment institutions to expand the scope and number of institutional clients and enhance the income contribution of main brokerage services;

2) Set up an FICC platform of international standard and increase the scale of trading financial assets driven by market making, so as to become a major market maker for the institutional clients to trade various financial products, including equity, interest rate, credit, foreign exchange, bulk commodities and other basic products and their derivatives;

3) Build a unified OTC trading platform, expand agreed repurchase, repurchase on stock pledge, quotation and repurchase on security pledge, block trade and income voucher and other capital intermediary businesses and provide customized structured product solutions for the institutional clients, so as to become the clients' major supplier for options and structured products and meet the institutional clients' demands for investment and financing, liquidity, risk management and hedging;

4) Further strengthen the Company's research capability on macro economy, industry and various product markets to become a leading research institution of great influence in domestic and international markets. The Company will increase the input to the research department, increase the number of overseas stock being analysed, cultivate and introduce leading analysts in key sectors or fields and expand the coverage against overseas institutional investors.

(4) Development strategy of investment management business

① Development goal

Build a multi-layer investment management platform system, strengthen and expand the advantages of the products and establish a leading investment management brand in the industry.

② Development plan

The Company will constantly optimize the large multi-layer asset management platform system that integrates publicly offered funds, capital management of security companies, private equity investment funds and alternative investment funds, to realize the integration of clients' resources. Through making use of the comprehensive advantages of large platform and large coordination, the Company can meet various investment demands of the clients and establish the Company's investment management brand. The specific developing measures are as follows:

1) Strengthen and promote the leading position of GF Fund in publicly offered funds. Cultivate and strengthen active investment capability through seed funds and other forms, consolidate and enhance the leading position of the management scale of active equity funds in the industry and build a more comprehensive and integrated management brand of publicly offered funds based on quant hedge, fixed income, QDII and other outstanding investment performance;

2) Further strengthen the cross selling against the fund dedicated accounts, clients of asset management plans, private equity and alternative investments and build an asset management brand among clients and institutions of high net value;

3) Strengthen the functions of product center and share the successful experience of innovative products. Strengthen the development of asset securitization, PPP project financing, mezzanine financing, M&A financing and other creative non-standardized products, so as to meet the diversified financing demands of the clients;

4) Based on the good investment performance of GF Xinde and GF Qianhe in the past, the Company will further increase the investment in seed funds so as to increase the investment in private equity and the asset size in alternative investment management, and optimize the layout of key sectors such as Internet, medical and healthcare, consumption and environmental protection. Set diversified products such as private equity investment fund, M&A fund and mezzanine fund and invest according to different stages of corporate development;

5) Establish a cooperative relationship with more financial institutions, including security companies, banks, insurance companies and trust institutions and treat them as the most important partners to enhance the capability of raising funds, sales capability and the brand awareness.

(5) Development strategy of other businesses

① Vigorously develop Internet finance business and establish a comprehensive service platform for Internet finance

The Company will constantly increase the investment in Internet finance, comprehensively interconnect the Company's financial terminals, constantly explore the cooperation with third party Internet companies, strengthen the Internet marketing and establish a comprehensive service platform for Internet finance to promote the strategic transformation of the business.

② Grasp the tendency of globalization of the Chinese economy and realize rapid development in the internalization of the Company

With the acceleration of the internalization of RMB and the globalization of Chinese companies and personal asset allocation, the Company has taken internationalization as an important part of the Company's strategy. Based on the clients' demands for cross-border business and closely centering on Chinese elements, the Company will comprehensively promote the international layout of each business segment, strengthen the international merger and acquisition while laying emphasis on connotative development, improve the Company's brand influence in the world and establish a leading position among Chinese security companies in the market abroad.

③ Optimize the Company's capital structure, set reasonable leverage level while keeping the liquidity risk controllable and then improve the Company's capital return

While constantly expanding the assets and liabilities business, the Company plans to optimize its capital structure. Through diversified financing channels, the Company will optimize the capital source, guarantee a reasonable overall leverage ratio while keeping the liquidity risk controllable and thus improve the Company's capital return.

④ Further optimize the performance appraisal system and perfect the long-term employee incentive mechanism to attract elites in the industry within the PRC and abroad

The Company will grasp the industry's development tendency of internationalization, actively respond to the latest direction of the regulatory authorities and make use of the creative remuneration instrument to further perfect the employee incentive mechanism, properly unify the benefit of the employees and the shareholders and realize the employees' career planning.

⑤ Continue to implement the robust risk management principles and constantly promote the overall risk management ability

According to the latest tendency of business operation and centering on the Company's development strategy, the Company will constantly perfect the overall risk management system covering business risk, market risk, credit risk, liquidity risk, compliance risk and operational risk, continuously innovate the risk management mechanism and method, deepen the application of information technology and enhance the effectiveness and perspective function of risk management to ensure steady development of various businesses.

(IV) Annual business plan in 2016

The mainline of the Company's work in 2016 is to consolidate the advantages, deepen the comprehensive operation, expand international business, focus on institutional market and create a new situation for the Company's strategic transformation.

1. Consolidate the existing business advantages and stabilize and promote the status in the industry

The existing advantages of the Company include the professional foundation, client foundation and market share of each of its business lines, which will be taken as the basic support for transformation and innovation.

The wealth management business will further utilize the leading advantages of the platform to realize the transformation of the marketing and service system towards online mode through "Internet +" by optimizing customer segmentation management and service abilities, constantly enhancing the client acquisition capability and transformation capability, improving the penetration of various products, stabilizing and increasing the market share of the margin financing and securities lending business. The investment bank business shall remain in quantitative superiority in respect of initial public offerings of medium and small projects, refinancing and M&A, strengthen the quality control, actively respond to the reform of the registration system, further implement the division of labor in the industry, perfect the client service system, increase pricing and sales capabilities, improve the business competitiveness and efficiency of productivity by improving the cost accounting and assessment allocation of the projects and gradually increase the proportion of projects with market influence. The investment management service shall continue to grow in scale and constantly improve the investment performance.

2. Rely on the platform of Hong Kong and domestic resources to promote the development of international business

Internationalization is a key strategy to be implemented by the Company. It will establish a collaborative assessment system for businesses within the PRC and abroad and promote the connection of these businesses. The investment banks of the two places will make use of the policy of the State that released the restrictions on direct outbound investment and cross-border financing, provide services for domestic clients in overseas listing and financing, issue offshore bonds and cross-border merger and acquisition and actively engage in the business relating to the return of China Concept Stock through cooperating with internationalized private offering institutions.

The Company will further make use of the respective advantages of Hong Kong and domestic buyer businesses and urge the Company, the subsidiary in Hong Kong engaging in FICC business and the subsidiary in London to finish the preparation of platforms, licenses and business layout of the commodity, foreign exchange, overseas bond and cross-border arbitrage. At the same time, the Company will increase the investment in businesses abroad, introduce high-level overseas talents or establish business team and build a risk management system for international businesses.

3. Establish a supporting mechanism and vigorously develop institutional business

Cultivate large projects from the perspective of strategy and accumulate a group of high quality clients of high comprehensive value and strong business continuity through different incentive policies, so as to realize the purpose of optimizing client structure and enhancing brand influence.

With the rapid development of private equity institutions, PB business and service for institutional clients become important profit growth points for security companies. In a medium and long term, it can drive the development of multiple businesses, provide abundant product “asset ends” and optimize the supply system of wealth management. The Company will implement measures of introducing talents, outsourcing systems and building a professional team for financial services, etc. to support and develop the trust business, and will build a full-business chain service mode that integrates sales, trust, trade, financing, research and risk management of the private equity clients with trust as the core support. The OTC business will strengthen the Company’s leading position in the market, perfect the business layout based on the its comprehensive operation and further increase the investment return of making market on the New Third Board.

The Company will further increase the investment in research business, strengthen the cultivation and introduction of talents, enhance the influence of research in key fields such as macro economy, fixed income and overseas business and growing sectors, strengthen the internal services for retail clients and investment banks and give play to the function of research as an “engine”. The service for sales and institutional clients will continue to strengthen the professional services for institutional clients such as publicly offered funds, insurance capital management and privately offered funds and explore the business demands for research sales, stock sales, block trade, investment and issue of directional add-issuance products, and financing on stock pledge, etc.

4. Deepen comprehensive operation layout and increase the magnitude of value of the businesses

It is a strategic measure for the Company to deepen the comprehensive operation. Under the new framework of retail business, the Company will actively explore and contact with privately offering institutions and local banks and other clients in the same industry, overall plan the internal coordination with capital management, stock sales and other businesses and provide comprehensive services to build a bridge between the products of the institutions and individual investors. Besides, it will fulfill the function of overall planning, organization, training and quality control and coordination at an earlier stage, effectively improve the capability and approval standard for the branches to conduct business on the New Third Board, increase the proportion of innovative projects in the future and constantly improve the magnitude of value of the businesses through follow-up services, such as directional add-insurance and market making, to allocate the Company's resources to high quality projects. At the same time, with unified criteria for quality control and internal verification, the Company will empower qualified branch companies to conduct equity financing, bond financing and other businesses and cultivate and develop the capability of the branch companies in the business of investment banks.

The service for investment banks will continue to persist in the customer-focused concept, perfect the collaborative mechanism of comprehensive services for the clients and value development, further transform towards main investment banks and help the clients develop through providing market value management, industry M&A integration and other services. The Company will accelerate the construction of client systems and establish an evaluation and assessment system based on the clients' comprehensive value so as to form a goal by taking comprehensive value as the standard to assess the performance and realize the transformation from the mode of "channel-type investment bank" to "resource allocation type investment bank" with integrated finance.

(V) Fund demand of the development

At the end of the Reporting Period, the Company's performance indicators such as total assets, net assets and net capital were among the highest ones in the industry. Taking into account the prospective strategy and aiming at maximizing the shareholders' benefit, the Company will timely seize the market opportunities, take multiple measures to raise various equity capital or debt capital, optimize the Company's capital structure and constantly enhance the capital strength so as to guarantee that the Company's capital strength matches its status in the industry.

(VI) Risk factors and counter-measures

1. Various risk factors affecting the Company's business operations during the Reporting Period and their performance

During the Reporting Period, the major risks affecting the Company's business operations included policy risk, liquidity risk, market risk, credit risk, compliance risk, operational risk, information technology risk, etc. and were mainly reflected in the following aspects:

(1) Policy risk

Policy risk refers to the adverse effect on the operation of security companies due to changes in national macro-control measures, law and regulations, regulatory policies and trading rules relating to the securities industry. On the one hand, the national macro-control measures can greatly affect the security market, and the change and adjustment in macro policies, interest rate and exchange rate are closely related to the tendency of the financial market, which directly affects the operation performance of the security companies; on the other hand, security industry is a highly regulated industry and the regulatory policies issued by the regulatory authorities directly relate to the change in the operation performance of the security companies. In case the Company fails to timely adapt to or even violates the change in the policies and regulations in its daily operations, it may be subject to penalty, suspension or cancellation of business qualification or other administrative penalties from the regulatory authorities, leading to economic loss, damage to reputation or even risk of being managed or bankruptcy of the Company. Policy risk is one of the major risks faced by the Company.

(2) Liquidity risk

Liquidity risk refers to the risk of our failure to obtain sufficient funds at a reasonable cost and in a timely manner to pay our debts as they fall due, perform other payment obligations and satisfy the capital requirements to carry out our businesses in the ordinary course. Liquidity risk and incidents include but are not limited to: mismatch of asset and liability structures, difficulty in asset realization, operating loss, deferred payment or breach of contract by counterparties, as well as liquidity risks transformed from credit risk, market risk, reputation risk and other categories of risks. As the Company's capital strength increases and the asset allocation is increasingly enriched, the products represent a diversified, complicated and international developing tendency and the risk type and the term structure faced by the asset end becomes more complicated. On the one hand, the Company needs to actively expand the financing channels to meet the demand for internal liquidity; on the other hand, the Company needs to ensure that its asset and liability term structures match with each other through reasonable arrangement of the liability term structure. In addition, the liquidity risk management of a security company also needs to satisfy the supervision requirements for external liquidity risks as the bottom line and prevent the liquidity crisis that may be caused by various risk incidents. Thus, the liquidity risk management faces ever increasing challenges.

(3) Market risk

Market risk refers to the risk of loss in the Company's businesses resulting from adverse changes in the market price (price of equity securities, interest rate, exchange rate or commodity price, etc.). Market risks include equity price risk, interest rate risk, exchange rate risk and commodity price risk, etc., which respectively refers to risk arising from change in equity price, interest rate, exchange rate or commodity price, etc. The market risks faced by the Company mainly concentrate on equity price risk and interest rate risk, which are mainly reflected in the Company's proprietary investment in equity security, proprietary investment in fixed-income security, transactions of derivatives in exchange-traded and OTC markets, stock option and market making on the New Third Board, etc. With the rapid expansion of the business scope of the direct and indirect wholly-owned subsidiaries as well as the promotion of the Company's course of internalization, other types of price risks to be borne by the Company such as the commodity price risk and exchange rate risk are increasing. In addition, exchange-traded and OTC derivative markets in the domestic market are still at the beginning stage, so corresponding market mechanisms are not perfect and the risk hedging instruments are insufficient. Hence, for security companies, who are major market makers and risk hedgers in the derivative market, the rapid development of the derivative market has increased not only the market risk exposure to be borne by the security companies but also the complexity of the market risks to be faced by them. In the end, because the domestic and international financial markets are facing increasing uncertainties in the external environment and the volatility of global financial market increases, it becomes more difficult for the security companies to manage market risks in the future.

(4) Credit risk

Credit risk refers to the potential losses resulting from the failure of an issuer or counterparty to perform its obligations under a contract, or arising from variations in the market value of debts due to changes in credit ratings or inability to perform contractual obligations. The credit risk faced by the Company at present mainly concentrate on credit bond investment, OTC transactions of derivatives, margin trading, agreed repurchase business, repurchase business on stock pledge, other innovative financing business, investment in credit product as well as other businesses that the Company shall bear or have payment commitment. With the promotion of leverage and continuous development of innovative businesses in the security companies, the credit risks to be borne by them become more and more complicated and the credit risk exposure increases day by day. During the Reporting Period, the default rate in the credit market significantly rose and risk events occurred frequently due to the downturn of the prosperity in certain industries, which brought about greater challenges to the credit risk management of the securities companies in the future.

(5) Compliance risk

Compliance risk refers to the risk of legal sanctions, regulatory measures, loss of property or damage to our reputation because of the violation of laws, regulations, industry standards and relative criteria formulated by self-regulatory organizations and standards of behavior suitable for business activities of the securities companies.

(6) Operational risk

Operational risk refers to the risk of loss resulting from inadequacy or defect of internal process, personnel or systems, or from external events. The operational risk of a securities company runs through each department and business line of the Company, featuring wide coverage and diversity. As the Company's innovative businesses constantly increase, the business process becomes increasingly complicated and the comprehensive operation is further carried out. If the Company fails to timely identify the key risk points in each of its business lines and daily operations and to take effective mitigation measures, it may suffer great loss due to improper management of operational risk.

(7) Risk of information technology

The securities companies depend on and adopt advanced technology represented by information technology, which has enhanced the operational efficiency and core competency of the enterprise. The Company's investment, asset management, brokerage and many other businesses as well as the middle- and back-stage management all highly rely on the support of the information technology system. Information technology plays a key role in promoting the Company's business. While facilitating the development of the securities industry, the wide application of information technology has also brought potential technical risk. The safety of the system may be affected by the failure of the information technology system, operation errors of the information technology system, virus and hacker attack, and data loss and exposure, thereby causing losses to the Company.

2. Counter-measures that the Company has adopted or plans to adopt for the above risks

(1) Establish overall risk management system

In order to guarantee the implementation of business strategy, the Company has been continuously establishing and optimizing the overall risk management system, optimizing risk management organization, constructing the risk management information system, enhancing risk management skills, and bringing in professional risk management talents, etc. Under the guidance of the integrated company development strategy, we continuously construct and implement powerful, independent, and precise management and control system, construct effective overall risk management strategy, organization, system, technology and personnel system, promote the effective utilization of company risk resources, control the risks within the scope which matches with the company risk preferences, and support steady development of company business and development of innovative business and products.

① Risk management organization

During the development and operation process, the Company has always paid great attention on the construction and optimization of risk management organization system. While pursuing for steady operations, it has consolidated the foundation of an overall risk management system. The Company risk management organization comprises of four levels of departments: the board of directors and its affiliated risk management committee, senior management and risk control committee and assets allocation committee, all control and supportive departments, and all business departments. The business departments, control and supportive departments as compliance and law affairs department and risk management department, as well as the auditing department comprise the three defensive lines of company risk control to co-exert identification and prevention before the event, monitoring and controlling during the event, and supervising and evaluating after the event, thus realizing coordinative, multi-level, multi-aspect, and continuous monitoring and managing of various types of risks that the Company faces.

1) The Board of Directors is the highest decision-making institution, which is responsible for determining the Company risk management structure and risk preference, guaranteeing the establishment and optimization of the company risk management system to support the implementation of company strategy and realization of vision and mission, and is ultimately responsible for the effectiveness of the Company's risk management. Under the authorization of the Board of Directors, the risk management committee would evaluate and supervise the overall risk status of the Company, and perform its other authorized risk management matters.

2) The general manager of the Company shall be responsible for the Board of Directors, who shall also be mainly responsible for the effectiveness of the overall risk management. The senior management shall be fully responsible for the risk management of the Company's operating management level within the scope authorized by the Board of Directors, be responsible for formulating the Company risk tolerance, risk management policy, procedure, measures and limit, and managing various types of risks that the Company faces. The Company risk control committee shall assist the senior management to determine and adjust the Company risk tolerance and business risk limit, evaluate and make decisions on major risk matters, and supervise the risk management status of the Company. The Company assets allocation committee shall assist the senior management to determine the category assets allocation plan and assets and liability structure. The Company executes the chief risk officer system. The chief risk officer shall be responsible for the overall risk management work of the Company as a senior managerial personnel of the Company, and report the risk management execution status to the Chairman of the Board and general manager.

3) The business departments of the Company is the first defensive line of the Company risk control, which shall perform direct risk management responsibilities and shoulder the primary liability of risk management. The responsible persons of all related business departments shall fully consider various risks relating to their respective businesses in decision making, and timely identify, evaluate, deal with, and report relative risks, and shall be directly responsible for the effectiveness of the risk management.

4) The Company's compliance and law affairs department and risk management department are the main functional departments of the second defensive line. Both departments shall assist with relative risk implementation management work within their job responsibilities and professional advantages, and thus guaranteeing the coherence and effectiveness of the Company's risk management policy.

5) The auditing department is the third defensive line of risk control. It is responsible for the check, supervision, evaluation, and relative internal auditing consultation of internal control, risk management, governance procedure, and operating management performance.

6) The Company establishes comparatively independent control and supportive departments, establishes check and balance and coordinative working system to provide relative departments with risk management resources and support and guarantee the effective engagement of various items of risk management of the Company.

7) Responsible person of the subsidiary shall be the main person responsible for the effectiveness of the overall risk management of the subsidiary. Responsible persons of all levels of departments shall be the primary person responsible for the risk management of the respective departments and perform direct risk management on business and management activities. The risk management responsible person of the subsidiary shall be responsible for the risk management status of the subsidiary, and shall perform its job responsibilities of risk identification, evaluation, measuring, supervising, and reporting, as well as reporting the subsidiary risk management status periodically to the parent company according to its authorization under the coordination of relative support and control departments. Responsible person of the subsidiary shall be the main person responsible for the effectiveness of the overall risk management of the subsidiary business.

② Risk management system

The Company has continuously boosted detailed construction and improvement work of risk management system and procedures of the Company and timely implemented external supervision requirements, operation demand of the Company and risk preventive measures to the relevant systems and procedures focused on adjustment of external laws, regulations and policies and demand of operation and development of the Company. At present, the Company has established four levels of risk management system: the first level is the basic system of risk management of the Company, which consists of a framework document covering all business fields and all management fields. “Risk Management System of GF Securities” has specified risk culture, idea, objective, principle, organizational structure and responsibility division of risk management, authorization system and management mechanism and has formulated operable methods and procedures for risk identification, evaluation, monitoring, coping and reporting for different risk categories; the second level consists of general risk management measures formulated on the basis of the risk management system of the Company that are suitable for the overall scope of the Company; the third level consists of specific risk management provisions formulated on the basis of general systems and rules; the fourth level consists of detailed codes and operation guidelines for risk management formulated on the basis of the former systems.

③ Risk preference system

The Company implements risk preference management to guarantee execution of risk culture and idea of the Company. The Company implements stable risk preference management strategy, fulfills risk management idea and principle of the Company, safeguards good reputation, maintains stable external credit rating, keeps stable capital adequacy ratio and liquidity level, pursues steady and reasonable income and sticks to proper tolerance for risk and strict discipline through sustainable innovation and high-efficient risk management centering on customers. Risk tolerance of the Company describes risk boundary of the Company in different dimensions in the form of quantitative index under guidance of risk preference framework. Risk limit refers to the limit set for key risk index under constraint of risk preference and risk tolerance. In addition, the Company monitors and controls business implementation according to it.

(2) Specific management for various risks

① Policy risk management

The Company will continuously pay close attention to the change of various policies and make timely response and make corresponding adjustment according to the latest policies to minimize influence of policy risk on the operating activities of all businesses of the Company. Policy risk measures of the Company include: 1) The Company implements regular monitoring for various external policies and prepares corresponding reports that are announced in the whole company so that information relating to changes in policies can be timely transmitted; 2) Implementation of various businesses of the Company will always be policy-oriented, front office, middle office and back office of the Company will continuously be highly sensitive to policy change; as for major policy change, each department of the Company will provide basis for management personnel at all levels to make operation decisions on the basis of elaborate analysis and monographic study; 3) The Company will regularly conduct perspective discussion about macroscopic and supervision policy change and formulate specific counter-measures; 4) The Company will include macroscopic policy factors into pressure test scene system to guarantee that the Company can still achieve stable operations under various extremely macroscopic situations with the help of pressure test tools.

② Liquidity risk management

The Company implements stable liquidity risk preference management strategy to guarantee that the Company will have adequate liquidity reserve and fundraising capability under normal situation and pressure state through scientific asset-liability management and fund management, multi-level liquidity reserve, effective liquidity emergency disposal and monitoring and pre-warning about liquidity risk index to prevent liquidity risk. Specific measures for liquidity risk management include: 1) The Company implements centralized management for financing and liabilities. The fund management department will manage the source of funds of the Company and formulate and implement financing strategy within the scope of authorization in accordance with the asset-liability structure and business development planning of the Company; 2) The Company implements daytime liquidity management and reasonably arranges fund demand to guarantee that the Company has sufficient daytime liquidity cash and corresponding financing arrangement; 3) The Company establishes layering high-quality liquid asset management system, sets corresponding risk limit for scale and structure of high-quality liquid assets of the Company and conducts daily monitoring for relevant indexes; 4) The Company establishes liquidity risk limit system including liquidity risk supervision index, liquidity risk supervision index limit, financing and liability limit, high-quality liquid asset limit and combined limit of liquidity in accordance with requirements for liquidity risk supervision and internal liquidity risk management; 5) The Company implements active liquidity combination management mechanism, the fund management department of the Company will conduct liquidity combination investment within the authorization scope of liquidity combination under the premise of guaranteeing high liquidity and high safety of self-owned funds of the Company in accordance with liquidity combination management systems; 6) The Company regularly or irregularly evaluates cash gap and liquidity risk index of the Company under circumstances of internal and external liquidity pressure and formulates corresponding liquidity management strategies; 7) The Company regularly or irregularly carries out liquidity risk drill and conducts corresponding disposal in time for internal and external liquidity risk events based on evaluation and analysis about its influences in accordance with liquidity risk emergency plan of the Company.

③ Market risk management

The Company sets market risk tolerance of the Company based on principles of active management and quantization orientation in accordance with risk preference of the Company and guarantees market risk undertaken by the Company is within the risk tolerance set by the Company through identification, evaluation, measuring, monitoring and management. With development of derivative product business and overseas business of the Company, the Company will enhance effectiveness and efficiency of risk management through the following measures to cope with more complicated market risk and model risk: 1) The Company sets up professional risk management team and introduces several risk management personnel with professional skills and experience of investment risk management of derivative products, overseas investment risk management, model risk management and development of risk control system from several international financial institutions; 2) The Company introduces and launches global mature investment transaction management system and market risk management system to support overseas market investment and development of various complicated derivatives of the Company; 3) The Company builds pricing model risk management framework covering rating, development, verification, realization, examination, utilization and monitoring of model to effectively manage model risk of investment transaction of various complicated financial tools.

④ Credit risk management

The Company implements management of credit risk for the whole process by means of effective risk identification, cautious risk evaluation and decision-making, measuring and monitoring of dynamic risk, timely risk report and settlement to effectively prevent or avoid risk event, reduce loss of the Company due to risk event and achieve income maximization after risk adjustment within the scope that credit risk can be accepted. The Company will stick to the following basic principles for credit risk management: 1) The Company shall identify and manage credit risk included in all products and business including new product and new business; 2) The Company controls risk at the front end by formulating risk policy about credit business (including due diligence request of the customer, business access requirement); 3) The Company improves credit management of counterparties by building internal rating system; 4) The Company establishes limit for single customer and industry and strictly controls concentration risk; 5) The Company reduces net exposure of risk and estimated loss undertaken by the Company through various risk mitigation measures; 6) The Company establishes a set of information system and analysis tools to balance credit risk exposure and classify and evaluate risk asset combination.

⑤ Operational risk management

The Company focuses on the construction of three lines of defense of "business control and self-check, risk monitoring and internal control and audit" to manage operational risks. Business departments are responsible for the construction of management systems and procedures for their business and conducting management, monitoring and report for operational risks of their business; the risk management department is responsible for establishment of operational risk management system and cooperating with all departments to manage operational risks; compliance department and legal department provide cooperation and support for management of operational risks from aspects of compliance and legality; the audit department conducts subsequent monitoring and responsibility investigation for operational risk management, control and monitoring system. Key points of operational risk management of the Company include the following aspects: 1) The Company shall attach importance to operability of systems and standardization of procedures and consolidate business procedures to reduce potential hazards of operational risk by continuously strengthening construction of core management system; 2) The Company shall constantly improve the mechanism of operational risk identification, evaluation, monitoring, control and reporting and enhance control capability for operational risk by continuously strengthening construction of three tools of operational risk and by using risk control and self-evaluation, key risk index and collection of loss data; 3) The Company shall strengthen access evaluation of innovative business and construction of dynamic follow-up management mechanism after innovative business has been launched to guarantee that the carrying out of innovative business is adapted to its business capability and risk control level.

⑥ Compliance Risk Management

The Company strictly complies with external legal provisions and regulatory requirements to implement various aspects of compliance management work such as continuously strengthening system establishment, propriety management, staff practice, anti-money laundering management and segregation wall management. At the same time, the Company has adopted the following measures to enhance the quality of compliance management: 1) optimize the organizational structure of compliance management, satisfy the needs for management and control of compliance risk pre-event and during the process of the event; 2) increase the Company's database of laws and regulations and streamline the "formulation, modification, repealing" of the internal rules and regulations, supervise the development of business norms, enhance the management of staff code of practice; 3) gradually improve the establishment of the compliance management information system to support the compliance management work of segregation wall, anti-money laundering, compliance detection, compliance examination, compliance consulting and compliance review, etc.

⑦ Information Technology Risk Management

During the Reporting Period, the Company established and continued to improve the information security strategy and a sound internal control management system according to the requirements of information security management and industry supervision and the needs of the operation and management activities of the Company. By increasing investment in information technology, continuous regulation of the operation process, strengthening compliance risk control and management and increasing accountability efforts, the security management level for the establishment, operation and maintenance of information system was further enhanced with effective prevention, solution and tackling methods for information technology risk, ensuring the safe, reliable and stable operation of various business lines and the middle and back stage management system of the Company, which will in turn ensure the regulated development of the Company's business.

X. ESTABLISHMENT OF DYNAMIC RISK CONTROL INDICATOR MONITORING AND COMPLEMENT MECHANISM

1. Establishment of the Company's dynamic risk control indicator controlling mechanism during the Reporting Period

The Company has continuously upgraded and optimized dynamic index monitoring system on the basis of self-developed and constructed dynamic index monitoring system as per adjustment of regulatory standard and implementation situation of innovative business in accordance with requirements of "Measures for Management of Risk Control Indicators of Securities Companies" and "Guidelines for Dynamic Monitoring System of Risk Control Indicators of Securities Companies (Trial Implementation)". The risk management department of the Company sets up positions of net capital and risk index monitoring to monitor and report daily operation situation of net capital and risk control indicators, regularly evaluate variation of net capital and risk control indicators, carry out pressure test analysis and timely remind the Company of risks. Risk control indicators data and compliance situation will be regularly reported to the regulatory department in accordance with regulatory requirements; as for risk control indicators variation and situation of early warning and non-conformance, basic situation, causes and solutions will be timely reported to the local bureau of the CSRC in accordance with requirements of the "Measures for Management of Risk Control Indicators of Securities Companies".

2. Establishment of sensitivity analysis and pressure test mechanism during the Reporting Period

The Company regards pressure test tools as significant tools of risk management of the Company and regularly and irregularly carries out various pressure test evaluations for the whole of the Company and investment portfolio to provide support for business decision making and operation management in accordance with requirements of "Guidelines for Pressure Test of Securities Companies (Trial Implementation)" and in combination with business development situation and risk management demand. The Company has independently developed and constructed comprehensive pressure test system covering various risk factors and carried out pressure test work in accordance with internal management system for pressure test. The Company has continuously carried out company-level, regulatory index level, new business level and portfolio level pressure test work in 2015, carried out comprehensive and special pressure test and submitted reports in accordance with requirements of the Securities Association of China and the China Securities Regulatory Commission. The Company has carried out pressure test analysis for carrying out innovative business, market fluctuation, business scale adjustment and major decision of the Company and continuously improved risk factor, optimized model and method of risk factor parameter setting to guarantee the effectiveness of pressure test results in accordance with the development situation of innovative businesses.

3. Establishment of net capital complement mechanism during the Reporting Period

The Company has formulated capital complement planning for the following three years in 2014 that has been passed by the Board of Directors through deliberation in accordance with the "Notice on Encouraging Securities Companies to Further Complement Capital" and the "Guidelines for Capital Complement of Securities Companies" issued by CSRC. As for the evaluation standard of capital complement, the Company has selected representative integrated index as the measurement index for internal capital adequacy level of the Company from four aspects including coverage level of overall risk, liquidity risk level, assets-liabilities structure and adequacy level of business development capital. As for internal capital complement mechanism, when the monitoring index of internal capital adequacy level of the Company is close to the threshold value of warning and cannot comply with requirements by optimizing all business scales and structures and non-capital complement type debt financing, the capital complement plan of the Company will be started.

The Company has established a capital complement mechanism. When the capital adequacy evaluation index of the Company presents a warning, the risk management department of the Company will send risk warning promptly to the management level, business department and relevant functional departments of middle and back offices via risk prompt. The Company will analyze and evaluate the relevant index warning situation and will start the capital complement plan after going through an internal decision making procedure of the Company if it cannot comply with requirements by optimizing the business scale and structure and non-capital complement type debt financing tool through evaluation. H Shares of the Company have been successfully issued and listed in 2015, which has greatly complemented the capital of the Company. Main risk control indicators such as net capital comply with requirements of the regulatory departments.

4. Compliance with risk control indicators during the Reporting Period

As of December 31, 2015, net capital prepared in accordance with the PRC accounting standards and the provisions of the CSRC was RMB64.346 billion in which total amount of subordinated debt that was included into net capital was RMB21.449 billion. Net capital increased by RMB31.682 billion compared with that at the end of 2014, which was mainly caused by capital increase due to the issuance of H Shares in 2015. Operation of net capital and various risk control indicators of the Company was good in 2015 and other main risk control indicators complied with regulatory standards. After the issuance and listing of H Shares, safety margin of various risk control indicators has greatly increased, which has reserved more room for business development.

XI. RECEPTION OF ACTIVITIES SUCH AS RESEARCH, COMMUNICATION AND INTERVIEW

1. Registration form for reception of activities such as research, communication and interview during the Reporting Period

The Company emphasizes on the timely and fair disclosure of information, actively protects the interest of medium and small investors, listens and replies to proposals and consultative opinions of medium and small investors in the ordinary course of work. The Company will receive enquiries from individual investors through telephone communication and provide active responses; individual investors usually enquire about the relevant information on the Company's daily operating activities. During the Reporting Period, the Company has organized 27 activities, including receptions for survey and research activities from institutional investors and roadshows. The details are as follows:

Reception time	Reception method	Type of participants	Participants	Index of basic information of research
January 1, 2015-December 31, 2015	Telephone communication	Individual	Individual	Operation and development conditions of the Company
May 28, 2015	Field research	Institution	East Capital Asia Ltd, Ilmarinen Mutual Pension Insurance Company	Business development conditions of the Company
June 11, 2015	Field research	Institution	Citibank	Business development conditions of the Company
June 17, 2015	Field research	Institution	Changsheng Fund Management Co., Ltd.	Business development conditions of the Company
June 26, 2015	Field research	Institution	China Merchants Securities (HK) Co. Ltd.	Strategy and business development conditions of the Company
June 26, 2015	Field research	Institution	CMB International Securities Limited	Business development conditions of the Company
July 15, 2015	Telephone communication	Institution	Sino-Rock Investment Management Company Limited	Business development conditions of the Company
July 17, 2015	Telephone communication	Institution	Marshall Wace, Bank of America Merrill Lynch	Results of operations and business development conditions of the Company
August 24, 2015	Performance road show	Institution	Investors invited to attend GF Securities's 2015 Interim Results Press Conference	Business development conditions of the Company

Reception time	Reception method	Type of participants	Participants	Index of basic information of research
September 2, 2015	Field research	Institution	Guangzhou City Development Investment Fund Management Co., Ltd.	Results of operations and business development conditions of the Company
September 8, 2015	Performance road show	Institution	Investors invited to attend the Credit Suisse A Shares Corporate Day (2015 年瑞信A股投資峰會)	Business development conditions of the Company
September 9, 2015	Field research	Institution	Cinda Securities Co. Ltd.	Business development conditions of the Company
September 22, 2015	Field research	Institution	Haitong Securities Co. Ltd.	Business development conditions of the Company
September 22, 2015	Telephone communication	Institution	Balyasny Asset Management	Results of operations and business development conditions of the Company
November 3, 2015	Performance road show	Institution	Merrill Lynch 2015 China Conference	Results of operations and business development conditions of the Company
November 5, 2015	Performance road show	Institution	Citi 10th China Investor Conference	Results of operations and business development conditions of the Company
November 12, 2015	Performance road show	Institution	Goldman Sachs Greater China Summit 2015	Business development conditions of the Company
November 12, 2015	Field research	Institution	China International Capital Corporation Limited	Business development conditions of the Company
November 13, 2015	Field research	Institution	CMB International Securities Limited	Business development conditions of the Company
November 17, 2015	Field research	Institution	SWS Research Co., Ltd. (上海申萬宏源證券研究有限公司)	Business development conditions of the Company
November 17, 2015	Field research	Institution	Essence Securities Co. Ltd., 南山資本, 禾其投資, 融通基金, 金鷹基金	Business development conditions of the Company
November 18, 2015	Telephone communication	Institution	JPMorgan Asset Management	Results of operations and business development conditions of the Company
December 2, 2015	Performance road show	Institution	Credit Suisse 2015 APAC Financials and Property Conference	Results of operations and business development conditions of the Company
December 4, 2015	Performance road show	Institution	Morgan Stanley China A Shares Investment Summit	Results of operations and business development conditions of the Company

Reception time	Reception method	Type of participants	Participants	Index of basic information of research
December 10, 2015	Performance road show	Institution	China Merchants Securities 2016 Annual Investment Strategy Meeting	Business development conditions of the Company
December 17, 2015	Field research	Institution	Nomura International (Hong Kong) Limited, Amundi Asset Mgmt Hong Kong, Government of Singapore Investment Corporation Pte Ltd, Baring Asset Management Hong Kong, BLACKROCK ASIA LTD, Daiwa SB Investments (HK) Ltd, Schroder Investment Management (Hong Kong) Ltd, Pine River Capital Management (HK) Ltd, Pinpoint Investment Advisor Hong Kong, Janchor Partners Ltd, Neuberger Berman China Ltd, Snow Lake Capital LP	Business development conditions of the Company
December 23, 2015	Field research	Institution	Morgan Stanley Asia Limited	Business development conditions of the Company
December 25, 2015	Field research	Institution	Fubon Securities Co., Ltd.	Operation and development conditions of the Company

Note: The record chart of investor relationship activities regarding the reception of investors of the above institutions by the Company is disclosed on the website of Shenzhen Stock Exchange (http://www.szse.cn/) and the website of CNINFO (www.cninfo.com.cn).

2. Registration form for reception of activities such as research, communication and interview from the end of the Reporting Period to the date of this report

Reception time	Reception method	Type of participants	Participants	Index of basic information of research
January 12, 2016	Field research	Institution	Huatai Securities, Golden Eagle Fund, Jin Yang Investment, Qianhai Equity Fund (前海股權基金)	Operation and development conditions of the Company

Note: The record chart of investor relationship activities regarding the reception of investors of the above institutions by the Company is disclosed on the website of Shenzhen Stock Exchange (http://www.szse.cn/) and the website of CNINFO (www.cninfo.com.cn).

XII. TAX CONCESSION

(I) Holders of A-shares

If share holding period is more than one year, personal income tax will be exempted for dividends and bonus of individual investors obtained from listed companies from the date when individual investors obtain shares of the Company to the equity registration date in accordance with the "Notice on Relevant Issues of Implementation of Personal Income Tax Policy of Dividends and Bonus Differentiation of Listed Companies" (CS [2012] No. 85) and the "Notice on Relevant Issues of Personal Income Tax Policy of Dividends and Bonus Differentiation of Listed Companies" (CS [2015] No.101) issued by the Ministry of Finance, State Bureau of Taxation and China Securities Regulatory Commission; if share holding period is not more than one year (including one year), the listed company will not withhold and remit personal income tax and make corresponding adjustment according to the above notices when individual investors transfer shares.

As for shareholders of resident enterprises, income tax of cash bonus will be paid by themselves.

Listed companies will withhold and remit enterprise income tax at the tax rate of 10% for qualified foreign institutional investors (QFII) in accordance with provisions of the "Notice of State Administration of Taxation on Relevant Issues Regarding the Withholding and Payment of Enterprise Income tax Relating to the Payment of Dividends, Bonus and Interest by PRC Resident Enterprises to QFII" (GSH2009 No. 47). If dividends and bonus obtained by QFII shareholders need to enjoy tax convention (arrangement) treatment, they can put forward or entrust obligor of withholding and remitting tax to put forward application for enjoying tax convention treatment to the competent taxation authority of the listed company.

In accordance with provisions of the "Notice of the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission on Tax Policies about Inter-communication Pilot of Shanghai-Hong Kong Stock Exchange Mechanism" (CS [2014] No. 81), as for dividends and bonus of Hong Kong market investors (including enterprise and individual) by investing A-shares of Shanghai Stock Exchange, differentiated taxation policy will not be temporarily implemented as per share holding time before Hong Kong Securities Clearing Company Limited complies with conditions to provide detailed data including identities of investors and shareholding time for CSDC, and the listed company will deduct income tax at the tax rate of 10% and go through deduction declaration with the competent taxation authority. As for Hong Kong investors who belong to tax residents of other countries and dividends income tax rate specified in tax convention signed by their countries and China is lower than 10%, enterprises or individuals can put forward or entrust obligor of withholding and remitting tax to put forward application for enjoying tax convention treatment to the competent taxation authority of the listed company.

(II) Holders of H Shares

In accordance with provisions of the "Notice of the State Administration of Taxation on Personal Income Tax Collection Issues after the Document with the Number of GSF [1993] No. 045 has been Abolished" (GSH [2011] No. 348), withholding and remitting obligor will withhold and remit personal income tax as per item of "interest, dividends and bonus income" for dividends and bonus income of overseas resident individual shareholders from domestic non-foreign-funded enterprise by issuing shares in Hong Kong. When domestic non-foreign-funded enterprise issues shares in Hong Kong, its overseas resident individual shareholders will enjoy relevant tax preference in accordance with tax convention signed by China and the country stated in the residential identity and tax arrangement of inland and Hong Kong (Macau). In general, tax rate for dividend is 10% in accordance with relevant tax convention and provisions on tax arrangement. To simplify tax collection and management, when a domestic non-foreign-funded enterprise that has issued shares in Hong Kong distributes dividends and bonus, personal income tax will be generally withheld and remitted as per the tax rate of 10% and application is not necessary. Situations in which tax rate for dividends is not 10% will be handled in accordance with the following provisions: (1) as for residents of conventional country whose tax rate is less than 10%, withholding and remitting obligor can handle application for enjoying relevant convention treatment and excessive tax will be refunded with approval of competent taxation authority; (2) as for residents of conventional country whose tax rate is between 10% and 20%, withholding and remitting obligor shall withhold and remit personal income tax as per actual conventional tax rate when distributing dividends and bonus and it need not handle application and approval issues; (3) as for residents without tax convention and other situations, withholding and remitting obligor shall withhold and remit personal income tax at the tax rate of 20% when distributing dividends and bonus.

In accordance with provisions of the "Notice on Relevant Issues that PRC Resident Enterprises Distribute Dividends to Overseas Non-resident Enterprise Shareholders of H-shares and Withhold and Remit Enterprise Income Tax" (GSH [2008] No. 897) issued by the State Administration of Taxation, when PRC resident enterprises distribute dividends of 2008 and future years to overseas non-resident enterprise shareholders of H-shares, they will withhold and remit enterprise income tax at the tax rate of 10%.

In accordance with provisions of the "Notice of the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission on Tax Policies about Inter-communication Pilot of Shanghai-Hong Kong Stock Exchange Mechanism" (CS [2014] No. 81), H-share companies will deduct personal income tax at the tax rate of 20% for dividend and bonus of individual investors in the PRC by investing in H-shares of the Hong Kong Stock Exchange via Shanghai-Hong Kong Stock Connect. Personal income tax will be collected in accordance with the above provisions for dividends and bonus income of the securities investment fund in the PRC by investing in listed shares of the Hong Kong Stock Exchange via the Shanghai-Hong Kong Stock Connect. H-share companies will not deduct dividend and bonus income tax for dividends and bonus of enterprise investors in the PRC by investing in listed shares of the Hong Kong Stock Exchange via the Shanghai-Hong Kong Stock Connect and income tax will be paid by enterprises. Dividends and bonus income of resident enterprises in the PRC obtained as they have continuously held H-shares for 12 months and enterprise income tax will be exempted according to laws.

In accordance with current convention of HKIRD, taxes will not be paid for dividends paid by the Company in Hong Kong.

Shareholders of the Company will pay relevant taxes and/or enjoy tax concession in accordance with the above provisions.

重要事項

SIGNIFICANT EVENTS

Section 6 Significant Events

I. PROFIT DISTRIBUTION OF ORDINARY SHARES AND CONVERSION OF CAPITAL RESERVES INTO SHARE CAPITAL OF THE COMPANY

1. Profit Distribution Policy of Ordinary Shares, in particular, Formulation, Implementation or Adjustment of Cash Dividends Policy during the Reporting Period

The Company consistently pays attention to reasonable returns on investment to shareholders and scientifically makes dividends plan to benefit the shareholders strictly in accordance with the Articles of Association, with development strategy planning, industry developing trend, social capital cost and external financing environment taken into consideration. During the Reporting Period, the Company strictly executed the profit distribution policy without any renewals or changes.

Special Description of Cash Dividends Policy

Whether the policy complied with the provisions of the Articles of Association or the requirements of the Resolution of Shareholders' Meeting?	Yes
Whether the standard and proportion of distribution of dividends were definite and clear?	Yes
Whether the relevant decision-making procedure and mechanisms were well-established?	Yes
Whether the independent Directors performed their duties and carried out their responsibilities?	Yes
Whether the small and medium shareholders had sufficient opportunity to express their opinions and appeal and whether their legitimate rights and interests are fully protected?	Yes
Whether conditions and procedures are compliant and transparent, in the case that the cash dividends policy is to be adjusted and changed?	Yes

2. Dividends Distribution Plan (Proposal) of Ordinary Shares in the Latest Three Years (including the Current Reporting Period) and Conversion Plan of Capital Reserves into Share Capital of the Company

Unit: RMB

Cash Dividends of Ordinary Shares in the Latest Three Years (including the Current Reporting Period) of the Company

Year of Dividends	Amount of Cash Dividends (tax inclusive)	Amount of Net Profit Attributable to Ordinary Shares Shareholders of the Listed Company in the Consolidated Statements of the year of Dividends	Percentage of Net Profit of Ordinary Shares Shareholders of the Listed Company in Consolidated Statements	Amount of Cash Dividends Otherwise Distributed	Percentage of Cash Dividends Otherwise Distributed
2015 (Proposal)	6,096,870,131.20	13,201,014,064.72	46.18%	—	—
2014	1,183,858,292.80	5,022,567,778.39	23.57%	—	—
2013	1,183,858,292.80	2,812,501,034.32	42.09%	—	—

3. During the Reporting Period, the Company Makes Profit and the Profit Available for Distribution to the Ordinary Shares Shareholders of the Parent Company is Positive, but No Proposals on Ordinary Shares Cash Dividends Distribution is Made

N/A

II. PROPOSALS ON PROFIT DISTRIBUTION AND CONVERSION OF CAPITAL RESERVES INTO SHARE CAPITAL DURING THE REPORTING PERIOD

Bonus shares (shares) presented per every 10 shares	0
Dividends (RMB) (tax inclusive) presented per every 10 shares	8.0
Converted shares per every 10 shares (share)	0
Equity base (share) for distribution proposal	7,621,087,664
Total cash dividends (RMB) (tax inclusive)	6,096,870,131.20
Distributable Profit (RMB)	18,837,533,843.10
Proportion of cash dividends of the total profit distribution	100%

The Cash Dividends

Based on the Company's existing share capital of 7,621,087,664 shares, it is proposed that a cash dividend of RMB8.0 (tax inclusive) be distributed for every 10 shares, amounting to a total cash dividend of RMB6,096,870,131.20, and the remaining undistributed profit of RMB13,032,134,904.38 will be carried forward to the next year.

Particulars of Profit Distribution or Proposal on Conversion of Capital Reserves

According to the figures in the Company's consolidated statements in 2015 audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP., the net profit attributable to owners of the parent company is RMB13,201,014,064.72; the net profit of the parent company is RMB11,255,122,777.19; and the distributable profit for the year is RMB22,506,006,809.90.

Having considered the requirements under the Company Law, the Securities Laws, the Financial Rules for Financial Enterprises, the Articles of Association and the Document (No. [2007] 320) issued by the CSRC, the Company proposes the following profit distribution for the year of 2015 in the interest of the Shareholders and the development of the Company:

In 2015, the parent company of GF Securities had achieved a net profit of RMB11,255,122,777.19, and in accordance with the provisions of the Articles of Association of the Company, each of the statutory surplus reserve, the general risk reserve, and the transaction risk reserve was credited with 10% of the net profit, amounting to RMB1,125,512,277.72 for each of the reserves. According to the Provisional Measures on Supervision and Administration of Risk Reserve of Public Offering of Securities Investment Funds (《公開募集證券投資基金風險準備金監督管理暫行辦法》), a fund custodian shall appropriate no less than 2.5% of the income from fund custodian fees to the risk reserve on a monthly basis. A sum of RMB464,941.16 was appropriated to the general risk reserve for asset custodian business, and the remaining distributable profit amounted to RMB19,129,005,035.58. According to the Document (No. [2007] 320) issued by the CSRC, securities firms shall not utilize the gains arising from fair value changes included in distributable profits to distribute cash dividends. After deducting the gains arising from fair value changes included in distributable profits, the distributable profit for cash dividends for the year amounted to RMB18,837,533,843.10.

Based on the Company's existing share capital of 7,621,087,664 shares, it is proposed that a cash dividend of RMB8.0 (tax inclusive) be distributed for every 10 shares, amounting to a total cash dividend of RMB6,096,870,131.20, and the remaining undistributed profit of RMB13,032,134,904.38 will be carried forward to the next year.

III. IMPLEMENTATION OF COMMITMENTS

1. Commitments Performed during the Reporting Period or Not Yet Performed as of the End of the Reporting Period by the Company, Shareholders, the de facto Controller, Purchaser, Directors, Supervisors, Senior Management or Other Related Persons

Commitments	Undertaking Party	Undertaking Type	Details of the Commitments	Date of Commitments	Term of Commitments	Performance
Undertakings made in the commitment/asset restructuring as set out in the share conversion commitment/acquisition report or equity change report	The Company and the shareholders, Directors, Supervisors and senior management of the Company	Others	1. GF Securities and its Directors, Supervisors and senior management have made undertakings that upon completion of this transaction, GF Securities, as a public company, will strictly perform its obligations in information disclosure and investor education. After listing, in addition to meeting the requirements for information disclosure by listed companies in general, GF Securities will make sufficient disclosure in regular reports on information regarding customer asset protection, risk control, compliance inspection, commencement of innovative business and risk management according to its own characteristics to enhance the unveiling of risks for investors. 2. GF Securities and its Directors, Supervisors and senior management have made undertakings that they will strictly comply with the requirements of the Administrative Measures for Risk Indicators of Securities Companies, enhance the risk management system, improve the risk monitoring mechanism, establish a real time risk monitoring system, strengthen dynamic monitoring of risks and enhance capabilities in identifying, measuring and controlling risks to enhance the level of risk management.	February 6, 2010	Nil	All undertaking parties have strictly performed their commitments.

Commitments	Undertaking Party	Undertaking Type	Details of the Commitments	Date of Commitments	Term of Commitments	Performance
			3. To avoid peer competition with the surviving company after share conversion and merger by absorption and regulate possible related transactions, Liaoning Cheng Da and Jilin Aodong have made the following undertakings: ① Being the largest and second largest shareholders of the surviving company after share conversion and merger by absorption, they have undertaken not to operate the same business as that operated by the surviving company, and not to indirectly operate or participate in the investment of enterprises which compete or may compete with the business of the surviving company. At the same time, they have also warranted that they will not use their capacity as shareholders to harm the proper interest of the surviving company and other shareholders. In addition, they will procure their wholly-owned subsidiaries or subsidiaries in which they have more than 50% equity interest or relative controlling interest to comply with the above undertakings. ② With respect to related transactions conducted by Liaoning Cheng Da and Jilin Aodong and their respective related parties with the surviving company in future, the decision-making procedure for related transactions of listed companies will be strictly performed and the market pricing principles will be observed to ensure fairness, impartiality and equity and the legitimate interest of minority shareholders will not be prejudiced.			
			4. Liaoning Cheng Da and Jilin Aodong have issued the Undertakings on Maintaining the Independence of the Yan Bian Road Construction Co., Ltd. respectively and warrant to realize staff independence, asset independence, business independence, financial independence and organization independence with the Company.			
Undertakings made in initial public offering or refinancing	Nil	Nil	Nil	Nil	Nil	Nil

Commitments	Undertaking Party	Undertaking Type	Details of the Commitments	Date of Commitment	Term of Commitments	Performance
Undertakings on equity incentive	Nil	Nil	Nil	Nil	Nil	Nil
Other undertakings made to medium and small shareholders of the Company	Nil	Nil	Nil	Nil	Nil	Nil
Net capital guarantee undertakings provided to GF Asset Management	GF Securities	Others	Since GF Asset Management, the wholly-owned asset management subsidiary established by the Company, took over the QDII business of the Company, pursuant to the requirements of the CSRC, GF Asset Management shall satisfy the qualification requirements to commence QDII business, one of the conditions required being "Net capital of securities companies shall not be less than RMB800 million". However, there was no immediate need for large quantity of capital funds to commence business by GF Asset Management, in order to support expansion and strengthening of GF Asset Management, fulfill the requirement of sustainable development of its business, and enhance the utilization efficiency of funds of the Company at the same time, the Company had provided net capital guarantee undertakings up to RMB600 million to GF Asset Management for a term starting from the date of incorporation of GF Asset Management (January 2, 2014) until its net capital is able to satisfy the requirements of the regulatory authority on an on-going basis.	August 10, 2013	From the date of incorporation of GF Asset Management (January 2, 2014) until its net capital is able to satisfy the requirements of the regulatory authority on an on-going basis.	GF Securities strictly performed its undertakings. The 15th Meeting of the Eighth Session of the Board of Directors held on April 27, 2015 considered and approved the Resolution on Capital Increase in GF Securities Asset Management (Guangdong) Co., Ltd., pursuant to which it was agreed to increase the capital of GF Asset Management by RMB500 million. After the capital increase was completed on June 9, 2015, the registered capital of GF Asset Management was RMB1 billion, this guarantee undertaking has expired and has been released
Undertakings to the Hong Kong Stock Exchange in relation to the issuance of H Shares.	GF Securities	Others	Since the Company issued H Shares and is listed in Hong Kong, pursuant to the Hong Kong Listing Rules, the Company has made undertakings to the Hong Kong Stock Exchange that it will not issue any shares or securities convertible into the Company's securities (whether such securities are listed) within six months from the listing date (whether the issue of relevant shares or securities will complete within six months from the listing date), and will not enter into any agreement in respect of the issuance of any such shares or securities, save under certain conditions prescribed under Rule 10.08 of the Hong Kong Listing Rules or issuance pursuant to the Global Offering.	April 10, 2015	Within six months from the listing date	GF Securities strictly performed the undertakings.

Commitments	Undertaking Party	Undertaking Type	Details of the Commitments	Date of Commitments	Term of Commitments	Performance
Undertakings to the Joint Sponsors, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and Hong Kong Underwriters in the issuance of H Shares	GF Securities	Others	Since the Company issued H Shares and is listed in Hong Kong, pursuant to the Hong Kong Underwriting Agreement, the Company has undertaken to the Joint Sponsors, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and Hong Kong Underwriters that except pursuant to the Global Offering (including the exercise of over-allotment option) and unless in compliance with the requirements of the Hong Kong Listing Rules, the Company will not conduct any allotment, issuance or sale transactions relating to the shares of the Company or transactions or offers having equivalent economic effects, agree to or announce the intention to conduct any aforesaid transaction without the prior written consent from the Joint Sponsors and Joint Global Coordinators (for themselves and on behalf of Hong Kong Underwriters) at any time after the date of signing of the Hong Kong Underwriting Agreement until six months after the listing. Please refer to the H Share prospectus of the Company for details. The H Share prospectus is available for inspection on the website of the Company (http://www.gf.com.cn) and the website of the Hong Kong Stock Exchange (http://www.hkexnews.hk)	Date of signing of the Hong Kong Underwriting Agreement. i.e. March 24, 2015	Until six months after listing	GF Securities strictly performed the undertakings.
Net capital guarantee undertakings provided to GF Asset Management	GF Securities	Others	In order to support the expansion and strengthening of GF Asset Management, fulfill the requirement of sustainable development of its business, and enhance the utilization efficiency of funds of the Company at the same time, the Company has provided net capital guarantee undertakings up to RMB1 billion (RMB1 billion incl., the same below) to GF Asset Management for a term starting from the notice date of the Board Resolution (September 29, 2015) until its net capital is able to satisfy the requirements of the regulatory authority on an on-going basis.	September 29, 2015	From the notice date of the Board Resolution (September 29, 2015) until its net capital is able to satisfy the requirements of the regulatory authority on an on-going basis.	GF Securities strictly performed the undertakings.
Whether the undertakings are performed timely?	Yes					

2. If there are profit forecasts for the assets or projects of the Company and the Reporting Period is within the period of the profit forecasts, particulars of the Company's assets or projects reaching the earlier profit forecasts and its reasons

N/A.

IV. USE OF THE LISTED COMPANY'S FUNDS BY THE CONTROLLING SHAREHOLDER AND ITS RELATED PARTIES FOR NON-OPERATING PURPOSES

During the Reporting Period, the Company did not have a controlling shareholder and de facto controller, and no related party used the funds of the Company (except for operational business transactions).

V. STATEMENT ON ACCOUNTING FIRM'S "NON-STANDARD AUDIT REPORT" OF THE REPORTING PERIOD BY THE BOARD OF DIRECTORS, BOARD OF SUPERVISORS AND INDEPENDENT DIRECTORS (IF ANY)

N/A.

VI. PARTICLUARS OF CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ACCOUNTING METHOD COMPARED WITH FINANCIAL STATEMENTS OF THE PREVIOUS YEAR

During the Reporting Period, the Company did not change its accounting policies, accounting estimates and accounting method.

VII. PARTICLUARS OF CORRECTION OF SIGNIFICANT ACCOUNTING ERRORS REQUESTING RETROACTIVE RESTATEMENT DURING THE REPORTING PERIOD

During the Reporting Period, the Company did not have significant accounting errors requesting retroactive restatement.

VIII. APPOINTMENT AND REMOVAL OF ACCOUNTANTS

Currently Appointed Accounting Firm

PRC Accounting firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Remuneration of PRC accounting firm	RMB2.1 million
Continuous auditing service term of PRC accounting firm	8 years
Name of the certified public accountant(s) of the PRC accounting firm	Li Weihua, Hong Ruiming
International accounting firm (if any)	Deloitte Touche Tohmatsu
Remuneration of international accounting firm	RMB1.1 million
Continuous auditing service term of international accounting firm	One year
Name of the certified public accountant(s) of the international accounting firm	N/A

Appointment of Accounting Firms for Internal Control Audit, Financial Advisor or Sponsor

In 2015, the Company appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP as accounting firm for internal control audit with auditing fee of RMB350,000.

The Company has engaged GF Capital (Hong Kong) and Goldman Sachs (Asia) L.L.C. as our Joint Sponsors for our issuance of H Shares in 2015, and contracted to pay the sponsor fee of US$1 million; we have engaged Deloitte Touche Tohmatsu as our internal control consultant, and paid internal control fee of RMB760,000 in aggregate.

IX. SUSPENSION AND TERMINATION OF LISTING AFTER THE DISCLOSURE OF ANNUAL REPORT

N/A

X. SIGNIFICANT LITIGATIONS AND ARBITRATIONS

1. GF Commodity Markets appealed on the case of confirmation on cargo ownership against Ningbo Yager International Trade Transportation Company (寧波雅戈爾國際貿易運輸有限公司) ("Yager") and Shanghai Hengye International Logistics Co., Ltd. (上海恒燁國際物流有限公司) ("Hengye")

In November 2013 and June 2014, GF Commodity Markets stored 1,269.25 tonnes of polyethylene in batches in the warehouse of Hengye in Shanghai. On October 11, 2014, GF Commodity Markets issued an instruction for taking delivery of goods to Hengye, but Hengye refused to take out the goods from the warehouse due to a dispute over cargo ownership. On October 14, 2014, Yager applied to the People's Court of Jinzhou Prefecture of Ningbo City ("Jinzhou Court") and seized the 1,269.25 tonnes of polyethylene sent for storage in the warehouse of Hengye by GF Commodity Markets. On October 17, 2014, GF Commodity Markets made an application to Jinzhou Court dissenting the property seizure, and Jinzhou Court informed GF Commodity Markets on October 30, 2014 that its application was rebutted. On November 5, 2014, Yager sued Hengye in the Jinzhou Court (case number: 2014 Yong Jin Shang Chu Zi No.1904), requesting Hengye to hand over 3,909.328 tonnes of polyethylene to it. On November 27, 2014, GF Commodity Markets applied to Jinzhou Court to participate in the trial of the case 2014 Yong Jin Shang Chu Zi No.1904 as a third party, and asked Jinzhou Court to confirm that the ownership of 1,269.25 tonnes of polyethylene belonged to GF Commodity Markets. Jinzhou Court consented to the participation of GF Commodity Markets in the litigation as a third party, but the request of GF Commodity Markets was refused by judgment of the court on May 15, 2015, and GF Commodity Markets was liable to bear the legal costs of RMB55,340. On June 3, 2015, GF Commodity Markets filed an appeal to the Intermediate People's Court of Ningbo City (case number: 2015 Zhe Yong Shang Zhong No.823), demanding the judgment at the first instance be revoked and confirming the ownership of 1,269.25 tonnes of polyethylene belonged to GF Commodity Markets. However, the request of GF Commodity Markets was refused by judgment of the Intermediate People's Court of Ningbo City on November 2, 2015, and GF Commodity Markets was liable to bear the legal costs of RMB55,340. On December 29, 2015, GF Commodity Markets applied to the Higher People's Court of Zhejiang Province for a retrial (case number: 2016 Zhe Min Shen No.107), but the application was rebutted on January 22, 2016. GF Commodity Markets is planning to apply to the Supreme People's Court for another retrial.

2. GF Commodity Markets sued Guangdong Zhenrong Energy Co., Ltd. ("Zhenrong") for repayment of money in default under sale and purchase agreement and petitioned to declare Zhenrong in bankruptcy

On June 24, 2014, GF Commodity Markets and Zhenrong signed the Sale and Purchase Agreement, pursuant to which Zhenrong purchased 360 tonnes of cathode nickel by way of a trade acceptance bill (in the amount of RMB50,937,840.00 with the due date on December 22, 2014, for which Zhenrong was both the payer and acceptor). On June 25, GF Commodity Markets delivered 360 tonnes of cathode nickel to Zhenrong. On December 15, 2014, GF Commodity Markets submitted the trade acceptance bill to the Lujiazhui Software Park sub-branch of ICBC for bill collection, and was informed by the Lujiazhui Software Park sub-branch of ICBC that there was insufficient balance in the bank account of Zhenrong and the bill was dishonored. After several attempts to demand for payment, Zhenrong paid RMB5,000,000 to GF Commodity Markets on February 13, 2015, and no more payment was made thereafter. On May 28, 2015, GF Commodity Markets filed a civil case to the First Intermediate People's Court of Shanghai (case number: 2015 Hu Yi Zhong Min Si Shang Chu Zi No.25), demanding Zhenrong to repay the amount owed and costs including penalty. On June 8, 2015, Zhenrong disputed over the jurisdiction of the court but was rejected by the court on June 23, 2015. On July 8, 2015, Zhenrong filed an appeal against the ruling on the jurisdiction dispute, but was rejected by the Higher People's Court of Shanghai on June 23, 2015 by upholding the ruling over the jurisdiction of the court. On January 21, 2016, the First Intermediate People's Court of Shanghai made first instance verdicts that Zhenrong shall pay, within 10 days after the date of effect, GF Commodity Markets the due payment, including payment for the goods of RMB45,937,840, the interests incurred on RMB50,937,840, the default payment of RMB2,546,892, the indemnification for damage of RMB2,546,892 and attorney fee of RMB100,000 and that all the other petitions of GF Commodity Markets were rejected. On February 6, 2016, Zhenrong filed an appeal to the Higher People's Court of Shanghai. The proceedings of the case are still currently ongoing.

On June 16, 2015, GF Commodity Markets filed a petition for bankruptcy against Zhenrong in the Intermediate People's Court of Guangzhou (case number: 2015 Sui Zhong Fa Min Po Zi No.13) on the grounds that Zhenrong was unable to repay debts after the due date and demanded the court to declare Zhenrong bankrupt for liquidation. On July 14, 2015, a hearing took place in the Intermediate People's Court of Guangzhou. On September 29, 2015, the request of GF Commodity Markets was rejected by the Intermediate People's Court of Guangzhou. On October 21, 2015, GF Commodity Markets filed an appeal to the Higher People's Court of Guangdong Province. The proceedings of the case are still currently ongoing.

XI. PENALTY AND RECTIFICATION

1. In January 2015, the CSRC issued the "Decision on GF Securities Co., Ltd. Requesting for Rectification Measures within a Prescribed Period", requiring the Company to complete rectification within three months, in respect of the provision of margin financing and securities lending services to customers with trading time in securities of less than half a year with the Company and non-compliance issues regarding extension of the term of expired contracts for margin financing and securities lending in the course of conducting margin financing and securities lending business of the Company. For this purpose, the Company had immediately made rectification to existing unqualified credit accounts and prohibited the opening of any new unqualified credit accounts and overdue new contracts, repeated reminders were sent to customers for timely settlement of contracts before the expiry date, and forced closing was conducted on unsettled expired contracts, existing overdue contracts were cleared within the time limited by the Company prescribed by the regulatory authority. At the same time, clarification was made to customers that assets of RMB500,000 were required for opening an account for margin financing and securities lending. The Company has completed the relevant rectifications in April 2015 pursuant to the requirements, and has made further efforts in improving the relevant business rules and mechanisms and will conduct its business strictly in compliance with existing business rules.

2. On September 10, 2015, the CSRC issued the "Advance Notice of Administrative Penalty Decision" to the Company, stating that the Company was suspected of failing to investigate and ensure the true identity of customers pursuant to regulations, that the CSRC had the intention to order the Company to rectify, give the Company a warning note, forfeit the illegal gains and impose a penalty on the Company, and to give a warning note to and impose a penalty on those responsible persons. Until now, the Company has not yet received the official administrative penalty decision from the CSRC.

   After the regulators strengthened the inspection and increased the punishment of margin financing and securities lending business, the Company suspended underwriting of umbrella trust funds in February 2015, and organized a self-inspection of umbrella trusts and OTC financing all over the Company on May 26. According to the uniform deployment and requirement of the CSRC and the Securities Association of China, regarding the regulations of external system access, thorough inspection of OTC financing and enhanced management of real-name account, several self-inspections have been carried out on external information system access under supervision of the regulators as of mid June 2015. On June 17, 2015, the first overall self-inspection was started, a report thereof was submitted in late June and the inspection data was reported to the CSRC Institution Regulatory System. Subsequent to the first self-inspection, the Company continued to intensify the inspection and conducted the second self-inspection based on suspected external system customer data provided by regulators, and companies such as Hengsheng and Mingchuang in late July and submitted reports and inspection data thereof. After the inspection was officially initiated, the Company organized an overall self-inspection and reflection as well as rectification with respect to problems such as third party information system access, formulating guideline for non-compliance accounts identification and carefully identifying and clearing the remaining accounts. For such non-compliance accounts identified through clearing, the Company took measures to limit buy-in and transfer-in of capital, at the same time cutting off the external access.

As of the end of the Reporting Period, the Company did not have a controlling shareholder and de facto controller. In 2015, none of the board of directors, Directors, Supervisors, senior management or shareholders holding more than 5% of the shares of the Company were subject to punishment by competent authorities or were involved in material litigations, summoned by judicial authorities or liable to criminal offence, or were prohibited from market entry by the CSRC, were declared as an improper person, or were punished by other administrative authorities, and were not subject to open criticism or reprimanded by the Securities Association of China or by the stock exchanges.

XII. CHANGES OF QUALIFICATIONS FOR INDIVIDUAL BUSINESS

Please refer to "XIV. QUALIFICATION FOR INDIVIDUAL BUSINESS" under the Section 1 "Company Profile" of this annual report.

XIII. INTEGRITY OF THE COMPANY AND CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER

During the Reporting Period, the Company did not have circumstances that the effective verdicts were failed to be performed or the comparatively large amount of debts overdue were not paid off.

The Company did not have a controlling shareholder or de facto controller. Jilin Aodong, the largest shareholder of the Company, and its de facto controller did not have circumstances that the effective verdicts were failed to be performed or the comparatively large amount of debts overdue were not paid off.

XIV. IMPLEMENTATION OF EQUITY INCENTIVE, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE OF THE COMPANY

During the Reporting Period, the Company did not have any equity incentive scheme and implementation thereof.

XV. MAJOR RELATED TRANSACTIONS

1. Related Transactions Relating to Day-to-day Operations under the SZSE Listing Rules

The connected/related transactions are provided by us following the principle of fair and justice strictly under SZSE Listing Rules, Hong Kong Listing Rules, GF Connected Transaction Management System and GF Information Disclosure Management System, and the agreements are entered into under the principle of equality, voluntariness and compensation of equal value.

The continuing connected/related transaction in respect of day-to-day operation are for investment banking, wealth management, institutional client services and investment management services provided by us to the connected/related party.

In 2015, our day-to-day connected transactions were executed subject to the Proposals on Estimates of Annual Day-to-day Connected Transactions in Year 2015 of the Company passed by the Annual General Meeting of 2014 upon deliberation.

The investment banking, wealth management, institutional client services and investment management services in respect of day-to-day operations provided by us to our connected persons in the ordinary and usual course of business and on normal commercial terms or better terms are exempt continuing connected transactions under the Hong Kong Listing Rules, namely de minimis transactions, and are thus exempt from the reporting, annual review, disclosure and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Based on the Connected Persons as defined in the SZSE Listing Rules, the day-to-day connected transactions during the Reporting Period are as follows:

Related Party	Type and Contents of the Related Transaction	Related Transaction Price Determination and Decision Making Procedure	Estimated Transaction Amount for the Current Period	Amount Incurred for the Current Period	
				Amount (RMB)	Percentage of Amount for Comparable Transaction
E Fund	Trading unit seat rental income and fund sale agency fee income	Market Principle	Based on the actual amount incurred	78,192,660.19	7.22%
Zhongshan Public Utilities Group Co., Ltd.	Securities underwriting and sponsor fee income	Market Principle	Based on the actual amount incurred	21,672,972.57	1.69%
Zhongshan Public Utilities Group Co., Ltd.	Financial advisory fee income	Market Principle	Based on the actual amount incurred	200,000.00	0.03%
Guangdong GF Hulian Microfinance Incorporated Company	Income receipt interests expenditure	Market Principle	Based on the actual amount incurred	205,452.05	0.02%
Harvest Fund Management Co., Ltd.	Trading unit seat rental income and fund sale agency fee income	Market Principle	Based on the actual amount incurred	20,411,835.39	1.88%

Note: the aforesaid contents are disclosed pursuant to Connected Parties as defined thereto in SZSE Listing Rules, while financial statement are disclosed pursuant to Connected Parties as defined in Accounting Standards for Business Enterprises.

2. Connected Transactions in Respect of Acquisition and Sale of Assets or Equity

N/A.

3. Connected/Related Transactions in Respect of Joint Foreign Investment

(1) Related Transactions Jointly Invested with the Wholly-owned Subsidiary of Zhongshan Public Utilities

In order to make full use of the Company's advantages in market operations, M&A and financial innovation as well as advantages of Zhongshan Public Utilities in industrial experience and local resources availability in an effort to realize the effective interaction between industrial resources and financial capital, GF Xinde, a wholly-owned subsidiary of the Company, intends to jointly initiate the establishment of GF • Zhongshan Public Utilities M&A Fund Management Co., Ltd. (actually registered as "Shenzhen Qianhai GF Xinde Zhongshan Public Utilities M&A Fund Management Co., Ltd., hereinafter referred to as "Fund Management Company") and GF Xinde • Zhongshan Public Utilities M&A Fund (actually registered as "Zhuhai GF Xinde Environmental Protection Industry Investment Fund Partnership Company" (limited partnership), hereinafter referred to as "M&A Fund") with Zhongshan Public Utilities Environmental Protection Industry Investment Co., Ltd. (hereinafter referred to as "Public Utilities Environmental Protection"), a wholly-owned subsidiary of Zhongshan Public Utilities.

Whereby:

Fund Management Company takes the form of a limited company with a registered capital of RMB10 million. It is intended that GF Xinde and Public Utilities Environmental Protection will in turn contribute RMB6 million and RMB4 million in cash, respectively, representing 60% and 40% of the capital contribution.

M&A Fund takes the form of a limited partnership. The total size of the fund is expected to be RMB500 million (subject to adjustment based on the development need), of which RMB5 million will be contributed by Fund Management Company, RMB90 million will be contributed by GF Xinde and RMB60 million will be contributed by Public Utilities Environmental Protection. The remaining capital will be raised from outside investors. All investors will pay the amount of contribution in installments according to the progress of the investment project.

Zhongshan Public Utilities held shares that accounted for 9.01% of the total stock issued by the Company at the time of the transaction, and thus it was not a substantial shareholder of the Company pursuant to the Hong Kong Listing Rules. Therefore, such transaction was a related transaction under the SZSE Listing Rules and was not a connected transaction under the Hong Kong Listing Rules.

For details, please refer to the relevant announcement published on CNINFO (巨潮信息網) (http://www.cninfo.com.cn) on May 12, 2015.

Shenzhen Qianhai GF Xinde Zhongshan Public Utilities M&A Fund Management Co., Ltd. was established on June 11, 2015. As of the end of the Reporting Period, GF Xinde has not made the capital contribution. Zhuhai GF Xinde Environmental Protection Industry Investment Fund Partnership Company (limited partnership) was established on September 22, 2015. As of the end of the Reporting Period, GF Xinde has not made the capital contribution.

(2) Connected/Related Transactions Jointly Invested with Jilin Aodong

To make full use of the advantages of Jilin Aodong in medical industry experience and local resources availability and the Company's advantages in market operations, M&A and financial innovation in an effort to realize the positive interaction between industrial resources and financial capital, Jilin Aodong, one of the substantial shareholders of the Company and GF Xinde, a wholly-owned subsidiary of the Company, entered into the Cooperation Agreement between Jilin Aodong Pharmaceutical Group Co., Ltd. and GF Xinde Investment Management Co., Ltd. with the intention to jointly initiate the establishment of GF Xinde Jilin Aodong Fund Management Co., Ltd. (actually registered as "Zhuhai GF Xinde Aodong Fund Management Co., Ltd., hereinafter referred to as "Fund Management Company"), which thereafter jointly initiates the establishment of "GF Xinde • Jilin Aodong Chinese Medicine Modernization Industry Fund" (actually registered as "Zhuhai GF Xinde Aodong Pharmaceutical Industry Investment Center (limited partnership)", hereinafter referred to as "Pharmaceutical Industry Fund") along with Jilin Aodong and GF Xinde. Moreover, the Fund Management Company intends to jointly initiate the establishment of "Jilin Aodong Innovative Industry Development Fund" (actually registered as "Jilin Aodong Innovative Industry Fund Management Center (limited partnership), hereinafter referred to as "Innovative Industry Development Fund") with Jilin Aodong.

Whereby:

The Fund Management Company takes the form of a limited company with a registered capital of RMB20 million. It is intended that GF Xinde and Jilin Aodong will in turn contribute RMB12 million and RMB8 million in cash, respectively, representing 60% and 40% of the capital contribution.

The Pharmaceutical Industry Fund takes the form of a limited partnership and is managed by the Fund Management Company. The total size of the fund is expected to be RMB500 million (subject to adjustment based on the development need), of which RMB10 million will be contributed by Fund Management Company, RMB294 million will be contributed by GF Xinde and RMB196 million will be contributed by Jilin Aodong. All investors will pay the amount of contribution in installments according to the progress of the investment project. The planned duration of the fund is "5 years+2 years". The Pharmaceutical Industry Fund is managed by the Fund Management Company and pays the Fund Management Company the management fee and performance bonus incurred thereof (if any).

The Innovative Industry Development Fund takes the form of a limited partnership and is managed by the Fund Management Company. The total size of the fund is expected to be RMB300 million (subject to adjustment based on the development need), of which not more than RMB200 million will be contributed by Jilin Aodong and relevant enterprises, RMB10 million will be contributed by the Fund Management Company and RMB90 million will be contributed by Dunhua City Financial Investment Co., Ltd. (an independent third party). The planned duration of the fund is "5 years+2 years". The Innovative Industry Development Fund is managed by the Fund Management Company and pays the Fund Management Company the management fee and performance bonus incurred thereof (if any).

GF Xinde is a wholly-owned subsidiary of the Company, and Jilin Aodong, a substantial shareholder holding more than 10% of the Company's total number of shares, held approximately 16.33% of the issued share capital of the Company as of the date of the signing of the cooperation agreement with GF Xinde, and is a connected/related person of the Company. As such, the aforesaid transaction regarding the co-investment in establishing the Fund Management Company and the "Pharmaceutical Industry Fund", constitutes a related party transaction in the financial statements and also a connected transaction under Chapter 14A of the Hong Kong Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

60% of the total number of shares of the Fund Management Company are held by GF Xinde, therefore it is a subsidiary of GF Xinde, and 40% of the total number of shares are held by Jilin Aodong, making the Fund Management Company a connected subsidiary of the Company. The aforesaid transaction made for the initiation of the establishment of the "Innovative Industry Development Fund" constitutes a related party transaction in the financial statements and also a connected transaction under Chapter 14A of the Hong Kong Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules. The total size of the fund is expected to be RMB300 million, of which not more than RMB200 million will be contributed by Jilin Aodong and relevant enterprises, accounting for 66.67% of the total size of the fund, thus, making the fund a more than 30% controlled entity (i.e. associate) of Jilin Aodong (i.e. connected person) and a connected person of the Company. Where the relevant Innovative Industry Development Fund (connected person) pays the Fund Management Company (connected subsidiary of the Company) management fee and performance bonus for services provided by the Fund Management Company, a continuing connected transaction under Chapter 14A of the Hong Kong Listing Rules is constituted pursuant to the Cooperation Agreement. During the Reporting Period, No management fee or performance bonus has been paid based on the progress of the project, i.e. no continuing connected transaction occurred during the Reporting Period.

All the relevant percentage ratios of the aforesaid continuing connected transaction were lower than de minimis thresholds as specified in Chapter 14A of the Hong Kong Listing Rules, and thus the relevant transactions were exempted from the disclosure requirements contained in Chapter 14A of the Hong Kong Listing Rules.

For details, please refer to the relevant announcement published on CNINFO (巨潮信息網) (http://www.cninfo.com.cn) and the HKExnews website of the Hong Kong Stock Exchange (http://www.hkexnews.hk) on June 18, 2015.

Zhuhai GF Xinde Aodong Fund Management Co., Ltd. was established on July 1, 2015, and GF Xinde has completed its capital contribution RMB12 million. Zhuhai GF Xinde Aodong Pharmaceutical Industry Investment Center (limited partnership) was established on October 28, 2015 and is raising capital fund now. As of the end of the Reporting Period, GF Xinde has not made the capital contribution. Jilin Aodong Innovative Industry Fund Management Center (limited partnership) was established on August 7, 2015. As of the end of the Reporting Period, the Fund Management Company has completed capital contribution of RMB10 million, all the funds being in place.

Co-investor	Connection	The Company Invested	Main Business of the Company Invested	Registered Capital of the Company Invested (RMB 10,000)	Total Assets of the Company Invested (RMB 10,000)	Net Assets of the Company Invested (RMB 10,000)	Net Profits of the Company Invested (RMB 10,000)
Zhongshan Public Utilities Environmental Protection Industry Investment Co., Ltd.	Shareholder holding more than 5% of the total shares and wholly-owned subsidiary of Zhongshan Public Utilities	Shenzhen Qianhai GF Xinde Zhongshan Public Utilities M&A Fund Management Co., Ltd.	Investment, investment management	1000	483.47	459.05	59.05
Zhongshan Public Utilities Environmental Protection Industry Investment Co., Ltd.	Shareholder holding more than 5% of the total shares and wholly-owned subsidiary of Zhongshan Public Utilities	Zhuhai GF Xinde Environmental Protection Industry Investment Fund Partnership Company (limited partnership)	Investment	15,500 at the time of establishment, now the fundraising is in progress.	15,156.73	15,156.73	-83.27
Jilin Aodong	Shareholder holding more than 10% of the total shares	Zhuhai GF Xinde Aodong Fund Management Co., Ltd.	Investment, investment management and investment consultation	2000	1,999.5,1	1,999.51	-0.49
Jilin Aodong	Shareholder holding more than 10% of the total shares	Zhuhai GF Xinde Aodong Pharmaceutical Industry Investment Center (limited partnership)	Investment	50000	9,998.57	9,998.57	-1.43
Jilin Aodong	Shareholder holding more than 10% of the total shares	Jilin Aodong Innovative Industry Fund Management Center (limited partnership)	Investment	30,000	29,986.66	29,986.66	-13.34

4. Amount due to or from Related Parties under the SZSE Listing Rules

Item Name	Related Party	Amount as of the end of period	Amount as of the beginning of period
Seat commission and trailing commission receivable	E Fund	12,194,315.04	8,292,484.80
Short-term financing payable (income receipt) and interest payable	Guangdong GF Hulian Microfinance Incorporated Company	11,158,794.52	0.00
Seat commission and trailing commission receivable	Harvest Fund Management Co., Ltd.	4,603,849.96	3,891,495.32

Note: the aforesaid contents are disclosed pursuant to Connected Parties as defined thereto in SZSE Listing Rules, while financial statement are disclosed pursuant to Connected Parties as defined in Accounting Standards for Business Enterprises.

During the Reporting Period, the amounts due to or from related parties mentioned above all facilitated the Company to expand its operations in the ordinary course of business and increase profit opportunities, and was implemented at a fair price and will not damage the interests of the Company and small and medium shareholders.

During the Reporting Period, the Company did not have any non-operational amount due to or from related parties.

5. Other material connected transactions

During the Reporting Period, the Company had no other material connected transactions.

6. Opinions of independent non-executive Directors

The independent non-executive Directors confirm that, the above connected/related transactions were entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and were conducted at market price and were conducted in accordance with the relevant agreements governing them on terms and pricing principle that are reasonable and fair, and in the interests of the shareholders of the Company as a whole. There were no cases where interests of non-connected/related shareholders were damaged, and such connected/related transactions would have no negative impact on the independence of the Company. Moreover, the related businesses were beneficial to the business growth, met the actual business requirements and would be favorable for the long-term development of the Company.

XVI. MAJOR CONTRACTS AND THEIR PERFORMANCE

1. Custody, contracting and leases

During the Reporting Period, there were no custody, contracting and leases, nor were there any previous custody, contracting and leases which were extended to this Reporting Period.

In May 2013, the Company and Guangzhou Construction Co., Ltd. entered into the “Construction General Contract for GF Securities Tower”, Guangzhou Construction Co., Ltd. is the general construction contractor for GF Securities Tower. The tentative contract price is RMB 657 million.

2. Important guarantees

(1) Guarantees

Unit: RMB '0,000

External Guarantees Provided by the Company and Subsidiaries (Excluding Guarantees Provided to Subsidiaries)

Name of the Guaranteed	Date of Disclosure of Guarantee Amount on the Relevant Announcement	Guarantee Amount	Actual Date of Occurrence (Data of Agreement)	Actual Guarantee Amount	Type of Guarantee	Term of Guarantee	Fulfilled or Not	Guarantee Provided to Related Parties or Not
None	–	–	–	–	–	–	–	–

Total amount of external guarantees approved during the Reporting Period (A1)	0	Total actual amount of external guarantees during the Reporting Period (A2)	0
Total amount of external guarantees approved as at the end of the Reporting Period (A3)	0	Total actual outstanding balance of external guarantees as at the end of the Reporting Period (A4)	0

Guarantees Between the Company and its Subsidiaries

Name of the Guaranteed	Date of Disclosure of Guarantee Amount on the Relevant Announcement	Guarantee Amount	Actual Date of Occurrence (Data of Agreement)	Actual Guarantee Amount	Type of Guarantee	Term of Guarantee	Fulfilled or Not	Guarantee Provided to Related Parties or Not
GF Financial Markets (UK) Limited (the Guangdong Branch of the Export-Import Bank of China issued a financing letter of guarantee (or standby letter of credit), and the Company provided a counter-guarantee for the above financing letter of guarantee (or standby letter of credit.)	May 30, 2015	US$80 million and relevant interest and expenses (if any)	–	0	Joint and several liability guarantee	Not yet fulfilled	No	No

Total amount of guarantees provide to subsidiaries as approved during the Reporting Period (B1)	RMB519.488 million	Total actual amount of guarantees provided to subsidiaries during the Reporting Period (B2)	0
Total amount of guarantees provided to subsidiaries as approved as at the end of the Reporting Period (B3)	RMB519.448 million	Total actual outstanding balance of guarantees provided to subsidiaries as at the end of Reporting Period (B4)	0

Section 6 Significant Events

Guarantees among Subsidiaries

Name of the Guaranteed	Date of Disclosure of Guarantee Amount on the Relevant Announcement	Guarantee Amount	Actual Date of Occurrence (Data of Agreement)	Actual Guarantee Amount	Type of Guarantee	Term of Guarantee	Fulfilled or Not	Guarantee Provided to Related Parties or Not
GF Securities (Hong Kong) Brokerage Limited (GF Holdings Hong Kong provided a guarantee to it)	December 19, 2013	HK$50 million and relevant interest and expenses (if any)	December 2013	HK$50 million	Joint and several liability guarantee	From the date of agreement until one month after the bank receives a written notice from the guarantor or the liquidator or the receiver of the guarantor to terminate this guarantee.	No	No
GF Securities (Hong Kong) Brokerage Limited (GF Holdings Hong Kong provided a guarantee to it)	May 14, 2014	HK$70 million and relevant interest and expenses (if any)	May 2014	HK$70 million	Joint and several liability guarantee	From the date of agreement until six months after the bank receives a written notice from the guarantor or the liquidator or the receiver of the guarantor to terminate this guarantee.	No	No

Total amount of guarantees provided to subsidiaries as approved as at the end of the Reporting Period (C1)	0	**Total actual amount of guarantees provided to subsidiaries during the Reporting Period (C2)**	RMB100.536 million
Total amount of guarantees provided to subsidiaries as approved as at the end of the Reporting Period (C3)	RMB100.536 million	**Total actual outstanding balance of guarantees provided to subsidiaries as at the end of Reporting Period (C4)**	RMB100.536 million

Total amount of guarantees provided by the Company (i.e. total the first three major items)

Total amount of guarantees approved during the Reporting Period (A1+B1+C1)	RMB519.488 million	**Total actual amount of guarantees during the Reporting Period (A2+B2+C2)**	RMB100.536 million
Total amount of guarantees approved as at the end of the Reporting Period (A3+B3+C3)	RMB620.024 million	**Total actual outstanding balance of guarantees as at the Reporting Period (A4+B4+C4)**	RMB100.536 million

Actual total guarantee amount (i.e. A4+B4+C4) as a percentage of net assets of the Company	0.13%
Including:	
Amount of guarantees provided to shareholders, de facto controllers and their related parties (D)	0
Amount of liability guarantees provided directly or indirectly to secured subjects with gearing ratio above 70% (E)	0
Amount of total guarantees above 50% of net assets (F)	0
Total of the above 3 amounts of guarantees (D+E+F)	0
Explanation on guarantee liabilities occurred during the Reporting Period or possible joint and several liabilities that may arise on outstanding guarantees (if any)	GFHK will be subject to potential debt liabilities under the current guarantee which will increase the potential gearing ratio level of GFHK.
Explanation on the provision of external guarantee in violation of the required procedures (if any)	None

Note: Guarantees of GF Securities (Hong Kong) Brokerage Limited are calculated by the HKD/RMB exchange rate of 1:0.8378 as at December 31, 2015. Guarantees of GF Financial Markets (UK) Limited are calculated by the middle price of USD/RMB exchange rate of 1:6.4936 as at December 31, 2015.

(2) Non-compliance in external guarantees

During the Reporting Period, there was no issue of non-compliance in the external guarantees of the Company.

3. Cash assets management by entrustee

(1) Entrusted asset management

During the Reporting Period, there was no entrusted asset management of the Company.

(2) Entrusted loan

Unit: RMB '0,000

Borrower	Associated Transaction or Not	Interest Rate of Loans	Loan Amount	Start Date	Termination Date	Amount of Actual principal Recovered during the Period	Accruing Impairment Loss Amount (if any)	Estimated Earnings	Actual Profit and Loss Amount during the Reporting Period	Actual Profit and Loss Recovered during the Reporting Period
Guangzhou Flamingo Network Technology Co., Ltd.	No	10%	3,000	June 29, 2015	June 29, 2016	0	0	300	152.05	0
Total		—	3,000	—	—	0	0	300	152.05	—

Capital source entrusted loans	Own funds
Overdue accumulative amount of the principal and earnings not recovered	—
Lawsuits (if applicable)	—
Disclosure date of approval of entrusted loans at a Board meeting (if any)	—
Disclosure date of approval of entrusted loans at a general meeting (if any)	—
Are there any plans of entrusted loans in the future?	Yes

4. Other major contracts

During the Reporting Period, there were no other major contracts of the Company.

XVII. PARTICULARS OF OTHER SIGNIFICANT ISSUES

1. Changes in brokerage branches

As of December 31, 2015, the Company has set up 20 branches, 264 securities business departments, ranking forth in the industry, and its business network covers 31 provinces, direct-controlled municipalities and autonomous regions in Mainland China. It also encompasses the economically advanced regions including the Pearl River Delta, Yangtze River Delta and Circum-Bohai Sea Region, thus forming a nationwide network system for the brokerage business. These regions are under rapid economic development and possess abundant funds, and the sufficient client resources guarantee the sound economic benefit for the business outlets of the Company.

(1) Relocation of brokerage branches within the same city or beyond cities during the Reporting Period

As of December 31, 2015, 11 brokerage branches of the Company have completed relocation within the same city.

No.	Name of Securities Brokerage Branch Before Relocation	Name of Securities Brokerage Branch After Relocation
1	Huanchengxilu Brokerage Branch in Ningbo of GF Securities Co., Ltd.	Liyuanbeilu Brokerage Branch in Ningbo of GF Securities Co., Ltd.
2	Wenlinglu Brokerage Branch in Quanzhou of GF Securities Co., Ltd.	Tumenjie Brokerage Branch in Quanzhou of GF Securities Co., Ltd.
3	Guangzhou Road South Brokerage Branch in Guangzhou of GF Securities Co., Ltd.	Fuyoulu Brokerage Branch in Zengcheng, Guangzhou of GF Securities Co., Ltd.
4	Luoshibeilu Brokerage Branch in Wuhan of GF Securities Co., Ltd.	Luoshilu Brokerage Branch in Wuhan of GF Securities Co., Ltd.
5	Hebinnanlu Brokerage Branch in Conghua of GF Securities Co., Ltd.	Yanjiangnanlu Brokerage Branch in Conghua, Guangzhou of GF Securities Co., Ltd.
6	Jiefangzhonglu Brokerage Branch in Jiaozuo of GF Securities Co., Ltd.	Renminlu Brokerage Branch in Jiaozuo of GF Securities Co., Ltd.
7	Zhongxingzhonglu Brokerage Branch in Shaoxing of GF Securities Co., Ltd.	Yundonglu Brokerage Branch in Shaoxing of GF Securities Co., Ltd.
8	Chang'an Brokerage Branch in Dongguan of GF Securities Co., Ltd.	Chang'an Brokerage Branch in Dongguan of GF Securities Co., Ltd.
9	Guangchangnanlu Brokerage Branch in Nanchang of GF Securities Co., Ltd.	Beijingxilu Brokerage Branch in Nanchang of GF Securities Co., Ltd.
10	Ciyonglu Brokerage Branch in Cixi of GF Securities Co., Ltd.	Hushanlu Brokerage Branch in Cixi of GF Securities Co., Ltd.
11	Yingwudadao Brokerage Branch in Wuhan of GF Securities Co., Ltd.	Hanyangdadao Brokerage Branch in Wuhan of GF Securities Co., Ltd.

(2) Setting up new branches during the Reporting Period

On March 17, 2015, pursuant to the "Reply on Approval for GF Securities Co., Ltd. to Set Up Two Branches (Guangdong Zheng Jian Xu Ke [2015] No. 15)", the Company was approved to set up one brokerage branch in Guangzhou and one brokerage branch in Taizhou, respectively.

On May 8, 2015, pursuant to the "Reply on Approval for GF Securities Co., Ltd. to Set Up Four Branches (Guangdong Zheng Jian Xu Ke [2015] No. 26)", the Company was approved to set up four brokerage branches in places such as Guangzhou, Xining and Yinchuan.

On August 14, 2015, pursuant to the "Reply on Approval for GF Securities Co., Ltd. to Set Up Eight Branches (Guangdong Zheng Jian Xu Ke [2015] No. 36)", the Company was approved to set up one brokerage branch in Dongguan Guangdong, Heyuan, Gaozhou Maoming, Chengde Hebei, Anshan Liaoning and Quanzhou, Jinjiang Fujian, respectively and two branches in Fuzhou Fujian.

Currently, all of the above 14 brokerage branches have been officially opened for operation.

(3) Newly established branch offices during the Reporting Period

On August 14, 2015, pursuant to the "Reply on Approval for GF Securities Co., Ltd. to Set Up Hainan Branch Office (Guangdong Zheng Jian Xu Ke [2015] No. 34)", the Company was approved to set up one branch office in Hainan.

Currently, that branch office has been officially opened for operation.

(4) Branch offices or branches that were applied for but pending approval as of December 31, 2015

None

2. On July 6, 2015, pursuant to the "Joint Announcement by 21 Securities Companies" published on July 4, 2015, the Company entered into the "Master Agreement for OTC Derivatives Trading in the China Securities Futures Market" and the "Confirmation of Return Swaps Trading" with China Securities Finance Corporation Limited, contributed 15% of its net assets as at June 2015 to invest in blue chip ETFs, and completed the appropriation of the relevant capital.

On September 1, 2015, the Company entered into the Master Agreement for OTC Derivatives Trading in the China Securities Futures Market (the "Master Agreement") and the Confirmation of Return Swaps Trading (the "Confirmation") with China Securities Finance Corporation Limited. Pursuant to the Master Agreement and Confirmation, the Company decided to contribute 20% of its net assets at the end of July 2015 to invest in blue chip ETFs (the amount of contribution is the balance where 20% of its net assets as at July 2015 subtracts 15% of its net assets at the end of June 2015 announced by the Company on July 8, 2015) and completed the appropriation of the relevant capital.

This investment will be operated in the designated account by China Securities Finance Corporation Limited and the Company shall share the risks and yields of the investment in proportion to its size of investment.

The total amount for these two contributions was RMB13.864 billion.

Please see the relevant announcements disclosed on the websites of CNINFO (http://www.cninfo.com.cn) and the Hong Kong Stock Exchange (http://www.hkexnews.hk) on July 8, 2015 and September 2, 2015 by the Company for details.

3. Matters on the authorization granted to the Company for the Issuance of Corporate Onshore and Offshore Debt Financing Instruments

On July 21, 2015, the 2015 First Extraordinary General Meeting of the Company considered and approved the "Resolution on the Authorization Granted to the Company for the Issuance of Corporate Onshore and Offshore Debt Financing Instruments", pursuant to which it was agreed that the Board should re-authorize the authorized committee ("Authorized Committee", comprising of the Company's chairman, general manager, standing deputy general manager and chief financial officer) to jointly or individually execute the relevant documents subject to the importance of the authorized matters. The extraordinary general meeting specifically agreed to:

(1) issue debt financing instruments on an one-off or multiple issuances or multi-tranche issuances bases, including corporate bonds (including domestic corporate bonds, offshore debt financing instruments such as US dollar, Euro, and other foreign currency denominated corporate bonds and offshore RMB-denominated corporate bonds, medium term note programme, foreign currency notes and commercial papers), subordinated bonds (including perpetual subordinated bonds), and asset securitization products (collectively, the "Corporate Onshore and Offshore Debt Financing Instruments");

(2) implement the subsequent issuance and authorization of the above-mentioned Corporate Onshore and Offshore Debt Financing Instruments in accordance with this Resolution;

(3) implement the issuance and authorization of bank loans (including credit lending), bond repurchases, short-term financing bills, short-term corporate bonds, structured notes and other types of financing products not subject to being specially proposed to the general meetings in accordance with the "Resolution on the Authorization of Debt Financing by the Company", which was considered and passed at the 2014 Extraordinary General Meeting.

The balances of the issuance of the Corporate Onshore and Offshore Debt Financing Instruments resolved will be not more than RMB200 billion (inclusive) in aggregate. Please see the relevant announcements disclosed on the websites of CNINFO (http://www.cninfo.com.cn) and the Hong Kong Stock Exchange (http://www.hkexnews.hk) by the Company on June 18, 2015 and July 22, 2015 for details.

4. On January 14, 2016, the Company received the Notice on the Overweight of Shares of GF Securities (the "Notice") of Jilin Aodong Pharmaceutical Group Co., Ltd. ("Jilin Aodong"). Pursuant to the Notice, Jilin Aodong, based on its confidence in the future sustainable and stable development of the Company and the current situation that the capital market declined sharply, purchased stocks of the Company through the Shenzhen Stock Exchange and the Hong Kong Stock Exchange. As at January 14, 2016, the total number of shares of the Company owned by Jilin Aodong and its person acting in concert - Aodong International (Hong Kong) Industrials Co., Ltd. was 1,271,835,267, accounting for 16.69% of the total share capital of the Company. Jilin Aodong has become the largest shareholder of the Company.

Please see the relevant announcements disclosed on the websites of CNINFO (http://www.cninfo.com.cn) and the Hong Kong Stock Exchange (http://www.hkexnews.hk) by the Company on January 15, 2016 for details.

5. Administrative license decisions made by regulatory authorities or business license notices by self-regulatory organisations during the Reporting Period

No.	Regulatory authority	Administrative license decisions (including other important letters from regulatory authorities)
1	CSRC	Decision on Ordering GF Securities Co., Ltd. to Take Corrective Measures within a Given Period (Decision on Administrative Regulatory Measures [2015] No. 7)
2		Reply Regarding the Approval for the Business Qualification for Stock Option Market-making Business of the Company (Zheng Jian Xu Ke [2015] No. 159)
3		No Objection Letter on the Commencement of Agency Services Business for Gold and Other Precious Metal Spot Contracts and Proprietary Business for Spot Gold Contracts by GF Securities Co., Ltd. (Ji Gou Bu Bu Han [2015] No. 281)
4		Reply Regarding the Matters on Engagement in Equity Return Swaps and Other Financial Derivatives Trading by Asset Management Subsidiaries (Ji Gou Bu Bu Han [2015] No. 439)
5		Reply on Regarding the Approval for the Issue of Listed Foreign Shares by GF Securities Co., Ltd. (Zheng Jian Xu Ke [2015] No. 347)
6		Regulatory Opinion Letter on GF Securities Co., Ltd. Applying for Issuing Short-term Financing Bonds (JI Gou Bu Bu Han [2015] No. 2453)
7		Notice in Advance of Administrative Penalties (Chu Fa Zi [2015] No. 71)
8		No Objection Letter for GF Securities Co., Ltd. Issuing Sustainable Subprime Bonds (Ji Gou Bu Bu Han [2015] No. 2595)

No.	Regulatory authority	Administrative license decisions (including other important letters from regulatory authorities)
9	Guangdong Bureau of the CSRC	Reply Regarding the Approval for the Qualification of Chan Kalok as An Independent Director of a Securities Company (Guangdong Zheng Jian Xu Ke [2015] No. 5)
10		Approval for the Establishment of Two Securities Branches by GF Securities Co., Ltd. (Guangdong Zheng Jian Xu Ke [2015] No. 15)
11		Approval for Amendment of Material Clauses in the Articles of Association of GF Securities Co., Ltd. (Guangdong Zheng Jian Xu Ke [2015] No. 18)
12		Approval for the Establishment of Four Securities Branches by GF Securities Co., Ltd. (Guangdong Zheng Jian Xu Ke [2015] No. 26)
13		Letter on Feeding Back Classification Results in 2015 of GF Securities Co., Ltd. (Guangdong Zheng Jian Han [2015] No. 649)
14		Notice on On-site Inspection for Bond Businesses of GF Securities Co., Ltd. ([2015] No. 56)
15		Approval of Xu Xinzhang's Qualification as A Supervisor of a Securities Company (Guangdong Zheng Jian Xu Ke [2015] No. 32)
16		Reply on Approval for GF Securities Co., Ltd. to Set Up Hainan Branch Office (Guangdong Zheng Jian Xu Ke [2015] No. 34)
17		Approval for the Establishment of Eight Securities Branches by GF Securities Co., Ltd. (Guangdong Zheng Jian Xu Ke [2015] No. 36)
18		Reply on Approval of Qualification of SCOTT XINGONG CHANG as a Managerial Member of the Senior Management of a Securities Company (Guangdong Zheng Jian Xu Ke [2015] No. 46)
19		Notice for the Results of On-site Inspection (Bond Business) (Guangdong Zheng Jian [2015] No. 14)
20	Beijing Bureau of the CSRC	Notice for the Preliminary Assessment Results of Consistent Supervision by GF Securities Co., Ltd.
21	Fujian Bureau of the CSRC	Notice on the Results of Comprehensive Assessment and Classification of Securities Branches in the Jurisdiction in 2014 (Longyan Road Branch in Longyan City) (Min Zheng Jian Fa [2015] No. 68)
22		Notice on the Results of Comprehensive Assessment and Classification of Securities Branches in the Jurisdiction in 2014 (Wenxian Road West Branch in Putian City) (Min Zheng Jian Fa [2015] No. 68)
23		Notice on the Results of Comprehensive Assessment and Classification of Securities Branches in the Jurisdiction in 2014 (Gutian Road Branch in Fuzhou City) (Min Zheng Jian Fa [2015] No. 68)
24		Notice on the Results of Comprehensive Assessment and Classification of Securities Branches in the Jurisdiction in 2014 (Tumenjie Branch in Quanzhou City) (Min Zheng Jian Fa [2015] No. 68)

No.	Regulatory authority	Administrative license decisions (including other important letters from regulatory authorities)
25	Xiamen Bureau of the CSRC	Notification of the Results of Annual Comprehensive Assessment and Classified Supervision on Securities Branches
26	SZSE	Letter in Relation to the Consent of Engaging in Business Pilot of Financing-oriented Option Exercise and Restricted Securities Lending with respect to Share Incentive Schemes of Listed Companies (Shenzhen Letter [2015] No. 14)
27		Notice on Providing Transfer Services for Two Bonds of Short-term Corporate Bonds of the Third Phase Securities Corporate in 2014 for GF Securities Co., Ltd. (Shen Zheng Shang [2014] No. 497)
28		Letter on Opinions of On-site Inspection for Stock Options of GF Securities Co., Ltd. (Shen Qi Quan Han [2015] Mo No. 37)
29		No Objection Letter for Securities Corporate Short-term Corporate Bonds in 2015 of GF Securities Co., Ltd. Meeting Transfer Conditions of SZSE (Shen Zheng Han [2015] No. 551)
30		Notice on Providing Transfer Services for the First Phase of the Short-term Corporate Bonds of the Securities Company in 2015 for GF Securities Co., Ltd. (Shen Zheng Shang [2015] No. 120)
31		Notice on Providing Transfer Services for the Second Phase of the Short-term Corporate Bonds of the Securities Company in 2015 for GF Securities Co., Ltd. (Shen Zheng Shang [2015] No. 345)
32		Notice on Providing Transfer Services for Four Bonds Including the Third Phase of the Short-term Corporate Bonds of the Securities Company in 2015 for GF Securities Co., Ltd. (Shen Zheng Shang [2015] No. 351)
33		No Objection Letter for Subordinated Bonds in 2015 of GF Securities Co., Ltd. Meeting Transfer Conditions of SZSE (Shen Zheng Han [2015] No. 266)

No.	Regulatory authority	Administrative license decisions (including other important letters from regulatory authorities)
34	SSE	Notice on Admission of GF Securities Co., Ltd. as a Stock Options Trading Participant on the Shanghai Stock Exchange (SSE Letter [2015] No. 64)
35		Notice on Engagement in the SSE 50 ETF Options Market-making Business by GF Securities Co., Ltd. (SSE letter [2015] No. 211)
36		Notice on the Relevant Matters on the Expansion of Stock-pledged Repo Business by GF Securities Co., Ltd. (SSE Letter [2015] No. 243)
37		Notice on the Relevant Matters on the Expansion of Stock-pledged Repo Business by GF Securities Co., Ltd. (SSE Letter [2015] No. 466)
38		Notice on the Relevant Matters on the Expansion of Stock-pledged Repo Business by GF Securities Co., Ltd. (SSE Letter [2015] No. 821)
39		Regulatory Warning Letter on the Abnormities for Market-making Business Offer of Stock Options of GF Securities Co., Ltd. (Yan Sheng Pin Ye Wu Bu Han [2015] No. 28)
40	China Securities Depository and Clearing Corporation Limited	No Objection Letter on the Innovative Open Account Method through Unidirectional Video of GF Securities Co., Ltd. (China Clearing Office [2015] No. 458)
41		Reply Regarding the Matters on the Business Qualification for Options Settlement (China Clearing Office [2015] No. 29)
42	Bureau of Land Resources and Housing Management of Guangzhou Municipality	Reply Regarding the Change of the Date of Completion in the Contract for Assignment of the Right to the Use of State-owned Construction Land (Sui Guo Tu Jian Yong Han [2014] No. 6)
43	Guangdong Administration for Industry and Commerce	Notification of Change of Registration (Operating Period and Registered Capital) (Yue He Bian Tong Nei Zi [2015] No. 1500017740)
44		Certificate of Change of Registration (Business Scope and Prospectus) (Yue He Bian Tong Nei Zi) [2015] No. 1500004202)
45		Certificate of Change of Registration (Term of Operation and Supplement of Supervisors) (Yue He Bian Tong Nei Zi) [2015] No. 1500032331)
46	PBC Shanghai Head Office	Reply of PBC Shanghai Head Office on Related Matters for Interbank Lending Quotas of GF Securities Co., Ltd. (Yin Zong Bu Han [2015] No. 48)

No.	Regulatory authority	Administrative license decisions (including other important letters from regulatory authorities)
47	Risk Management Department of Shanghai Clearing House	Notice on the Adjustment of Risk Exposure Limit and Clearing Fund in RMB Interest Swap Centralized Clearing Business (Feng Kong Han Zi [2015] No. 136)
48		Notice on the Adjustment of Risk Exposure Limit and Clearing Fund in RMB Interest Swap Centralized Clearing Business (Feng Kong Han Zi [2015] No. 223)
49		Notice on the Adjustment of Clearing Fund In RMB Interest Swap Centralized Clearing Business (Feng Kong Han Zi [2015] No. 295)
50		Notice on the Adjustment of Clearing Fund In RMB Interest Swap Centralized Clearing Business (Feng Kong Han Zi [2015] No. 351)
51		Notice on the Adjustment of Clearing Fund In RMB Interest Swap Centralized Clearing Business (Feng Kong Han Zi [2015] No. 418)
52		Notice on the Adjustment of Clearing Fund In RMB Interest Swap Centralized Clearing Business (Feng Kong Han Zi [2015] No. 466)
53		Notice on the Adjustment of Risk Exposure Limit and Clearing Fund in RMB Interest Swap Centralized Clearing Business (Feng Kong Han Zi [2015] No. 497)
54		Notice on the Adjustment of Clearing Fund In RMB Interest Swap Centralized Clearing Business (Feng Kong Han Zi [2015] No. 570)
55		Notice on the Clearing Fund In RMB Interest Swap Centralized Clearing Business (Feng Kong Han Zi [2015] No. 588)
56	Financial Office of Guangdong Provincial People's Government	Reply Regarding the Agreement to Establish Small Loan Companies with Internet Characteristics by GF Securities Co., Ltd. (Yue Jin Dai Fu [2015] No. 8)
57	Department of Civil Affairs of Guangdong Province	Reply Regarding the Agreement to Establish Investor Services and Dispute Resolution Center of Guangdong Zhongzheng Issued by the Department of Civil Affairs of Guangdong Province (Yue Min Han [2015] No. 525)
58	Shanghai Gold Exchange	Notice on the Conduct of Admission Procedures

XVIII. SIGNIFICANT MATTERS FOR THE SUBSIDIARIES OF THE COMPANY

During the Reporting Period, significant matters occurred for the subsidiaries of the Company were as follows:

1. Matters related to the increase of capital of GF Qianhe

On April 27, 2015, the 15th Meeting of the Eighth Session of the Board of Directors reviewed and passed the Proposal for Increasing the Capital of GF Qianhe Investment Co., Ltd. and agreed to increase its capital contribution to GF Qianhe by RMB900 million. The increase of such RMB900 million can be completed at one time or by batches based on the actual situation. In May 2015, the Company, based on the above resolution, has completed the capital increase of RMB900 million to GF Qianhe, which has obtained the new business license renewed by the Beijing Municipal Administration of Industry and Commerce with the registered capital of RMB2.9 billion.

Please see the relevant announcements disclosed on the websites of CNINFO (http://www.cninfo.com.cn) and the Hong Kong Stock Exchange (http://www.hkexnews.hk) by the Company on March 13, 2015, April 28, 2015 and May 26, 2015 for details.

2. Matters related to the increase of capital of GF Asset Management

On April 27, 2015, the 15th Meeting of the Eighth Session of the Board of Directors reviewed and passed the Proposal for Increasing the Capital of GF Asset Management (Guangdong) Limited and agreed to increase its capital contribution to GF Asset Management by RMB500 million. The increase of such RMB500 million can be completed at one time or by batches based on the actual situation. The Company authorized the operating management to completely deal with specific matters relating to the capital increase to GF Asset Management in accordance with related national regulations.

In June 2015, the Company, based on the above resolution, completed the capital increase of RMB500 million to GF Asset Management. GF Asset Management has obtained the new business license renewed by the Administration of Industry and Commerce, Hengqin New District Zhuhai and exchanged the Securities Business Permit with the registered capital of RMB1 billion.

Please see the relevant announcements disclosed on the websites of CNINFO (http://www.cninfo.com.cn) and the Hong Kong Stock Exchange (http://www.hkexnews.hk) by the Company on April 28, 2015 and June 17, 2015 for details.

3. Matters related to the increase of capital of GF Futures

On September 25, 2014, the 5th Meeting of the Eighth Session of the Board of Directors reviewed and passed the Proposal for Increasing the Capital of GF Futures Co., Ltd. and agreed to increase RMB200 million to GF Futures. The increase of such RMB200 million can be completed at one time or by batches based on the actual situation. In July 2015, the Company, based on the above resolution, has completed the capital increase of RMB100 million to GF Futures. In December 2015, the Company has completed the other capital increase of RMB100 million to GF Futures, which has obtained the new business license renewed by the Guangdong Provincial Administration of Industry and Commerce with the registered capital of RMB1.3 billion.

Please see the relevant announcements disclosed on the websites of CNINFO (http://www.cninfo.com.cn) and the Hong Kong Stock Exchange (http://www.hkexnews.hk) by the Company on July 7, 2015 and January 22, 2016 for details.

4. Matters related to the increase of capital of GFHK

On April 20, 2015, the 14th Meeting of the Eighth Session of the Board of Directors reviewed and passed the Proposal for Increasing the Capital of GF Holdings (Hong Kong) Corporation Limited and agreed to increase its capital contribution to GFHK by HK$4.16 billion. The increase of such HK$4.16 billion can be completed at one time or by batches based on the actual situation. In September 2015, the Company, based on the above resolution, has completed the capital increase of HK$4.16 billion to GFHK. After the increase of capital, the contributed capital of GFHK was increased to HK$5.6 billion.

On September 2, 2015, the 23th Meeting of the Eighth Session of the Board of Directors reviewed and passed the Proposal for Increasing the Capital of GF Holdings (Hong Kong) Corporation Limited and agreed to increase its capital contribution to GFHK by HK$5.237 billion at one time. The Company is now dealing with the filing work relating to the capital increase.

Please see the relevant announcements disclosed on the websites of CNINFO (http://www.cninfo.com.cn) and the Hong Kong Stock Exchange (http://www.hkexnews.hk) by the Company on April 21, 2015, September 7, 2015 and September 8, 2015 for details.

5. Matters related to the increase of capital of GF Xinde

On September 25, 2014, the 5th Meeting of the Eighth Session of the Board of Directors reviewed and passed the Proposal for Increasing the Capital of GF Xinde Investment Management Co., Ltd. and agreed to increase its capital contribution to GF Xinde by RMB800 million. The RMB800 million capital increase would be made in tranches based on the situation.

In December 2014 and October 2015, the Company, based on the above resolution, has completed the capital increase of RMB800 million to GF Xinde by two batches. GF Xinde has obtained the new business license renewed by the Administration for Industry and Commerce of Xinjiang Uygur Autonomous Region with the registered capital of RMB2.8 billion.

Please see the relevant announcements disclosed on the websites of CNINFO (http://www.cninfo.com.cn) and the Hong Kong Stock Exchange (http://www.hkexnews.hk) by the Company on December 17, 2014 and October 23, 2015 for details.

XIX. SOCIAL RESPONSIBILITIES

During the Reporting Period, the Group, while seeking economic interests, sticks to serve clients, develops employees and gives the return to shareholders; positively returns to the society and public and fulfills the social responsibilities as an enterprise citizen. During the Reporting Period, charitable expenses amounted to RMB15.1496 million in total. The "GF Securities Social Charity Foundation in Guangdong Province" established by the Group has actively conducted activities, e.g. helping the poor and donating money for education and contributed more than RMB12.5979 million in total; continues to concern the environmental and ecological development, proposes the low-carbon environment, and continues to promote the green operation and green office principles. Meanwhile, the Group has also upgraded and optimized the video conference system, paperless meeting system, teleconference system, meeting-room reservation system, etc. and continues to develop the printing outsourcing so as to save energy consumption, optimize allocation of resources and actively contribute to the sustainable development of the Company.

Please see the 2015 Social Responsibility Report of GF Securities Co., Ltd. for details.

In 2016, the Company, in accordance with requirements of the CSRC, Shenzhen Stock Exchange and Hong Kong Stock Exchange, will continue to be based on the actual situation of the Company, persistently strengthen the environmental protection, energy conservation and emission reduction, etc., and positively provide comprehensive financial services for the environmental protection, energy conservation and emission reduction of China and enterprises. Moreover, based on the Guidance on Environment, Society and Governance Report newly revised in December 2015, the Company will continue to improve statistical means, carefully collect, summarize and extract data relating to environmental protection and energy consumption, and disclose it in the 2016 Social Responsibility Report.

XX. RELATED MATTERS RELATED TO BONDS OF THE COMPANY

1. Basic information of bonds of the Company

The Company, reviewed and passed by the 24th Meeting and the 26th Meeting of the Board of Directors and reviewed by the 3rd extraordinary general meeting in 2012 and the 1st extraordinary general meeting in 2013, was approved to publicly issue corporate bonds of not more than RMB12 billion (inclusive) with a term of no more than 10 years (inclusive). On May 17, 2013, with the review of the CRSC Issuance Examination Commission, the application for the public issuance of corporate bonds was approved. On May 31, 2013, the Company has obtained the Reply on Approval for GF Securities Co., Ltd. to Publicly Issue Corporate Bonds (Zheng Jian Xu Ke [2013] No. 725) and was approved to publicly issue corporate bonds with a face value of no more than RMB12 billion to the society. The Reply would be valid within 24 months from the date of approval of issuance.

On June 19, 2013, the Company completed the issuance of corporate bonds for the current period. There were three types of bonds during this period. The details of the bonds are as follows:

Name of Bond	Abbreviation of Bond	Code of Bond	Issue Date	Maturity Date	Balance of Bond RMB10,000	Coupon	Debt Service
Corporate bonds of GF Securities Co., Ltd. in 2013 (Type I)	13GF01	112181	June 19, 2013	June 17, 2018	150,000	4.50%	Interest shall be paid annually, while the principal shall be fully repaid upon maturity. Principal will be repaid upon maturity together with interest payable for the last period.
Corporate bonds of GF Securities Co., Ltd. in 2013 (Type II)	13GF02	112182	June 19, 2013	June 17, 2018	150,000	4.75%	
Corporate bonds of GF Securities Co., Ltd. in 2013 (Type III)	13GF03	112183	June 19, 2013	June 17, 2023	900,000	5.10%	

Trading places for the listing or transfer of corporate bonds	Shenzhen Stock Exchange
Appropriateness arrangement of investors	Target investors are social public investors who hold security accounts with the initial letters of A, B, D or F opened in the registered companies (excluding purchasers prohibited by laws and regulations) and institutional investors opening eligible securities accounts in the registered companies (excluding purchasers prohibited by laws and regulations). Investors shall not subscribe by illegally making use of accounts or funds of others, or illegally financing or financing for others. Investors subscribing or holding bonds of this term shall observe relevant laws and regulations and the relevant provisions of the CSRC and assume corresponding legal responsibilities on their own.
Interest payment of corporate bonds during the Reporting Period	On June 17, 2015, the Company paid the interest for the above corporate bonds from June 17, 2014 to June 16, 2015. Wherein, the interest for "13GF01", "13GF02" and "13GF03" are RMB4.50 (with tax)/piece, RMB 4.75 (with tax)/piece and RMB 5.10 (with tax)/piece respectively.
Performance of relevant articles during the Reporting Period, if special articles such as issuer or investor option articles and interchangeable articles for corporate bonds (if any)	"13GF01" includes special articles for redemption and redenomination interest rate. Redemption: after the issuer has issued the announcement for whether increase the nominal interest rate of 3+2-year type of bonds of the term or increase the range, investors have the right to choose to sell back their all or part 3+2-year type of bonds of the term to the issuer at par on the 3rd annual payment date within the duration for such 3+2-year type of bonds of the term. Redenomination interest rate: the issuer has the right to decide if to increase the nominal interest rate of 2 years after increasing bonds of the term as at the 3rd year during the duration for such 3+2-year type of bonds of the term. The issuer will publish on the information disclosure media designated by the CSRC for the announcement that if to increase the nominal interest rate of 3+2-year type of bonds of the term or increase the range on the 30th trading day prior to the 3rd annual payment date within the duration for such 3+2-year type of bonds of the term. If the issuer has not executed its right to increase the interest rate, the original nominal interest rate for that for the duration of 3+2-year type of bonds of the term will remain the same. During the Reporting Period, the above special articles were not applicable.

2. Information about bond trustee and credit rating agency

Bond trustee

Name	China Merchants Securities Co., Ltd.	**Business address**	38-45th floor, Building A, Jiangsu Mansion, Yitianlu, Futian District, Shenzhen	**Contact**	Zhang Huanhuan, Wang Dawei	**Tel of contact**	(86) 755-82943666

Credit rating agency for tracking rating of corporate bonds during the Reporting Period

Name	China Cheng Xin Securities Credit Rating Co., Ltd.	**Business address**	8th floor, Anji Mansion, No. 760,Xizangnanlu, Huangpu District, Shanghai

Reason of change, procedures to be conducted, influence on benefits of investors, etc. in case the bond trustee and credit rating agency hired by the Company during the Reporting Period have changed (if applicable)	During the Reporting Period, there were no changes for the bond trustee and credit rating agency.

3. Use of proceeds from bond offering

Use of proceeds from bond offering	The proceeds from corporate bond offering, with the offering expenses deducted, have all been used to replenish the Company's working capital, including the incremental investment in such businesses as sales and trading of fixed-income products, margin financing and securities lending, asset management and other innovative businesses.
Year-end balance (RMB10,000)	1,200,000
Operation of special account for the funds raised	When the aforesaid corporate bond was issued, the Company designated a special account for the collection of funds raised according to the requirements in the prospectus; as of the end of the Reporting Period, the proceeds have been fully used to replenish the Company's working capital according to the plan set forth in the prospectus.
Consistency of the use of proceeds with the commitments, the planned use and other agreements in the prospectus	The use of proceeds is consistent with the commitments, the planned use and other agreements in the prospectus.

4. Corporate bond rating

When the aforesaid corporate bonds were issued, the Company retained China Cheng Xin Securities Credit Rating Co., Ltd. ("CCXR") as the rating agency of these corporate bonds. Pursuant to the CCXR Credit Rating Notice (Xin Ping Wei Han Zi [2013] No. 001) and Credit Rating Reports on Corporate Bond of GF Securities Co., Ltd. in 2013 issued by CCXR, the aforesaid corporate bonds were rated AAA at the time of issuance. CCXR's AAA rating of the corporate bonds of GF Securities Co., Ltd. in 2013 indicates the extremely high credit quality and low credit risks of such bonds.

During the effective period of the credit rating of the aforementioned corporate bond and the duration of such bonds, CCXR continuously monitored factors such as changes in the Company's external business environment, operations, financial conditions and the debt service coverage, and continuously analysed the credit risks of such bonds. On March 11, 2015, CCXR updated and maintained AAA rating of the aforesaid corporate bonds, with stable outlook.

5. Corporate bond credit enhancement mechanism, debt repayment schedule and other debt repayment safeguard measures

The above corporate bonds bear no warranties.

The debt repayment plan of the above corporate bonds is as follows: interest shall be paid once every year within the duration of the bonds and the last batch of interest shall be paid together with the principal. The "13GF01" shall be paid on June 17 every year from 2014 to 2018, and if an investor exercises the put option, the interest of such bonds shall be paid on June 17 every year from 2014 to 2016, and the above-mentioned payment date shall be postponed to the next business day if it is a legal holiday or rest day, and no interest shall be accrued during such period; "13GF02" interest shall be paid on June 17 every year from 2014 to 2018, and the above-mentioned payment date shall be postponed to the next business day if it is a legal holiday or rest day, and no interest shall be accrued during such period; "13GF03" interest shall be paid on June 17 every year from 2014 to 2023, and the above-mentioned payment date shall be postponed to the next business day if it is a legal holiday or rest day, and no interest shall be accrued during such period. The bond interest of this period shall be paid through registration authorities and relevant institutions. The detailed matters about interest payment shall be explained through the interest payment announcement by the issuer through the media designated by the CSRC according to the relevant national provisions. According to the national tax law and regulations, the investor shall assume the relevant tax payable for the bonds invested in this period.

The Company's debt repayment safeguard measures include: establishing the Bondholder Meeting Rules; retaining a bond manager; establishing special repayment work team; improving profitability and optimizing structure of assets and liabilities; the Company has strong comprehensive strength and good credit; disclosing information strictly. Furthermore, if it is predicted that the interest and principal of the bonds cannot be repaid on time when due or if the interest and principal of the bonds cannot be repaid at the end of the period, the Company shall at least adopt the following measures: 1. No profits shall be distributed to the shareholders; 2. Significant external investment, mergers and acquisitions, and other capital expenditure projects shall be postponed; 3. Salary and bonus of Directors and senior management shall be reduced or suspended; 4. The main responsible person shall not be transferred.

During the Reporting Period, the above corporate bond's credit increase mechanism, debt repayment schedule and the other debt repayment supporting measures were not changed.

6. Convening of meetings of bondholders during the Reporting Period

During the Reporting Period, no bondholder meeting was held by the Company.

7. Performance of bond trustee

During the Reporting Period, China Merchants Securities Co., Ltd., as the trustee of "GF Securities 2013 Corporate bond", strictly performed the relevant obligations as a trustee in 2015 according to relevant laws, rules and regulations such as the Management Measures on Corporate Bond Issuance and Trading, and the Code of Conduct for Corporate Bond Trustee; while performing the relevant responsibilities of a trustee, China Merchants Securities Co., Ltd., had no conflict of interests with the Company.

The Report on the Trusteeship of GF Securities 2013 Corporate Bond Publically Issued (2015), to be issued by China Merchants Securities Co., Ltd., is expected to be disclosed publicly on the Shenzhen Stock Exchange by June 2016. Investors are advised to pay attention to this.

8. Restricted asset rights as of the end of the Reporting Period

	Closing balance RMB	Opening balance RMB
Financial assets at fair value through profit or loss pledged for pledge-style repo business	**4,900,678,412.34**	6,005,384,736.16
Including: Financial assets at fair value through profit or loss pledged for bond pledged quoted-repo business	**979,325,899.05**	1,034,076,207.47
Available-for-sale financial assets pledged for pledge-style repo business	**14,282,290,437.67**	8,882,784,817.30
Including: Available-for-sale financial assets pledged for bond pledged quoted-repo business	**511,576,905.98**	413,037,551.43
Financial assets held under resale agreements pledged for pledge-style repo business	**109,396,000.00**	—
Financial assets at fair value through profit or loss transferred for buyout repo business	**4,557,942,030.00**	3,156,354,750.00
Available-for-sale financial assets transferred for buyout repo business	**23,622,914,280.00**	2,752,253,030.00
Financial assets held under resale agreements transferred for buyout repo business	**204,228,800.00**	99,365,100.00
Financial assets at fair value through profit or loss transferred for margin financing and securities lending business	**503,777,755.07**	—
Available-for-sale financial assets transferred for margin financing and securities lending business	**20,051,669.47**	580,585,899.56
Available-for-sale financial assets pledged for refinancing business	**—**	181,585,930.81
Financial assets at fair value through profit or loss pledged for bond lending business	**1,881,914,530.00**	1,559,062,580.00
Available-for-sale financial assets pledged for bond lending business	**10,447,239,210.00**	3,839,344,185.00
Financial assets held under resale agreements pledged for bond lending business	**2,684,885,920.00**	
Available-for-sale financial assets pledged for interest rate swap business	**21,247,420.00**	20,304,740.00
Bank deposits pledged for pledge loans	**—**	399,148,082.31
Rights and interests in margin loans pledged for OTC repurchase business	**21,956,565,075.00**	30,984,196,494.00
Total	**85,193,131,539.55**	58,460,370,345.14

9. REDEMPTION OF OTHER BONDS AND DEBT FINANCING INSTRUMENTS DURING THE REPORTING PERIOD

(1) Interest payment for short-term financing bills

During the Reporting Period, the Company paid interest for a total of ten short-term financing bills, in accordance with the Notice of the People's Bank of China on the Issuance of Short-term Financing Bills by GF Securities (Yin Fa [2013] No. 266) and the Notice of the People's Bank of China on the Issuance of Short-term Financing Bills by GF Securities Co., Ltd. (Yin Fa [2014] No. 339):

Bond name	Offering size (RMB10,000)	Value date	Bond maturity (days)	Coupon	Interest payment
14 GF CP013	340,000	October 17, 2014	90	4.20%	Principal and interested paid upon maturity on January 15, 2015
14 GF CP0164	300,000	October 29, 2014	90	4.10%	Principal and interested paid upon maturity on January 27, 2015
14 GF CP015	250,000	December 23, 2014	90	6.20%	Principal and interest paid upon maturity on February 27, 2015
14 GF CP016	300,000	December 30, 2014	90	5.26%	Principal and interest paid upon maturity on March 30, 2015
15 GF CP001	300,000	January 23, 2014	90	4.83%	Principal and interest paid upon maturity on April 23, 2015
15 GF CP002	300,000	February 4, 2014	90	5.19%	Principal and interest paid upon maturity on May 5, 2015
15 GF CP003	300,000	March 18, 2015	90	4.95%	Principal and interest paid upon maturity on June 16, 2015
15 GF CP004	300,000	April 7, 2015	90	4.88%	Principal and interest paid upon maturity on July 6, 2015
15 GF CP005	300,000	April 30, 2015	90	3.98%	Principal and interest paid upon maturity on July 29, 2015
15 GF CP006	300,000	May 13, 2015	90	3.20%	Principal and interest paid upon maturity on August 11, 2015

As of the end of the Reporting Period, the Company had no short-term financing bills.

(2) Interest payment for short-term corporate bonds of securities firm

During the Reporting Period, the Company paid interests for seven short-term corporate bonds in accordance with the Notice of the Shenzhen Stock Exchange on Accepting the Registration of GF Securities Co., Ltd. for Issuing Short-term Corporate Bond of Securities Firm (Shen Zheng Shang [2014] No. 410):

Bond name	Offering size (RMB10,000)	Value date	Bond maturity (days)	Coupon	Interest payment
GF 1401	400,000	November 17, 2014	195	4.16%	Principal and interest paid upon maturity on May 31, 2015
GF 1402	500,000	November 24, 2014	304	4.50%	Principal and interest paid upon maturity on September 24, 2015
GF 1403	300,000	November 28, 2014	140	4.55%	Principal and interest paid upon maturity on April 17, 2015
GF 1404	350,000	November 28, 2014	200	4.60%	Principal and interest paid upon maturity on June 16, 2015
GF 1502	400,000	April 28, 2015	206	4.95%	Principal and interest paid upon maturity on November 20, 2015
GF 1504	400,000	May 27, 2015	175	4.24%	Principal and interest paid upon maturity on November 18, 2015
GF 1506	250,000	June 8, 2015	88	4.15%	Principal and interest paid upon maturity on September 4, 2015

As of the end of the Reporting Period, three of the Company's short-term corporate bonds, in a total amount of RMB15 billion were outstanding. Key information on these bonds is as below:

Bond name	Offering size (RMB10,000)	Value date	Bond maturity (days)	Coupon
GF 1501	300,000	March 9, 2015	365	5.30%
GF 1503	600,000	May 19, 2015	366	4.30%
GF 1505	600,000	May 27, 2015	240	4.34%

(3) Interest payment for subordinated bonds

On February 10, 2014, the Company's first extraordinary general meeting of 2014 considered and passed the Proposal on the Issuance of Subordinated Bonds, approving the Company's issuance of up to RMB20 billion (inclusive) of subordinated bonds by batches.

On December 29, 2014, the Company's third extraordinary general meeting of 2014 considered and passed the Proposal on the Issuance of Subordinated Bonds, approving the Company's issuance of up to RMB60 billion (including those already issued according to the resolutions of the first extraordinary general meeting of 2014) of subordinated bonds by batches.

On July 21, 2015, the 2015 First Extraordinary General Meeting of the Company considered and approved the "Resolution on the Authorization Granted to the Company for the Issuance of Corporate Onshore and Offshore Debt Financing Instruments", pursuant to which it was agreed that the Board should re-authorize the authorized committee to jointly or individually execute the relevant documents subject to the importance of the authorized matters. The extraordinary general meeting agreed to, inter alia: issue debt financing instruments on an one-off or multiple issuances or multi-tranche issuances bases, including corporate bonds (including domestic corporate bonds; offshore debt financing instruments such as US dollar, Euro, and other foreign currency denominated corporate bonds and offshore RMB-denominated corporate bonds, medium term note programme, foreign currency notes and commercial papers), subordinated bonds (including perpetual subordinated bonds), and asset securitization products (collectively, the "Corporate Onshore and Offshore Debt Financing Instruments"); implement the subsequent issuance and authorization of the above-mentioned Corporate Onshore and Offshore Debt Financing Instruments in accordance with this Resolution. During the Reporting Period, the Company paid interest for a total of four subordinated bonds:

Bond name	Offering size (RMB10,000)	Value date	Bond maturity (years)	Coupon	Interest payment
14GF01	300,000	July 24, 2014	2+2	5.70%	On July 24, 2015, the Company paid interest accrued from July 24, 2014 to July 23, 2015
14GF02	300,000	July 24, 2014	3+2	5.90%	On July 24, 2015, the Company paid interest accrued from July 24, 2014 to July 23, 2015
14GF03	500,000	December 18, 2014	1+3	6.00%	On December 18, 2015, the Company exercised its rights of redemption, with both principal and interests paid
14GF04	120,000	December 19, 2014	1+2	6.00%	On December 19, 2015, the Company exercised its rights of redemption, with both principal and interests paid

As of the end of the Reporting Period, nine of the Company's subordinated bonds, in a total balance of RMB49.5 billion were outstanding. Key information on these bonds is as below:

Bond name	Offering size (RMB10,000)	Value date	Bond maturity (years)	Coupon
14GF01	300,000	July 24, 2014	2+2	5.70%
14GF02	300,000	July 24, 2014	3+2	5.90%
15GF01	300,000	January 30, 2015	1+2	5.55%
15GF02	350,000	March 30, 2015	1+2	5.40%
15GF03	900,000	April 29, 2015	1+2	5.40%
15GF04	600,000	May 29, 2015	1+2	5.00%
15GF05	900,000	May 29, 2015	2	5.35%
15GF06	500,000	June 8, 2015	1+2	5.00%
15GF07	800,000	June 15, 2015	2	5.40%

10. Bank credit, use of bank facilities and repayment of bank loans during the Reporting Period

The Company standardizes its operation with good reputation, strong profitability and solvency, good credit record, and keeps good cooperation relationship with all commercial banks. During the Reporting Period, it obtained the credit line from many commercial banks, including national banks, joint-stock commercial banks, city commercial banks, rural commercial banks and foreign banks. The bank credit obtained by the Company during the Reporting Period could meet the Company's demands for funds for daily operation and business development.

The Company did not borrow from banks during the Reporting Period, and there was no outstanding bank loan at the end of the Reporting Period. The Company is a member of the interbank market. It paid back the credit inter-bank interest and principal on a timely basis during the Reporting Period, and the outstanding fund borrowed was RMB1,750,000,000 as at the end of Reporting Period.

11. Performance of relevant agreement or commitment of the corporate bond during the Reporting Period

During the Reporting Period, the Company strictly performed the agreements and commitments as set out in the above corporate bond prospectus, and there was no negative effect on bond investors due to the ineffective performance of the relevant agreement or promises as set out in the corporate bond prospectus.

12. Major issues occurred during the Reporting Period

During the Reporting Period, there was not any major issue as listed in Article 45 of the Management Measures on Corporate Bond Issuance and Trading.

13. Guarantor for the corporate bond

None

XXI. 2015 INDEX OF INFORMATION DISCLOSURE

During the Reporting Period, the following information of A Shares (not containing the "Announcement on H Shares") has been published on the China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily and disclosed on the website of CNINFO (巨潮資訊網) (http://www.cninfo.com.cn) by the Company:

No.	Matters of announcements	Date of Publication
1	Announcement on Participating in the Establishment of ECT	January 10, 2015
2	Announcement on the Key Financial Information for December 2014	January 12, 2015
3	Preliminary Financial Data for the Year of 2014	January 12, 2015
4	Announcement on the Application for the Listing of Listed Foreign Shares (H Shares) on the Hong Kong Stock Exchange and Publication of the Application Proof and Information Pack	January 13, 2015
5	Announcement on Increasing the Registered Capital of GF Asset Management to RMB500 Million	January 14, 2015
6	Announcement on Obtaining the Letter in relation to Consent of Engaging in Business Pilot of Financing-Oriented Option Exercise and Restricted Securities Lending with Respect to Share Incentive Schemes of Listed Companies from the Shenzhen Stock Exchange	January 15, 2015
7	Announcement on the Issuance of the 2015 First Tranche of Short-term Financing Bills	January 19, 2015
8	Announcement on Admission of the Company as a Stock Options Trading Participant on the Shanghai Stock Exchange	January 20, 2015
9	Announcement on Obtaining the Business Qualification for Options Settlement through China Securities Depository and Clearing Co., Ltd. by the Company	January 20, 2015
10	Announcement on Redemption of the Fourteenth Tranche of 2014 Short-term Financing Bills	January 20, 2015
11	Announcement in Relation to the Unusual Trading Movements of the Shares	January 21, 2015
12	Announcement on the Results of the Issuance of the 2015 First Tranche of Short-term Financing Bills by the Company	January 23, 2015
13	Announcement on the Issuance of the 2015 Second Tranche of Short-term Financing Bills	January 29, 2015
14	Announcement on the Results of the Issuance of Subordinated Bonds by way of Private Placement	February 3, 2015

No.	Matters of announcements	Date of Publication
15	Announcement on Obtaining the Qualification for Conducting Stock Option Market-making Business	February 4, 2015
16	Announcement on the Transfer of the 2014 Subordinated Bonds (Tranche 2) Issued by way of Private Placement on the Shenzhen Stock Exchange's Comprehensive Transaction Platform	February 4, 2015
17	Announcement on the Transfer of the 2014 Subordinated Bonds (Tranche 3) Issued by way of Private Placement on the Shenzhen Stock Exchange's Comprehensive Transaction Platform	February 4, 2015
18	Announcement on the Results of the Issuance of the 2015 Second Tranche of Short-term Financing Bills by the Company	February 4, 2015
19	Announcement on Obtaining the Approval of the Shanghai Stock Exchange on the Engagement in the SSE 50ETF Option Market-making Business	February 5, 2015
20	Announcement on the Key Financial Information for January 2015	February 6, 2015
21	Announcement on Obtaining the Business License and the Permit for Operations of Securities Business with Business Scope Covering Stock Option Market-making	February 7, 2015
22	Announcement on the Approval for Commencement of Agency Services for Gold and Other Precious Metal Spot Contracts and Proprietary Trading Business for Spot Gold Contracts	February 12, 2015
23	Announcement on the Redemption of the 2014 Fifteenth Tranche of Short-term Financing Bills	February 13, 2015
24	Announcement on the Resolutions of the Fifth Meeting of the Eighth Session of the Supervisory Committee	February 14, 2015
25	Announcement on the Resolutions of the Eleventh Meeting of the Eighth Session of the Board of Directors	February 14, 2015
26	Highlights of the 2014 Annual Report	February 14, 2015
27	Special Reports on the Deposition and usage of the Funds Raised in 2014	February 14, 2015
28	Announcement on the Estimated Daily Related Transactions for 2015	February 14, 2015
29	Notice of the 2014 Annual General Meeting	February 14, 2015
30	Suggestive Announcement Regarding the 2014 Annual General Meeting	March 5, 2015
31	Announcement on the Key Financial Information for February 2015	March 6, 2015

No.	Matters of announcements	Date of Publication
32	Announcement on the Approval of the China Securities Regulatory Commission for Offering Listed Foreign Shares	March 6, 2015
33	Announcement on the Resolutions of the 2014 Annual General Meeting	March 10, 2015
34	Announcement on the Results of the Issuance of the 2015 First Tranche of Short-term Corporate Bonds of Securities Companies	March 11, 2015
35	Announcement on the Issuance of the 2015 Third Tranche of Short-term Financing Bills	March 12, 2015
36	Announcement on Increasing the Registered Capital of GF Qianhe to RMB2 Billion	March 13, 2015
37	Announcement on the Hearing of the Company's Overseas Offering of Listed Foreign Shares by the Hong Kong Stock Exchange	March 14, 2015
38	Announcement on the Publication of the Post Hearing Information Pack for H Shares Offering	March 16, 2015
39	Announcement on the Results of the Issuance of the 2015 Third Tranche of Short-term Financing Bills by the Company	March 18, 2015
40	Announcement on the Resolutions of the Twelfth Meeting of the Eighth Session of the Board of Directors	March 20, 2015
41	Announcement on Approval for the Establishment of Two New Securities Brokerage Branches	March 20, 2015
42	Announcement on the Resignation of Supervisor, Ms. Chak Mei Hing	March 21, 2015
43	Announcement on the Redemption of the 2014 Sixteenth Tranche of Short-term Financing Bills	March 23, 2015
44	Announcement on the Publication of the Revised Post Hearing Information Pack for H Shares Offering	March 23, 2015
45	Announcement on Matters in Relation to the Publication of the Prospectus, Offer Price Range and Hong Kong Public Offering of H Shares	March 25, 2015
46	Announcement on the Issuance of the 2015 fourth Tranche of Short-term Financing Bills	March 31, 2015
47	Announcement on the Results of the Issuance of Subordinated Bonds by way of Private Placement	March 31, 2015
48	Announcement on the Public Offer Price of Listed Foreign Shares (H Shares)	April 2, 2015

No.	Matters of announcements	Date of Publication
49	Announcement on the Results of the Issuance of the 2015 Fourth Tranche of Short-term Financing Bills by the Company	April 7, 2015
50	Resolutions of the Thirteenth Meeting of the Eighth Session of the Board of Directors	April 8, 2015
51	Announcement on the Key Financial Information for March 2015	April 9, 2015
52	Announcement on Estimated Results for the First Quarter of 2015	April 9, 2015
53	Announcement on the Allotment Results of Listed Foreign Shares (H Shares)	April 9, 2015
54	Announcement on the Listing and Trading of Listed Foreign Shares (H Shares)	April 10, 2015
55	Announcement on the Appointment of Executive Director, Ms. Sun Xiaoyan and Independent Non-executive Director, Mr. Chan Kalok	April 10, 2015
56	Announcement on the Full Exercise of the Over-allotment Option of H Shares	April 14, 2015
57	Announcement on Obtaining the Membership of Shanghai Gold Exchange	April 16, 2015
58	Announcement on the Change in Net Assets of the Company	April 16, 2015
59	Announcement on the Redemption of the 2015 First Tranche of Short-term Financing Bills	April 16, 2015
60	Announcement on the Repayment of Funds Raised	April 17, 2015
61	Announcement on the Listing and Trading of Shares and Shares Movements after the Full Exercise of the Over-allotment Option of H Shares	April 21, 2015
62	Announcement on the Resolutions of the Fourteenth Meeting of the Eighth Session of the Board of Directors	April 21, 2015
63	Announcement on the Capital Increase in GF Holdings (Hong Kong) Corporation Limited	April 21, 2015
64	Announcement on the Issuance of the 2015 Fifth Tranche of Short-term Financing Bills	April 24, 2015
65	Suggestive Announcement in Relation to the Proposed Implementation of Market Capitalization Management by the Largest Shareholder, Liaoning Cheng Da Co., Ltd. on Some of its Equity Interests in the Company	April 25, 2015
66	Announcement on the Redemption of the 2015 Second Tranche of Short-term Financing Bills	April 27, 2015

No.	Matters of announcements	Date of Publication
67	Announcement on the Resolutions of the Fifteenth Meeting of the Eighth Session of the Board of Directors	April 28, 2015
68	Resolutions of the Sixth Meeting of the Eighth Session of the Supervisory Committee	April 28, 2015
69	2015 First Quarterly Report	April 28, 2015
70	Announcement on Supplementing Liquidity by Using Part of the Idle Funds Raised	April 28, 2015
71	Announcement on the Capital Increase in GF Securities Asset Management (Guangdong) Co., Ltd.	April 28, 2015
72	Announcement on the Capital Increase in GF Qianhe Investment Co., Ltd.	April 28, 2015
73	Announcement on the Results of the Issuance of the 2015 Second Tranche of Securities-firm Short-term Corporate Bonds	April 29, 2015
74	Announcement on the Distribution of Profits of 2014	April 30, 2015
75	Announcement on the Stabilizing Actions and End of Stabilizing Period for H Shares	April 30, 2015
76	Announcement on the Results of the Issuance of the 2015 Fifth Tranche of Short-term Financing Bills by the Company	April 30, 2015
77	Announcement on the Results of the Issuance of Subordinated Bonds by way of Private Placement	April 30, 2015
78	Announcement on the Resignation of Deputy General Manager, Mr. Zeng Hao (曾浩)	May 4, 2015
79	Announcement on the Issuance of the 2015 Sixth Tranche of Short-term Financing Bills	May 7, 2015
80	Announcement on the Key Financial Information for April 2015	May 8, 2015
81	Announcement on Related Transactions and External Investments	May 13, 2015
82	Announcement on the Results of the Issuance of the 2015 Sixth Tranche of Short-term Financing Bills by the Company	May 13, 2015
83	Announcement on Approval for the Establishment of Four New Securities Brokerage Branches	May 15, 2015
84	Announcement on the Results of the Issuance of the 2015 Third Tranche of Securities-firm Short-term Corporate Bonds	May 20, 2015

No.	Matters of announcements	Date of Publication
85	Announcement on Increasing the Registered Capital of GF Qianhe to RMB2.9 Billion	May 26, 2015
86	Announcement on the Renewal of Business License and the Permit for Operations of Securities Business	May 27, 2015
87	Announcement on the Results of the Issuance of the 2015 Fourth and Fifth Tranche of Short-term Corporate Bonds of Securities Companies	May 28, 2015
88	Announcement on Participating in the Establishment of China Securities Credit Investment Co., Ltd. (中證信用增進股份有限公司)	May 29, 2015
89	Announcement on the Resolutions of the Sixteenth Meeting of the Eighth Session of the Board of Directors	May 30, 2015
90	Announcement on the Provision of Counter-guarantee for the Loan of GF Financial Markets (UK) Limited	May 30, 2015
91	Announcement on the Results of the Issuance of Subordinated Bonds by way of Private Placement	June 3, 2015
92	Announcement on Holding Shares in China Securities Inter-agency Quotation Systems Co., Ltd. (中證機構間報價系統股份有限公司)	June 3, 2015
93	Announcement on the Repayment of Funds Raised	June 5, 2015
94	Announcement on the Key Financial Information for May 2015	June 5, 2015
95	Resolutions of the Seventh Meeting of the Eighth Session of the Supervisory Committee	June 6, 2015
96	Announcement on the Resolutions of the Seventeenth Meeting of the Eighth Session of the Board of Directors	June 6, 2015
97	Notice of the 2015 First Extraordinary General Meeting	June 6, 2015
98	No Objection Letter from China Securities Depository and Clearing Corporation Limited on the Innovative Plan for Opening Account through Video Unidirectionally by the Company	June 6, 2015
99	Announcement on the Results of the Issuance of Subordinated Bonds by way of Private Placement	June 9, 2015
100	Announcement on the Results of the Issuance of the 2015 Sixth Tranche of Short-term Corporate Bonds of Securities Companies	June 9, 2015

No.	Matters of announcements	Date of Publication
101	Announcement on the Redemption of the 2015 Third Tranche of Short-term Financing Bills	June 9, 2015
102	Announcement on the Resolutions of the Eighteenth Meeting of the Eighth Session of the Board of Directors	June 11, 2015
103	Announcement on the Interest Payment in 2015 for 2013 Corporate Bonds	June 12, 2015
104	Announcement on the Results of the Issuance of Subordinated Bonds by way of Private Placement	June 17, 2015
105	Announcement on Increasing the Registered Capital of GF Asset Management to RMB1 Billion	June 17, 2015
106	Announcement on the Resolutions of the Nineteenth Meeting of the Eighth Session of the Board of Directors	June 18, 2015
107	Announcement on Related/Connected Transactions and External Investments	June 18, 2015
108	Announcement on the Redemption of the 2015 Fourth Tranche of Short-term Financing Bills	June 29, 2015
109	Suggestive Announcement in Relation to the Proposed implementation of Market Capitalization management by the Second Largest Shareholder, Jilin Aodong Pharmaceutical Group Co., Ltd.	July 3, 2015
110	Announcement on Increasing the Registered Capital of GF Futures to RMB1.2 Billion	July 7, 2015
111	Announcement	July 8, 2015
112	Announcement on the Key Financial Information for June 2015	July 8, 2015
113	Estimated Results for the First Half of 2015	July 8, 2015
114	Announcement	July 9, 2015
115	Announcement on the Indirect Purchase of H Shares of the Company by the Employees	July 10, 2015
116	Preliminary Financial Data for the Half Year of 2015	July 16, 2015
117	Announcement on the Convening of the 2015 First Extraordinary General Meeting	July 16, 2015
118	Announcement on the Resolutions of the 2015 First Extraordinary General Meeting	July 22, 2015

No.	Matters of announcements	Date of Publication
119	Announcement on the Redemption of the 2015 Fifth Tranche of Short-term Financing Bills	July 22, 2015
120	Announcement in Relation to Approval of Mr. Xu Xinzhong's Qualification as a Supervisor	July 30, 2015
121	Announcement on the Resolutions of the Twentieth Meeting of the Eighth Session of the Board of Directors	August 4, 2015
122	Announcement on the Redemption of the 2015 Sixth Tranche of Short-term Financing Bills	August 4, 2015
123	Announcement on the Key Financial Information for July 2015	August 7, 2015
124	Suggestive Announcement in Relation to the Implementation of Market Capitalization Management by Zhongshan Public Utilities Group Co., Ltd. Holding More Than 5% on the Shares of the Company	August 12, 2015
125	Resolutions of the Eighth Meeting of the Eighth Session of the Supervisory Committee	August 15, 2015
126	Announcement on the Resolutions of the Twenty-first Meeting of the Eighth Session of the Board of Directors	August 15, 2015
127	Announcement on the Change of Securities Representative	August 15, 2015
128	Notice of the 2015 Second Extraordinary General Meeting	August 15, 2015
129	Announcement on the Resolutions of the Twenty-second Meeting of the Eighth Session of the Board of Directors	August 22, 2015
130	Resolutions of the Ninth Meeting of the Eighth Session of the Supervisory Committee	August 22, 2015
131	Summary of the 2015 Interim Results	August 22, 2015
132	Special Reports on the Deposition and Usage of the Funds Raised in the First Half of 2015	August 22, 2015
133	Announcement on the Resignation of Supervisor, Mr. Zhao Jin	August 25, 2015
134	Cancellation of the 2015 Second Extraordinary General Meeting	August 25, 2015
135	Announcement in Relation to Receiving the Formal Notice of Investigation from the China Securities Regulatory Commission	August 26, 2015
136	Announcement	September 2, 2015

No.	Matters of announcements	Date of Publication
137	Announcement on the Resolutions of the Twenty-third Meeting of the Eighth Session of the Board of Directors	September 7, 2015
138	Announcement on the Capital Increase of GF Holdings (Hong Kong) Co., Ltd.	September 7, 2015
139	Announcement on the Key Financial Information for August 2015	September 8, 2015
140	Announcement on Increasing the Paid-up Capital of GF Holdings (Hong Kong) Co., Ltd. to HK$5.6 billion	September 8, 2015
141	Announcement in Relation to the Receipt of the Advance Notice of Administrative Penalties from the China Securities Regulatory Commission	September 12, 2015
142	Announcement on the Resolutions of the Twenty-fourth Meeting of the Eighth Session of the Board of Directors	September 29, 2015
143	Announcement on the Commitment to Provide Net Capital Guarantees to its Wholly-owned Subsidiary, GF Securities Asset Management (Guangdong) Co., Ltd.	September 29, 2015
144	Announcement on the Approval of Pilot Issuance of Perpetual Subordinated Bonds	October 15, 2015
145	Announcement on the Key Financial Information for September 2015	October 15, 2015
146	Estimated Results for the First Three Quarters of 2015	October 15, 2015
147	Announcement on the Resolutions of the Twenty-fifth Meeting of the Eighth Session of the Board of Directors	October 20, 2015
148	Announcement on Increasing the Registered Capital of GF Xinde Investment Management Co., Ltd. to RMB2.8 Billion	October 23, 2015
149	Resolutions of the Tenth Meeting of the Eighth Session of the Supervisory Committee	October 31, 2015

No.	Matters of announcements	Date of Publication
150	Announcement on the Resolutions of the Twenty-sixth Meeting of the Eighth Session of the Board of Directors	October 31, 2015
151	2015 Third Quarterly Report	October 31, 2015
152	Suggestive Announcement on the Exercise of Option to Redeem "14 GF 03" Subordinated Bond	November 6, 2015
153	Announcement on the Key Financial Information for October 2015	November 6, 2015
154	Announcement on the Resolutions of the Twenty-seventh Meeting of the Eighth Session of the Board of Directors	December 1, 2015
155	No Objection Letter from the Shenzhen Stock Exchange on the Issuance of Short-term Corporate Bond of Securities Companies	December 5, 2015
156	Announcement on the Key Financial Information for November 2015	December 5, 2015
157	Announcement in Relation to the Approval of Scott Xingong Chang's Qualification as the Chief Risk Officer	December 11, 2015
158	Announcement on the Results of Redemption and Delisting of "14 GF 03" Subordinated Bond	December 18, 2015
159	Announcement on the Results of Redemption and Delisting of "14 GF 04" Subordinated Bond	December 21, 2015
160	Announcement on the Repayment of Funds Raised	December 31, 2015

During the Reporting Period, the Company disclosed the following information on the website of the Hong Kong Stock Exchange (http://www.hkexnews.hk) (excluding Announcements on Overseas Regulations):

No.	Matters of Announcements	Date of Publication
1	List of Directors and their Roles and Functions	April 10, 2015
2	Appointment of Executive Directors and Independent Non-executive Directors	April 10, 2015
3	Date of Board Meeting	April 13, 2015
4	Full Exercise of the Over-Allotment Option	April 20, 2015
5	Next Day Disclosure Return	April 20, 2015
6	Articles of Association	April 20, 2015
7	Announcement in Relation to the Proposed Implementation of Market Capitalization Management by the Largest Shareholder, Liaoning Cheng Da Co., Ltd. on Some of its Equity Interests in the Company	April 25, 2015
8	2015 First Quarterly Report	April 28, 2015
9	Stabilizing Actions and End of Stabilizing Period	April 30, 2015
10	Monthly Return of the Equity Issuer on Movements in Securities for the month ended April 30, 2015	May 4, 2015
11	Announcement on the Key Financial Information for April 2015	May 8, 2015
12	Change of Composition of the Audit Committee	May 30, 2015
13	List of Directors and their Roles and Functions	May 30, 2015
14	Monthly Return of the Equity Issuer on Movements in Securities for the month ended May 31, 2015	June 4, 2015
15	Announcement on the Key Financial Information for May 2015	June 5, 2015
16	Authorization Granted to the Company for the Issuance of Corporate Onshore and Offshore Debt Financing Instrument	June 6, 2015
17	Proposed Election of Supervisor	June 6, 2015
18	Notice of the 2015 First Extraordinary General Meeting	June 6, 2015
19	Connected Transactions - Cooperation Agreement between Jilin Aodong Pharmaceutical Group Co., Ltd. and GF Xinde Investment Management Co., Ltd.	June 18, 2015

No.	Matters of Announcements	Date of Publication
20	Announcement in Relation to the Proposed Implementation of Market Capitalization Management by the Second Largest Shareholder, Jilin Aodong Pharmaceutical Group Co., Ltd.	July 2, 2015
21	Announcement on the Key Financial Information for June 2015	July 7, 2015
22	Estimated Results for the First Half of 2015	July 7, 2015
23	Voluntary Announcement	July 7, 2015
24	Monthly Return of the Equity Issuer on Movements in Securities for the month ended 30 June 2015	July 7, 2015
25	Voluntary Announcement	July 8, 2015
26	Announcement on the Indirect Purchase of H Shares of the Company by the Employees	July 9, 2015
27	Preliminary Financial Data for the Half Year of 2015	July 15, 2015
28	Date of Board Meeting	July 21, 2015
29	Announcement - Poll Results of the 2015 First Extraordinary General Meeting - Appointment of a Shareholder Representative Supervisor of the Eighth Session of the Supervisory Committee	July 22, 2015
30	Announcement in Relation to the Approval of Mr. Xu Xinzhong's Qualification as a Supervisor	July 30, 2015
31	Announcement on the Key Financial Information for July 2015	August 6, 2015
32	Monthly Return of the Equity Issuer on Movements in Securities for the month ended July 31, 2015	August 6, 2015
33	Announcement in Relation to the Implementation of Market Capitalization Management by the Company's Shareholder, Zhongshan Public Utilities Group Co., Ltd.	August 11, 2015
34	Notice of the 2015 Second Extraordinary General Meeting	August 14, 2015
35	Proxy Form for the 2015 Second Extraordinary General Meeting of GF Securities Co., Ltd. to be held on Tuesday, September 29, 2015 and at any adjourned meeting(s) thereof	August 14, 2015
36	Circulars – Reply Slip	August 14, 2015

No.	Matters of Announcements	Date of Publication
37	Notification of Publication of Notice of the 2015 Second Extraordinary General Meeting, the related Proxy Form and Reply Slip ("Current Corporate Communication")	August 14, 2015
38	Notification of Publication of Notice of the 2015 Second Extraordinary General Meeting ("Current Corporate Communication")	August 14, 2015
39	Interim Results Announcement for the Six Months Ended June 30, 2015	August 21, 2015
40	Resignation of the Shareholder Representative Supervisor and Cancellation of the 2015 Second Extraordinary General Meeting	August 24, 2015
41	Announcement in Relation to Receiving the Formal Notice of Investigation from the China Securities Regulatory Commission	August 25, 2015
42	Voluntary Announcement	September 1, 2015
43	Monthly Return of the Equity Issuer on Movements in Securities for the month ended August 31, 2015	September 7, 2015
44	Announcement on the Key Financial Information for August 2015	September 7, 2015
45	Announcement in Relation to the Receipt of the Advance Notice of Administrative Penalties from the China Securities Regulatory Commission	September 11, 2015
46	Interim Report 2015	September 22, 2015
47	Notification Letter and Request Form to Registered Holders	September 22, 2015
48	Notification Letter and Request Form to Non-registered Holders	September 22, 2015
49	Monthly Return of the Equity Issuer on Movements in Securities for the month ended September 30, 2015	October 7, 2015
50	Announcement on the Key Financial Information for September 2015	October 14, 2015
51	Estimated results for the third quarter of 2015	October 14, 2015
52	Date of Board Meetings	October 14, 2015
53	2015 Third Quarterly Report	October 30, 2015
54	Announcement on the Key Financial Information for October 2015	November 5, 2015
55	Monthly Return of the Equity Issuer on Movements in Securities for the month ended October 31, 2015	November 5, 2015
56	Announcement on the Key Financial Information for November 2015	December 4, 2015
57	Monthly Return of the Equity Issuer on Movements in Securities for the month ended November 30, 2015	December 4, 2015

股份變動及股東情況

CHANGES IN SHAREHOLDINGS AND PARTICULARS ABOUT SHAREHOLDERS

Section 7 Changes in Shareholdings and Particulars About Shareholders

I. CHANGES IN SHAREHOLDINGS

1. CHANGES IN SHAREHOLDINGS

Unit: Shares

	Before the change		Increase/decrease (+/-)					After the change	
	Number of shares	Percentage (%)	New issue (H Shares)	Bonus issue	Conversion from reserves	Others	Sub-total	Number of shares	Percentage (%)
I. Shares with selling restrictions									
1. State-owned shares									
2. Shares held by state-owned legal entities									
3. Shares held by domestic investors									
Of which: Shares held by domestic legal entities									
Shares held by domestic natural individuals									
4. Shares held by foreign investors									
Of which: Shares held by foreign legal entities									
Shares held by foreign individuals									
II. Shares without selling restrictions									
1. Domestic shares	5,919,291,464	100.00						5,919,291,464	77.67
2. Domestic listed foreign shares									
3. Listed foreign shares			1,701,796,200				1,701,796,200	1,701,796,200	22.33
4. Others									
III. Total number of shares	5,919,291,464	100.00	1,701,796,200				1,701,796,200	7,621,087,664	100.00

(1) Reasons for the changes in shareholdings

On April 10, 2015, the 1,479,822,800 H Shares issued by the Company were listed and commenced trading on the Main Board of the Hong Kong Stock Exchange. The offering price was HK$18.85 per share. In addition, the 221,973,400 H Shares, further issued by the Company upon the full exercise of the over-allotment option, were listed and commenced trading on the Main Board of the Hong Kong Stock Exchange on April 20, 2015. A total of 1,701,796,200 H Shares were issued by the Company under this offering.

(2) Approval for changes in shareholdings

On December 8, 2014, the Company convened the second extraordinary general meeting in 2014, at which, resolutions including the Resolution on the Offering and Listing of H Shares in Hong Kong(《關於發行H股股票並在香港上市的議案》) and the Resolution on the Proposal of Offering and Listing of H Shares in Hong Kong (《關於發行H股股票並在香港上市方案的議案》) were considered and approved.

On January 8, 2015, the Company received the Notice of Acceptance of the CSRC for Administrative Licensing Applications issued by the CSRC. (《中國證監會行政許可申請受理通知書》) (No. 141915).

On January 12, 2015, the Company submitted an application to the Hong Kong Stock Exchange for this offering and listing of shares, and published its application proof information pack regarding this offering and listing on the website of the Hong Kong Stock Exchange after 15:00 on January 12, 2015.

On March 5, 2015, the Company received the Reply on Approval of the Offering of Listed Foreign Shares by GF Securities Co., Ltd. (《關於核准廣發証券股份有限公司發行境外上市外資股的批覆》) (Zheng Jian Xu Ke [2015] N0. 347) issued by the CSRC. Pursuant to the reply, the Company was approved to issue listed foreign shares up to 1,701,796,200 shares with a nominal value of RMB1 each, all being ordinary shares.

On March 12, 2015, the Listing Committee of the Hong Kong Stock Exchange held a hearing to consider the application of the Company for offering not more than 1,701,796,200 listed foreign shares and listing them on the Main Board of the Hong Kong Stock Exchange.

On April 10, 2015, with the approval from the Hong Kong Stock Exchange, the Company issued 1,479,822,800 H Shares and listed them for trading on the Main Board of the Hong Kong Stock Exchange. The stock name of the H Shares is "廣發証券" in Chinese and "GF SEC" in English. The stock code of the H Shares is "1776".

Pursuant to the resolutions passed at the 2014 second extraordinary general meeting of the Company held on December 8, 2014, the general meeting granted to the joint bookrunners an over-allotment option in respect of this offering and listing to issue not exceeding 15% of the total number of the H Shares initially offered under this offering.

The joint global coordinators on behalf of the international underwriters, in connection with the Company's public offering and listing of H Shares on the Main Board of the Hong Kong Stock Exchange, fully exercised the over-allotment option on April 13, 2015 and the Company additionally issued an aggregate of 221,973,400 H Shares. As approved by the Hong Kong Stock Exchange, 221,973,400 H Shares, which were additionally issued by the Company upon the full exercise of the over-allotment option, were listed and commenced trading on the Main Board of the Hong Kong Stock Exchange on April 20, 2015.

(3) Transfer of shares involving changes

N/A

(4) Impact of changes in shareholdings on financial indicators including the basic and diluted earnings per share and net asset per share attributable to the ordinary shareholders of the Company in the recent year and the last period

During the Reporting Period, there were changes to the total share capital of the Company due to the issuance of H Shares. The calculation of the earnings per share during the Reporting Period was based on the weighted average of the total share capital according to the time when changes in shareholdings occurred. No adjustment was needed for calculating the earnings per share in the recent year and the last period before the changes in shareholdings (i.e. 2014 and the first quarter of 2015). Net asset per share attributable to the ordinary shareholders of the Company as per the consolidated statements as at the end of 2015 was RMB10.17. No adjustment was needed for the net asset per share attributable to the ordinary shareholders of the Company as at the end of the recent year before the changes in shareholdings (i.e. 2014).

2. Changes in restricted shares

N/A

II. SECURITIES ISSUANCE AND THE LISTING

1. Securities issuance (excluding preferred shares) during the Reporting Period

For details about the issuance of listed foreign shares by the Company, please see "1. Changes in shareholdings" in this section.

For details about the issuance of corporate bonds, subordinated bonds, short-term corporate bonds, short-term financing bills, please see "20. Circumstances in relation to corporate bonds" under "Section 6 Significant Events" of this report.

2. Total number of shares of the Company and changes in the shareholding structure and the assets and liabilities structure of the Company

	Before the offering and listing of H Shares		Before the full exercise of the over-allotment option		After the full exercise of the over-allotment option	
Type of shares	Number of shares held	Percentage of shareholding (%)	Number of shares held	Percentage of shareholding (%)	Number of shares held	Percentage of shareholding (%)
Listed domestic shares (A Shares)	5,919,291,464	100.00	5,919,291,464	80.00	5,919,291,464	77.67
Listed foreign shares (H Shares)	0	0.00	1,479,822,800	20.00	1,701,796,200	22.33
Total number of shares	5,919,291,464	100.00	7,399,114,264	100.00	7,621,087,664	100.00

After the full exercise of the over-allotment option, the total share capital of the Company was changed. Before the offering and listing of H Shares, after the offering and listing of H Shares and before the full exercise of the over-allotment option, and after the full exercise of the over-allotment option, changes in the shareholdings of shareholders who hold more than 5% of the shares of the Company were as follows:

	Before the offering and listing of H Shares		Before the full exercise of the over-allotment option		After the full exercise of the over-allotment option	
Name of shareholder	Number of shares held	Percentage of shareholding (%)	Number of shares held	Percentage of shareholding (%)	Number of shares held	Percentage of shareholding (%)
Liaoning Cheng Da	1,250,154,088	21.12	1,250,154,088	16.90	1,250,154,088	16.40
Jilin Aodong	1,244,652,926	21.03	1,244,652,926	16.82	1,244,652,926	16.33
Zhongshan Public Utilities	686,754,216	11.60	686,754,216	9.28	686,754,216	9.01

As at the end of 2014, the Company had a gearing ratio of 75.46%. As at the end of 2015, the Company's gearing ratio was 73.48%.

Note: Gearing ratio=(Total liabilities- Brokerage client accounts payable)/(Total assets- Brokerage client accounts payable)

3. Existing employees' shares

During the reporting period, the Company had no employees' shares.

III. SHAREHOLDERS AND DE FACTO CONTROLLERS

1. Number of shareholders and their shareholdings in the Company

Unit: Shares

Total number of ordinary shareholders at the end of the Reporting Period	139,804 (of which, 137,684 were A shareholders, 2,120 were registered H shareholders)	**Total number of ordinary shareholders as at the end of the last month before the date of the disclosure of the annual report**	118,301 (of which, 116,193 were A shareholders, 2,108 were registered H shareholders)	**Total number of preferred shareholders whose voting rights were resumed at the end of the Reporting Period (if any)**	Nil	**Total number of preferred shareholders whose voting rights were resumed as at the end of the last month before the date of the disclosure of the annual report (if any)**	Nil

Shareholdings of shareholders who hold more than 5% of the shares or shareholdings of the top ten shareholders

Name of shareholder	Capacity of shareholder	Percentage of shareholding (%)	Number of shares held as at the end of the Reporting Period	Increase or decrease during the Reporting Period	Number of shares with selling restrictions held	Number of shares without selling restrictions held	Pledge or freeze	
							Status of shares	Number of shares
HKSCC Nominees Limited	Overseas legal entity	22.31	1,700,145,980	1,700,145,980	0	1,700,145,980	–	–
Liaoning Cheng Da Co., Ltd.	Domestic general legal entity	16.40	1,250,154,088	0	0	1,250,154,088	–	–
Jilin Aodong Pharmaceutical Group Co., Ltd.	Domestic general legal entity	16.33	1,244,652,926	0	0	1,244,652,926	–	–
Zhongshan Public Utilities Group Co., Ltd.	Domestic general legal entity	9.01	686,754,216	0	0	686,754,216	–	–
Jiayu Guan Hongcheng Electric Energy Limited	Domestic general legal entity	2.97	226,242,941	-36,830,855	0	226,242,941	–	–
China Securities Finance Corporation Limited	Domestic general legal entity	2.94	224,321,210	224,321,210	0	224,321,210	–	–
Puning Xinhong Industrial Investment Co., Ltd.	Domestic general legal entity	1.91	145,936,358	0	0	145,936,358	Pledge	144,000,000
Heungkong Group Limited	Domestic general legal entity	1.57	119,286,246	-115,713,439	0	119,286,246	Pledge	107,680,000
Central Huijin Asset Management Ltd.	Domestic general legal entity	1.29	98,149,700	98,149,700	0	98,149,700	–	–
Anhui Huamao Textile Co. Ltd.	Domestic general legal entity	0.66	50,200,000	-9,800,000	0	50,200,000	–	–

Shareholdings of the top ten shareholders without selling restrictions

Name of shareholder	Number of shares without selling restrictions held as at the end of the Reporting Period	Type of shares	Number of shares
HKSCC Nominees Limited	1,700,145,980	Listed foreign shares	1,700,145,980
Liaoning Cheng Da	1,250,154,088	RMB-dominated ordinary shares	1,250,154,088
Jilin Aodong	1,244,652,926	RMB-dominated ordinary shares	1,244,652,926
Zhongshan Public Utilities	686,754,216	RMB-dominated ordinary shares	686,754,216
Jiayu Guan Hongcheng Electric Energy Limited	226,242,941	RMB-dominated ordinary shares	226,242,941
China Securities Finance Corporation Limited	224,321,210	RMB-dominated ordinary shares	224,321,210
Puning Xinhong Industrial Investment Co., Ltd.	145,936,358	RMB-dominated ordinary shares	145,936,358
Heungkong Group Limited	119,286,246	RMB-dominated ordinary shares	119,286,246
Central Huijin Asset Management Ltd.	98,149,700	RMB-dominated ordinary shares	98,149,700
Anhui Huamao Textile Co. Ltd.	50,200,000	RMB-dominated ordinary shares	50,200,000

Note 1: Among H shareholders of the Company, shares of non-registered shareholders are held by HKSCC Nominees Limited;

Note 2: In the table above, shares held by HKSCC Nominees Limited are listed foreign shares (H Shares) and shares held by other shareholders are RMB-denominated ordinary shares (A Shares);

Note 3: According to the public information disclosed on March 5, 2016 by Liaoning Cheng Da, Jilin Aodong and Zhongshan Public Utilities, Liaoning Cheng Da held 1,473,600 H Shares of the Company through Chengda Steel Hongkong Co., Limited (成大鋼鐵香港有限公司), a wholly-owned subsidiary of Chengda Steel Co., Ltd. (遼寧成大鋼鐵貿易有限公司), which was in turn a subsidiary controlled by Liaoning Cheng Da, representing 0.019% of the total share capital of the Company. Jilin Aodong held 20,237,000 H Shares of the Company through its wholly-owned subsidiary, Aodong International (Hong Kong) Industrials Co., Limited, representing 0.27% of the total share capital of the Company. Zhongshan Public Utilities held 84,819,4000 H Shares of the Company through its wholly-owned subsidiary, Public Utilities International (Hong Kong) Investment Company Ltd. (公用國際（香港）投資有限公司), representing 1.11% of the total share capital of the Company. The above shares are held by HKSCC Nominees Limited on its behalf;

Note 4: On January 14, 2016, the Company received from Jilin Aodong a Notice on an Increase in Shareholdings in GF Securities (hereinafter referred to as "Notice"). According to the Notice, as of January 14, 2016, Jilin Aodong held 1,251,597,867 A Shares of the Company, representing 16.24% of the existing total share capital of the Company. Aodong International (Hong Kong) Industrials Co., Limited (敖東國際 (香港) 實業有限公司), a wholly-owned subsidiary of Jilin Aodong, held 20,237,400 H Shares of the Company, representing 0.27% of the existing total share capital of the Company. As of January 14, 2016, Jilin Aodong and its party acting in concert, Aodong International (Hong Kong) Industrials Co., Ltd., together held 1,271,835,267 shares of the Company, representing 16.69% of the existing total share capital of the Company, becoming the Company's largest shareholder;

Note 5: According to the public information disclosed on February 4, 2016 by Zhongshan Public Utilities, as of January 31, 2016, Zhongshan Public Utilities held 84,819,400 H Shares of the Company through its wholly-owned subsidiary, Public Utilities International (Hong Kong) Investment Co., Ltd., representing 1.11% of the total share capital of the Company. At this point, Zhongshan Public Utilities and its persons acting in concert held both A Shares and H Shares of the Company, together representing 10.12% of the total share capital of the Company, and thereby becoming a substantial shareholder of the Company under the Hong Kong Listing Rules;

Note 6: On December 30, 2015, BlackRock, Inc. declared its interests to the Hong Kong Stock Exchange, which disclosed that it held a total of 89,322,117 H Shares of the Company, representing 5.25% of the Company's H share capital. On December 29, 2015, Credit Suisse Group AG declared its interests to the Hong Kong Stock Exchange, which disclosed that it held a total of 94,329,318 H Shares of the Company, representing 5.54% of the Company's H share capital. On October 27, 2015, Morgan Stanley declared its interests to the Hong Kong Stock Exchange, which disclosed that it held a total of 65,469,377 H Shares of the Company, representing 3.84% of the Company's H share capital. On July 14, 2015, Fubon Life Insurance Co., Ltd. declared its interests to the Hong Kong Stock Exchange, which disclosed that it held a total of 157,044,800 H Shares of the Company, representing 9.22% of the Company's H share capital. On April 10, 2015, L.R. Capital Principal Investment Limited declared its interests to the Hong Kong Stock Exchange, which disclosed that it held a total of 102,854,000 H Shares of the Company, representing 6.04% of the Company's issued H share capital upon the exercise of the over-allotment option. On April 20, 2015, CM International Capital Limited declared its interests to the Hong Kong Stock Exchange, which disclosed that it held a total of 82,283,200 H Shares of the Company, representing 4.84% of the Company's issued H share capital upon the exercise of the over-allotment option. The above shares are held by HKSCC Nominees Limited on their behalf;

Note 7: At the end of the Reporting Period, no shares of the Company were held by A shareholders mentioned above through credit-based securities accounts;

Note 8: At the end of the Reporting Period, no A shareholders mentioned above conducted agreed repurchase type securities trading; and

Note 9: At the end of the Reporting Period, no shareholders who hold more than 5% of the A Shares caused an increase or a decrease in shares as a result of participating in refinancing business.

2. Shareholdings of corporate shareholders who hold more than 10% (including 10%) shares at the end of the reporting period

Name of corporate shareholder	Legal representative	General Manager	Date of establishment	Registered Capital	Principal Business or Management Activities
Liaoning Cheng Da	Shang Shuzhi	Geyu	1993-9-2	RMB1,529,709,816	Import and export business of goods and technology for its own use or as an agency service (except for those restricted by the State, and operation related to restricted items may only commence after obtaining approval), managing throughput processing and the operation of "Three in, one added business", conducting counter trade and entrepot trading, contracting overseas projects and international bidding projects home and abroad of this industry, exporting of equipment and materials required for the above overseas projects; dispatching abroad of laborers in engineering, manufacturing and service sectors of the industry, acquisition of agricultural and sideline products (except food), chain management of fertilizer, planting of herbs, rental, warehousing services. Coal wholesale business.
Jilin Aodong	Li Xiulin	Zhu Yan	1993-3-2	RMB894,438,433	Planting and breeding, importing of raw and auxiliary materials, mechanical equipment, instruments, spare parts (except the 12 imported items which are operated by the specified companies approved by the State) required for business (except for special projects controlled by the State and franchise), machinery repair, warehousing, the production and scientific research by this enterprise; pharmaceutical industry, pharmaceutical business, pharmaceutical research and development (business activities can only be carried out with the relevant approval documents).

3. Controlling Shareholders of the Company

There was no controlling shareholder or de facto controller in the Company.

4. Restrictions to Reduction in Shareholdings for Controlling Shareholders, De facto Controllers, Re-organization Parties and Other Commitment Bodies

N/A

5. Substantial Shareholders and Other Persons' Interests and Short Positions in the Shares and Underlying Shares

As at December 31, 2015, so far as the Directors, having made all reasonable enquiries, are aware, the following parties (other than 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 would be 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:

No.	Name of substantial shareholders	Type of shares	Nature of interests	Number of shares held (share)	Percentage of total issued shares of the Company (%)	Percentage of total issued A Shares/ H Shares of the Company (%)	Long position *(Note 1)*/ short position *(Note 2)*
1	Liaoning Cheng Da	A Share	Beneficial owner	1,250,154,088	16.40	21.12	Long position
		H Share	Interests in controlled corporation	1,473,600 *(Note 3)*	0.02	0.09	Long position
2	Jilin Aodong	A Share	Beneficial owner	1,244,652,926	16.33	21.03	Long position
		H Share	Interests in controlled corporation	18,199,000 *(Note 4)*	0.24	1.07	Long position
3	Zhongshan Public Utilities	A Share	Beneficial owner	686,754,216	9.01	11.60	Long position
		H Share	Interests in controlled corporation	29,172,200 *(Note 5)*	0.38	1.71	Long position
4	Fubon Life Insurance Co., Ltd.	H Share	Beneficial owner	157,713,200 *(Note 6)*	2.07	9.27	Long position
5	Fubon Financial Holding Co., Ltd.	A Share	Interests in controlled corporation	499,000	0.01	0.01	Long position
		H Share	Interests in controlled corporation	157,713,200 *(Note 6)*	2.07	9.27	Long position
6	L.R. Capital Principal Investment Limited	H Share	Beneficial owner	102,854,000 *(Note 7)*	1.35	6.04	Long position
7	Wong Yuen Ping	H Share	Interests in controlled corporation	102,854,000 *(Note 7)*	1.35	6.04	Long position
8	Blackrock, Inc.	H Share	Interests in controlled corporation	89,322,117	1.17	5.25	Long position
		H Share	Interests in controlled corporation	76,000	0.00	0.00	Short position
9	Credit Suisse Group AG	H Share	Interests in controlled corporation	94,329,318	1.24	5.54	Long position
		H Share	Interests in controlled corporation	67,771,464	0.89	3.98	Short position

Note 1: A shareholder has a "long position" if such shareholder has an interest in the shares, including interests through holding, writing or issuing financial instruments (including derivatives) under which: (i) such shareholder has a right to purchase the underlying shares; (ii) such shareholder is under an obligation to purchase the underlying shares; (iii) such shareholder has a right to receive money if the price of the underlying shares increases; or (iv) such shareholder has a right to avoid or reduce loss if the price of the underlying shares increases;

Note 2: A shareholder has a "short position" if such shareholder borrows shares under a securities borrowing and lending agreement, or holds, writes or issues financial instruments (including derivatives) under which: (i) such shareholder has a right to require another person to subscribe for the underlying shares; (ii) such shareholder is under an obligation to deliver the underlying shares; (iii) such shareholder has a right to receive money if the price of the underlying shares declines; or (iv) such shareholder has a right to avoid or reduce loss if the price of the underlying shares declines.

Note 3: Such 1,473,600 H Shares were held by Chengda Steel Hongkong Co., Limited. Liaoning Cheng Da held 100% of the issued shares of Chengda Steel Co., Ltd.（遼寧成大鋼鐵貿易有限公司） and Chengda Steel Co., Ltd.（遼寧成大鋼鐵貿易有限公司）held 100% of the issued shares of Chengda Steel Hongkong Co., Limited. As such, Liaoning Cheng Da is considered to be interested in the H Shares held by Chengda Steel Hongkong Co., Limited;

Note 4: Such 18,199,000 H Shares were held by Aodong International (Hong Kong) Industrials Co., Limited, a wholly-owned subsidiary of Jilin Aodong;

Note 5: Such 29,172,200 H Shares were held by Public Utilities International (Hong Kong) Investment Company Ltd., a wholly-owned subsidiary of Zhongshan Public Utilities;

Note 6: Such 157,713,200 H Shares were held by Fubon Life Insurance Co., Ltd., a wholly-owned subsidiary of Fubon Financial Holding Co., Ltd.;

Note 7: Such 102,854,000 H Shares were held by L.R. Capital Principal Investment Limited, a wholly-owned subsidiary of L.R. Capital Management Company (Cayman) Limited. Wong Yuen Ping held 35% interest in L.R. Capital Management Company (Cayman) Limited through Enjoy Fun Limited (BVI). Wong Yuen Ping was therefore considered to be interested in the H Shares held by L.R. Capital Principal Investment Limited.

Note 8: Under Section 336 of the SFO, interest disclosure forms shall be submitted by shareholders of the Company upon satisfaction of certain conditions. If there are changes in the shareholders' shareholdings in the Company, shareholders of the Company are not required to inform the Company and the Hong Kong Stock Exchange, except where certain conditions have been satisfied. Therefore, there could be difference between substantial shareholders' latest shareholdings in the Company and the information on their shareholdings submitted to the Hong Kong Stock Exchange.

Save as disclosed above, the Company is not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) having any interests or short positions in the shares or underlying shares of the Company as at December 31, 2015 required to be recorded in the register pursuant to Section 336 of the SFO.

6. 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 December 31, 2015, each of the Directors, Supervisors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("Part XV of the SFO"), (a) which shall 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 be held under such provisions of the SFO); or (b) which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which would be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Hong Kong Listing Rules (the "Model Code"), to be notified to the Company and the Hong Kong Stock Exchange.

No.	Name	Position	Type of share	Nature of interests	Number of corresponding shares of the Company held (share)	Percentage of total issued shares of the Company (%)	Percentage of total issued A Shares/ H Shares of the Company (%)	Long position/ short position
1	Sun Shuming	Executive Director, Chairman	H Share	Trust share owner	132,562	0.0017	0.0078	Long position
2	Lin Zhihai	Executive Director, General Manager	H Share	Trust share owner	132,562	0.0017	0.0078	Long position
3	Qin Li	Executive Director, Standing Deputy General Manager	H Share	Trust share owner	132,554	0.0017	0.0078	Long position
4	Sun Xiaoyan	Executive Director, Deputy General Manager, Chief Financial Officer	H Share	Trust share owner	132,562	0.0017	0.0078	Long position
5	Wu Zhaoming	Employee Representative Supervisor, Chairman of Supervisory Committee	H Share	Trust share owner	132,562	0.0017	0.0078	Long position
6	Cheng Huaiyuan	Employee Representative Supervisor	H Share	Trust share owner	79,532	0.0010	0.0047	Long position

Note: On July 9, 2015, the Company received a notification letter from a number of employees. As these employees were confident in the Company's operating conditions and development prospects, they voluntarily raised approximately HKD1 billion and planned to purchase and hold the Company's H Shares through legal and regulatory channels, including the Qualified Domestic Institutional Investor (QDII) program, in order to share the Company's growth results. On January 22, 2016, the Company received a notification from an Executive Director, who had participated in the voluntary employee fund-raising plan to purchase the Company's H Shares. The manager of the relevant asset management plan disclosed the report on the asset management plan for the 4th quarter of 2015. According to the data disclosed in the report, the relevant Executive Director has made a disclosure of interests on the website of the Hong Kong Stock Exchange.

Save as disclosed above, as at December 31, 2015, none of the Directors, Supervisors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would be required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company; or which would be required, pursuant to the Modal Code, to be notified to the Company and the Hong Kong Stock Exchange.

Saved as disclosed above, at no time was the Company, its holding company, any of subsidiaries or fellow subsidiaries a party to any arrangements during the year to enable the Directors of the Company, including their spouses and children under 18 years of age, to acquire any interests by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

IV. SUFFICIENT PUBLIC FLOAT

According to the data which is publicly available to the Company and to the best of the knowledge of the Directors as at the latest practicable date (March 18, 2016) prior to the publication of this annual report, the Company has always maintained the public float as required under the Hong Kong Listing Rules.

V. REPURCHASE, SALE OR REDEMPTION OF THE SECURITIES OF THE COMPANY

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 and its subsidiaries.

VI. PRE-EMPTIVE ARRANGEMENTS

Pursuant to PRC laws and the Articles of Association, the shareholders of the Company do not have any pre-emptive rights.

優先股相關情況

PREFERENCE SHARES

Section 8 Preference Shares

During the Reporting Period, the Company did not have any preference shares.

董事、監事、高級管理人員和員工情況

PARTICULARS ABOUT DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Section 9 Particulars about Directors, Supervisors, Senior Management and Employees

I. CHANGES IN THE SHAREHOLDING OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, the Directors, Supervisors and senior management did not directly hold shares, share options and restrictive shares of the Company.

II. CHANGES IN THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position	Type	Date	Reasons
Sun Xiaoyan (孫曉燕)	Executive Director	Elected	December 8, 2014	Elected at the general meeting
Chan Kalok (陳家樂)	Independent Non-executive Director	Elected	December 8, 2014	Elected at the general meeting
Chak Mei Hing (翟美卿)	Supervisor	Resigned	March 20, 2015	Personal reasons
Zeng Hao (曾浩)	Senior management	Resigned	May 4, 2015	Personal reasons
Xu Xinzhong (徐信忠)	Supervisor	Elected	July 21, 2015	Elected at the general meeting
Zhao Jin (趙金)	Supervisor	Resigned	August 22, 2015	Personal reasons
Scott Xingong Chang (常新功)	Chief risk officer	Elected	October 19, 2015	Engaged by the Board
Xu Xinzhong (徐信忠)	Supervisor	Resigned	February 1, 2016	Personal reasons

According to a resolution passed at the 2014 Second Extraordinary General Meeting of the Company held on December 8, 2014, it was agreed that Ms. Sun Xiaoyan be elected as an executive Director of the Eighth Session of the Board of the Company and Mr. Chan Kalok be elected as an independent non-executive Director of the Eighth Session of the Board of the Company. The appointment of Ms. Sun Xiaoyan would become effective from the date when all the following conditions were satisfied: the H Shares issued by the Company were listed and commenced trading on the Main Board of the Hong Kong Stock Exchange and the applicable Articles of Association (draft) after the listing of H Shares being approved by the securities regulatory authorities. The appointment of Mr. Chan Kalok would become effective from the date when all the following conditions were satisfied: obtaining the approval of his qualification as an independent director of securities companies from the securities regulatory authorities and the qualification certificate of an independent director of listed companies from the Shenzhen Stock Exchange, the H Shares issued by the Company were listed and commenced trading on the Hong Kong Stock Exchange and the applicable Articles of Association (draft) after the H Shares were listed being approved by the securities regulatory authorities.

On January 20, 2015, the Guangdong Bureau of the CSRC promulgated the "Approval on Chan Kalok's Qualification as an Independent Director of the Securities Companies" (Guangdong Zheng Jian Xu Ke [2015] No.5). In January 2015, Mr. Chan Kalok obtained the "Completion Certification of Senior Management of Listed Companies" (Senior Management (Independent Director) of the listed companies of the Shenzhen Stock Exchange, Pei Xun Zi No. (150613720)) issued by the Shenzhen Stock Exchange. On March 17, 2015, the Guangdong Bureau of the CSRC promulgated the "Approval on the Change in Important Provisions of the Articles of Association of GF Securities Co., Ltd." (Guangdong Zheng Jian Xu Ke [2015] No.18). On April 10, 2015, the H Shares issued by the Company were listed and commenced trading on the Main Board of the Hong Kong Stock Exchange. Therefore, all the conditions required for the appointment of Ms. Sun Xiaoyan as an executive Director of the Eighth Session of the Board of the Company and Mr. Chan Kalok as an independent Director of the Eighth Session of the Board of the Company, were satisfied. Ms. Sun Xiaoyan has assumed her role as an executive Director with effect from April 10, 2015 for a term until the expiry date of the term of the Eighth Session of the Board of the Company. Mr. Chan Kalok has assumed his role as an independent Director with effect from April 10, 2015 for a term until the expiry date of the term of the Eighth Session of the Board of the Company.

On March 20, 2015, the Company received a resignation letter from Ms. Chak Mei Hing in relation to her resignation as a Supervisor of the Eighth Session of the Supervisory Committee.

On May 4, 2015, the Company received a resignation letter from Mr. Zeng Hao in relation to his resignation as a deputy general manager of the Company. The resignation letter would become effective from the date when it is delivered to the Board of the Company, and Mr. Zheng Hao will not continue to hold office in the Company.

Mr. Xu Xinzhong was elected as a Supervisor of the Eighth Session of the Supervisory Committee of the Company at the 2015 First Extraordinary General Meeting of the Company held on July 21, 2015. On July 28, 2015, the Company received the "Approval on Xu Xinzhong's Qualification as a Supervisor of Securities Companies" (Guangdong Zheng Jian Xu Ke [2015] No.32) issued by the Guangdong Bureau of the CSRC, which approved his qualification as a Supervisor of securities companies. Therefore, Mr. Xu Xinzhong would duly perform his obligations as a Supervisor of the Company. On February 1, 2016, the Company received a resignation letter from Mr. Xu Xinzhong, who decided to resign from his position as a Supervisor of the Company due to his desire to devote more time to his other business.

On August 22, 2015, the Company received a resignation letter from Mr. Zhao Jin in relation to his resignation as a Supervisor of the Eighth Session of the Supervisory Committee.

Mr. Scott Xingong Chang was appointed as a Chief Risk Officer of the Company at the 25th meeting of the Eighth Session of the Board of the Company held on October 19, 2015. On December 8, 2015, the Company received "Approval on Scott Xingong Chang's Qualification as a senior management at manager level of Securities Companies" (Guangdong Zheng Jian Xu Ke [2015] No. 46) issued by the Guangdong Bureau of the CSRC, which approved his qualification as a senior management at manager level of securities companies. Therefore, Mr. Scott Xingong Chang would duly perform his obligations as a Chief Risk Officer of the Company.

III. PATICULARS OF POSITIONS

The primary working experience of current Directors, Supervisors, senior management of the Company in recent five years

1. Directors

Executive Directors

Mr. Sun Shuming has been appointed as our Chairman and executive Director since May 2012. Mr. Sun's primary working experience includes: serving as clerk, deputy chief officer and chief officer of the Department of Treaty and Law of the Ministry of Finance of the PRC from August 1984 to August 1990, deputy head of the Department of Treaty and Law of the Ministry of Finance of the PRC from August 1990 to September 1994, the head of the Department of Treaty and Law of the Ministry of Finance of the PRC from September 1994 to March 1996, deputy mayor (a temporary post) of the People's Government of Zhuozhou, Hebei from July 1994 to July 1995, director of the general manager's office and assistant to the general manager of China Economic Development Trust & Investment Corporation from March 1996 to June 2000, deputy director of the Central Financial Work Commission Supervisors Work Department from June 2000 to March 2003, supervisor of China Galaxy Securities Co. Ltd from September 2003 to January 2006, deputy chief officer of the Accounting Department of the CSRC from January 2006 to April 2007, chief officer of the Accounting Department of the CSRC from April 2007 to March 2011, vice chairman of China Securities Inter-agency Quotation Systems Co., Ltd. since March 2015. Mr. Sun obtained a bachelor's degree in economics from the Hubei Institute of Finance and Economics (now known as Zhongnan University of Economics and Law), Wuhan, in July 1984, and a doctorate degree in economics from the Research Institute for Fiscal Science of the Ministry of Finance, Beijing, in August 1997.

Mr. Lin Zhihai has been appointed as our executive Director and general manager since March 2008 and April 2011, respectively. Mr. Lin's primary working experience includes: teaching assistant of the finance faculty at the Dongbei University of Finance and Economics from July 1986 to December 1991, assistant economist of the People's Bank of China (Dalian Branch) from January 1992 to May 1993, economist and deputy general manager at the investment banking department of Liaoning Trust & Investment Company from May 1993 to January 1995 and January 1995 to August 1996, respectively. He joined our Company in September 1996, and became a general manager at the Dalian branch of our Company from February 1997 to October 2001, chairman and general manager of Guangfa Northern Securities Company Limited from October 2001 to March 2006, deputy general manager and standing deputy general manager of our Company from March 2006 to April 2011, chairman of GF Asset Management from January 2014 to August 2014, and chairman of GFHK since July 2011. Mr. Lin obtained a bachelor's degree in economics in July 1986, and later a master's degree in economics and a doctorate in economics from the Dongbei University of Finance and Economics, located in Dalian, in October 1991 and January 2005, respectively. In addition, Mr. Lin also obtained the senior management executive master of business administration degree from the Hong Kong University of Science and Technology in November 2011. Mr. Lin obtained his qualification as an economist from Liaoning Provincial Department of Personnel (now known as Liaoning Provincial Department of Human Resources and Social Security) in June 1993.

Mr. Qin Li has been appointed as our executive Director and standing deputy general manager since April 2011. His primary working experience includes: standing deputy general manager at the department of investment banking administration, general manager of the investment management department, general manager of capital operation department, general manager of planning and management department, general manager of investment department, assistant to the general manager, deputy general manager of our Company since March 1997, director of GFHK since September 2006 and chairman of GF Xinde from May 2010 to August 2013, director of E Fund since May 2012 and chairman of the board of Guangdong Equity Exchange Co., Ltd. since September 2013. As E Fund is mainly engaged in fund management, it competes or is likely to compete, either directly or indirectly, with some aspects of our business. Mr. Qin obtained a bachelor's degree in economics from the Shanghai University of Finance and Economics in July 1992, a master's degree in commercial economics from the Jinan University, Guangzhou, in June 1995, a doctorate in economics from the Renmin University of China, Beijing, in July 2003 and completed a senior management executive master of business administration course from the Cheung Kong Graduate School of Business, Beijing, in September 2013.

Ms. Sun Xiaoyan has been appointed as our executive Director since December 2014. Ms. Sun's primary working experience includes: staff of capital operation department, finance department and investment banking department, respectively, since joining our Company in July 1993, deputy general manager of our accounting department from September 1998 to January 2000, deputy general manager of our investment and proprietary trading department from January 2000 to October 2002, chief financial officer of GF Fund (preparatory) from October 2002 to August 2003, chief financial officer of GF Fund from August 2003 to October 2003, deputy general manager of GF Fund from October 2003 to March 2005, and general manager of finance department of our Company from November 2003 to March 2014. Ms. Sun has been the chief financial officer of our Company from March 2006 to April 2011, a director of GF Fund since June 2007. Ms. Sun has been the deputy general manager and chief financial officer of our Company since April 2011 while also acting as director of GFHK since August 2013. Ms. Sun was appointed as the chairman of the first Session of supervisory committee of ECT (證通股份有限公司) in December 2014. Ms. Sun obtained a bachelor's degree in economics from the Renmin University of China, Beijing, in July 1993 and a master's degree of business administration from the China Europe International Business School, Shanghai, in September 2007.

Non-executive Directors

Mr. Shang Shuzhi has been appointed as our non-executive Director since July 2001. His primary working experience includes: deputy manager at Liaoning Province Textiles Import and Export Corporation from December 1987 to February 1991, deputy manager of Liaoning Province Knitwear and Home Textiles Import and Export Corporation in charge of operation from February 1991 to November 1991 and manager of Liaoning Province Knitwear and Home Textiles Import and Export Corporation from December 1991 to July 1993. Mr. Shang has been the chairman of Liaoning Cheng Da Co., Ltd. (a company listed on SSE, stock code: 600739, and principally engaged in business trade, energy development, bio-pharmaceuticals and financial service, formerly known as Liaoning Cheng Da (Group) Co., Ltd. (遼寧成大(集團)股份有限公司)), and the chairman of Liaoning Cheng Da Group Ltd. since January 1997. Mr. Shang graduated from the Dongbei University of Finance and Economics, Dalian, in August 1977, majoring in international trade. Mr. Shang obtained the qualification of Senior Economist from the Liaoning Provincial Department of Personnel in September 1993, the qualification of Senior International Business-Engineer from the Liaoning Provincial Department of Personnel (now known as Liaoning Provincial Department of Human Resources and Social Security) in December 1994, and a senior management executive master of business administration degree from the Dongbei University of Finance and Economics, Dalian, in June 2005.

Mr. Li Xiulin has been appointed as our non-executive Director since May 2014. His primary working experience includes: general manager and engineer of Yanbian AoDong Pharmaceutical Company from August 1982 to December 1987, general manager of Yanbian Dunhua Deer Farm from December 1987 to February 1993, chairman and general manager of Yanbian Pharmaceutical Co., Ltd. (a company listed on SZSE, stock code: 000623, and renamed as Jilin Aodong Pharmaceutical Group Co., Ltd. in October 1998) from February 1993 to February 2000. He has been the chairman of Jilin Aodong Pharmaceutical Group Co., Ltd. since February 2000. Mr. Li obtained an academic diploma of bachelor's degree qualification in economics from the Open College of Central Party School of the Communist Party of China, Beijing, in June 1992, and completed the 28th training course in business administration at the Tsinghua University School of Economics and Management, Beijing, from February 2000 to June 2000.

Mr. Chen Aixue has been appointed as our non-executive Director since March 2011. His primary working experience includes: director and deputy general manager of Chu Kong Shipping Enterprises (Holdings) Co., Ltd. from May 1998 to May 2007, deputy bureau chief of each of Communications and Transportation Bureau of Zhongshan Municipality and Zhongshan Municipal Port and Shipping Administration from April 2007 to October 2010, chairman of Zhongshan Public Small Amount Loans Company Limited from May 2013 to September 2014. Mr. Chen has also been the secretary to the Party Committee and chairman of Zhongshan Zhonghui Investment Group Company Limited since October 2010, chairman of Zhongshan Public Utilities Group Company Limited (a company listed on SZSE (stock code: 000685) and principally engaged in water supply and sewage treatment) since November 2010, vice chairman of CNOOC Guangdong Natural Gas Co., Ltd. (a subsidiary of China National Offshore Oil Corporation) since December 2010, and chairman of Zhongshan — Hong Kong Passenger Shipping GO-OP Co., LTD since June 2012. Mr. Chen graduated from the South China Institute of Technology (now known as the South China University of Technology), Guangzhou, in July 1980, majoring in marine electrification and automation. Mr. Chen obtained his qualification as an electrical engineer from the Zhanjiang Science and Technology Committee in November 1993.

Independent Non-executive Directors

Mr. Liu Jiwei has been appointed as our independent non-executive Director since April 2011. His primary working experience includes: deputy director of the Academic Affairs Office of the Shenyang Institute of Finance and Economics (now known as Shenyang University) from January 1993 to March 1996, deputy director of Academic Affairs from September 1996 to May 1997, vice dean and dean of Shenyang Polytechnic College of Shenyang University from May 1997 to June 2000. Mr. Liu obtained professor qualification in June 2006 when he worked in Dongbei University of Finance Economics. Mr. Liu was an independent director of Shen Yang Hui Tian Thermal Power Co., Ltd. from July 2008 to September 2012, the chief accountant and director of the finance office of Dongbei University of Finance and Economics from October 2011 to November 2014 and is currently a professor of the accounting school of Dongbei University of Finance and Economics. Mr. Liu was also an independent director of the Bank of Dalian since May 2013, independent director of Liaoning Huafu Environmental Engineering Co., Ltd. since December 2013, independent director of Ling Yuan Iron & Steel Co., Ltd. (a company listed on SSE, stock code: 600231) since November 2014, independent director of Dalian Refrigeration Co., Ltd. (a company listed on Shenzhen Stock Exchange, stock code: 000530) since February 2015 and a supervisor of Dalian Rural Commercial Bank Co,. Ltd. since July 2015. Mr. Liu obtained a bachelor's degree in engineering from Shenyang Institute Mechanical and Electrical Engineering (now known as Shenyang University of Technology) in July 1984, a master's degree in economics and a doctorate degree in management from the Dongbei University of Finance and Economics, Dalian, in November 1988 and January 2014, respectively. He obtained his qualification as a PRC certified public accountant from the Chinese Institute of Certified Public Accountants in April 1994.

Mr. Yang Xiong has been appointed as our independent non-executive Director since May 2014. Mr. Yang is currently and has been a member of the managing committee and a senior partner of BDO China Shu Lun Pan Certified Public Accountant LLP since August 2011 and the general manager of Northern headquarters of BDO. His primary working experience includes: vice chairman of the Guizhou Office of Certified Public Accountants from 1995 to August 1998, chief accountant of Guizhou Qianyuan Certified Public Accountants from September 1998 to November 2000, director and deputy chief accountant of Tianyi Certified Public Accountants from December 2000 to November 2002, chief accountant of Zhonghe Zhengxin Certified Public Accountants from December 2002 to October 2009, and chief accountant of Pan-China Certified Public Accountants from November 2009 to July 2011. Mr. Yang was an independent director of Rizhao Port Co., Ltd. (a company listed on SSE, stock code: 600017) from July 2008 to March 2014, an independent director of Beijing Shougang Company Limited (a company listed on SZSE, stock code: 000959) from November 2009 to December 2015 and an independent director of Jiangsu Transportation Institute Company Limited Co., Ltd. (a company listed on SZSE, stock code: 300284) from August 2011 to April 2015. He has also been an independent director of Easecompeace Technology Card Co., Ltd (a company listed on SZSE, stock code: 002017) since April 2011, Rongfeng Holdings Co., Ltd (a company listed on SZSE, stock code: 000668) since September 2013 and Aerospace Industrial Development Corp. Co., Ltd. (航天工業發展股份有限公司) (a company listed on SZSE, stock code: 000547) since August 2015. Mr. Yang graduated from the Wuhan Technical University of Surveying and Mapping (now merged into Wuhan University) in July 1989, majoring in electronic engineering. He obtained his qualification as a PRC certified public accountant in January 1995.

Mr. Tang Xin has been appointed as our independent non-executive Director since May 2014. Mr. Tang currently is a professor of the Law School of Tsinghua University and concurrently serves as the vice director of the Commercial Law Research Centre of Tsinghua University and an associate editor of Tsinghua Law Journal. Mr. Tang was selected as a member of the first session and second session of the Mergers and Acquisitions Review Committee of the CSRC from February 2008 to October 2010. Mr. Tang has been an independent director of China Spacesat Co., Ltd (a company listed on SSE, stock code: 600118) from July 2008 to November 2014 and a member of the third session of the listing committee of the SSE since August 2012. Mr. Tang served as an independent director of the seventh Session and eighth Session of the board of SDIC Power Holdings Co., Ltd. (previously known as SDIC Power Holdings Co., Ltd., a company listed on SSE, stock code: 600886) from April 2009 to September 2013, an independent director of the fifth Session and sixth Session of the board of Changjiang Securities Co., Ltd. (a company listed on Shenzhen Stock Exchange, stock code: 000783) from December 2007 to December 2013, an independent director of second Session of the board of Beijing Rural Commercial Bank Co,. Ltd. from May 2009 to October 2015 and an independent director of first Session of the board of Shandong Publication & Media Co., Ltd. from June 2012 to June 2015. Mr. Tang was also independent director of Harvest Fund Management Co., Ltd since August 2010, independent director of Oriza Holdings Co,. Ltd. since November 2015, an external supervisor of Beijing Rural Commercial Bank Co., Ltd. since November 2015, In September 2014, Mr. Tang served as the head of the committee of independent directors of the China Association for Public Companies. Mr. Tang obtained his bachelor's, master's and doctorate degrees in law from the Renmin University of China, Beijing, in July 1992, July 1995 and June 1998, respectively.

Mr. Chan Kalok has been appointed as our independent non-executive Director since December 2014. Mr. Chan currently is the dean of business school of The Chinese University of Hong Kong. His primary working experiences includes: professor, head of the finance faculty and acting president of business school of the Hong Kong University of Science and Technology from June 1995 to October 2014. Mr. Chan was a member of the risk management committee of the Hong Kong Exchanges and Clearing Limited from July 2005 to June 2011 and the president of Asian Finance Association from 2008 to 2010. Mr. Chan is currently a member of the Hang Seng Index Advisory Committee and a member of the Hong Kong Housing Authority. He obtained his bachelor's degree in social science (majoring in economics) from The Chinese University of Hong Kong in June 1985 and a doctorate from The Ohio State University, U.S.A., in June 1990.

Supervisors

Mr. Wu Zhaoming has been appointed as an employee representative Supervisor and the chairman of our Supervisory Committee since February 2010. His primary working experience includes: an employee of Guangdong Development Bank Head Office (currently known as China Guangfa Bank) from July 1988 to September 1991, and deputy manager and manager of the securities department of Guangdong Development Bank from September 1991 to December 1993, assistant to general manager and manager of the capital operation department of our Company from December 1993 to September 1995, deputy manager of the audit and legal department from July 1997 to July 1998, deputy general manager of the international business department from July 1998 to January 2000, general manager of the audit department from January 2000 to January 2004, assistant to the general manager and the general manager of the audit department of our Company from January 2004 to December 2005 and the chief audit executive of our Company from December 2005 to February 2010. He has been an external director of the Guangzhou Light Industry Group Co., Ltd. since December 2007, external director of Guangzhou Municipal Construction Group Co. Ltd. from November 2013 to February 2015, and the chairman of the labor union committee of our Company since August 2014. Mr. Wu was sponsored by our Company to receive full-time education in the Finance Department, School of Economics, Jinan University from September 1995 to June 1997, and obtained a graduation diploma in monetary banking from the postgraduate course of further studies of Jinan University, Guangzhou, in January 1998; a master of business administration degree from the Asia International Open University (Macau), in March 2001, and a certificate of postgraduate (economics) from the Party School of the Guangdong Provincial Committee of the Communist Party of China, Guangzhou, in July 2002.

Mr. Cheng Huaiyuan has been appointed as an employee representative Supervisor since February 2010. Mr. Cheng is currently general manager of party-public relations department of our Company. His primary working experience includes: an employee, deputy director of the process and equipment department of Sino Pharmengin Corporation Wuhan Pharmaceuticals Design Institution, which is principally engaged in the design and general contracting of pharmaceutical engineering, from August 1988 to June 1999, research fellow of the development research center and deputy manager of the human resources department of our Company from June 1999 to March 2003, general manager of human resources department of GF Huafu Securities Co. Ltd. from March 2003 to December 2003, shareholder supervisor of GF Huafu Securities Co. Ltd. from May 2003 to March 2004. He has also been the deputy general manager of the party-public relations department and general manager, respectively, and general vice president of the labor union of our Company since January 2004. Mr. Cheng obtained a bachelor's degree in engineering from the Huazhong University of Technology (now known as Huazhong University of Science and Technology), Wuhan, in July 1988 and a master of management degree from Wuhan University in June 1999. Mr. Cheng has obtained the qualification of senior economist from the Guangdong Provincial Department of Personnel (now known as Guangdong Provincial Department of Human Resources and Social Security) in February 2002.

Ms. Zhan Lingzhi was appointed as a Supervisor since February 2010. Her primary work experience includes: deputy secretary to the Youth League general branch and secretary to the Party branch of workshop of Anqing Textile Factory (安慶紡織廠) from December 1978 to March 1984, deputy director, first deputy director and a member of the Party committee of Anqing Textile Factory from March 1984 to July 1998, director of Anhui Huamao Group Co. Ltd. and deputy general manager of Anhui Huamao Textile Co., Ltd. from July 1998 to April 2004, director of Anhui Huamao Textile Group Co. Ltd. and the deputy general manager, general manager and director of Anhui Huamao Textile Co. Ltd. from April 2004 to March 2007. She has also been chairman and the secretary to the Party committee of Anhui Huamao Group Co. Ltd. and chairman of Anhui Huamao Co., Ltd. since March 2007, vice president of the China Federation of Entrepreneurs of Textile Industry since July 2008 and a member of the Anqing City Party Committee since September 2011, chairman of the Woman Entrepreneurs Chamber of Anqing City, and supervisor of Guotai Junan Securities Co. Ltd. since September 2009. Ms. Zhan obtained a college diploma in textile engineering from China Textile University (now known as Donghua University), Shanghai, in December 1991.

Senior management

Mr. Ouyang Xi has been appointed as a deputy general manager of our Company since November 2004. His primary working experience includes: library assistant at the Guangdong Mechanics College (now known as Guangdong University of Technology) from July 1989 to August 1992, deputy general manager and managing deputy general manager of the investment banking department of our Company from July 1995 to February 2001, general manager of the proprietary trading department of our Company from February 2001 to January 2003, standing deputy general manager of the investment banking head office of our Company from January 2003 to January 2004, chief financial officer of our Company from January 2004 to March 2006, deputy general manager and secretary of the Board of Directors of our Company from July 2005 to November 2009 and director of GF Fund from March 2005 to June 2007. He has been a director of GFHK since September 2006. Mr. Ouyang obtained a bachelor's degree in science from Wuhan University in July 1989 and a master's degree in economics from Jinan University, Guangzhou, in June 1995.

Mr. Luo Binhua has been appointed as a deputy general manager and the secretary to our Board of our Company since November 2009. His primary working experience includes: clerk of the production output office of the Rural Social and Economic Survey Team of Jiangxi Province (now known as the Jiangxi Chief Survey Team of the National Bureau of Statistics) from June 1988 to September 1991, manager, deputy general manager and general manager of the investment banking department of our Company from December 1993 to January 2004, assistant to general manager and the general manager of investment banking head office of our Company from January 2004 to November 2009. He was chairman of GF Xinde from October 2008 to May 2010 and from August 2013 to June 2015, Mr. Luo was director of GFHK since July 2011, director of GF Asset Management since January 2014. Mr. Luo obtained a bachelor's degree in agriculture from the South China Agricultural University, Guangzhou, in July 1988, a master's degree in economics from Jinan University, Guangzhou, in June 1994 and an executive master of business administration degree from the Hong Kong University of Science and Technology in June 2012.

Mr. Yang Long has been appointed as a deputy general manager of our Company since May 2014. His primary working experience includes: employee of the research department of Tianjin Municipal Government from July 1991 to August 1993, employee of the office of Tianjin Water Conservancy Bureau from August 1993 to June 1994, general manager of the Hongbao Road brokerage branch of our Company in Shenzhen from July 1994 to January 1998, general manager of our sub-headquarters of Shenzhen from January 1998 to March 2004, standing deputy general manager of brokerage business sub-headquarter and general manager of our sub-headquarter of Shenzhen from March 2004 to October 2004, deputy general manager of our human resources management division from October 2004 to March 2005, general manager of operations department of bank-securities link business from March 2005 to September 2005, consultant to Unicom Huajian Connections Company Limited from October 2005 to December 2008, assistant to general manager of our Company from January 2009 to September 2014 (he was concurrently the general manager of Shenzhen branch office from October 2009 to November 2012 and the general manager of Shenzhen High Tech South Yidao Securities branch from September 2011 to December 2011). Mr. Yang was chairman of Guangdong GF Internet Microfinance Limited (廣東廣發互聯小額貸款股份有限公司) since August 2015. Mr. Yang obtained a bachelor's degree in economics from Nankai University, Tianjin, in June 1988, a master's degree in economics from the Central Party School of the Communist Party of China, Beijing, in July 1991, an executive master of business administration degree from the Hong Kong University of Science and Technology in May 2013 and a doctorate in management from Nankai University, Tianjin, in December 2003.

Mr. Wu Jifu has been appointed as a deputy general manager and the chief compliance officer of our Company since May 2014. His primary working experience includes: lecturer of accounting department of the school of economics at Heilongjiang University from July 1987 to July 1993, deputy head and head of the accountancy department of the school of economics at Heilongjiang University from July 1993 to July 1995 and July 1995 to October 1997, respectively, deputy director of the Audit Department of the Provincial Securities Supervision and Administration Office of the Heilongjiang Bureau of the CSRC from October 1997 to November 1998, deputy director of the Audit Department and director of the General Office of the Office of the Commissioner of the CSRC in Harbin from November 1998 to February 2004, director of the General Office of the Heilongjiang Bureau of the CSRC from March 2004 to February 2006 and director of the supervision department of the Heilongjiang Bureau of the CSRC from March 2006 to July 2008. He has been the chief compliance officer of our Company since July 2008, director of GFHK since August 2013 and supervisor of GF Asset Management since January 2014. Mr. Wu obtained a bachelor's degree in economics from Heilongjiang University in July 1987, and a master's degree in economics from Heilongjiang University in June 1998.

Mr. Zhang Wei has been appointed as a deputy general manager of our Company since May 2014. His primary working experience includes: business manager of Anhui Guoyuan Trust Company Ltd. from July 1998 to June 2002, business manager of our investment banking department of our Company from July 2008 to February 2009, deputy general manager of the debt underwriting department of our Company from February 2009 to January 2010, and the general manager of the debt underwriting department of our Company from January 2010 to March 2013. He was the assistant to general manager of our Company from January 2011 to August 2014 and concurrently served as co-general manager of investment banking department of the headquarters from April 2013 to August 2014. Mr. Zhang has been the chairman of GF Asset Management since August 2014, the director of China Securities Credit Investment Co., Ltd. (中證信用增進股份有限公司) since May 2015, the director of GFHK and chairman of Guangdong Guangtong Financial Leasing Co., Ltd. (廣東廣通融資租賃有限公司) since June 2015, and the chairman of GF Hexin Industrial Investment Management Co., Ltd. (廣發合信產業投資管理有限公司) since August 2015. Mr. Zhang obtained a bachelor's degree in economics from Anhui University, located in Hefei in June 1998, a master's degree in Economics from Fudan University, Shanghai, in June 2005 and a doctorate in economics from the Renmin University of China, Beijing, in July 2008.

Mr. Scott Xingong Chang has been appointed as a chief risk officer of the Company since October 2015. His primary working experience includes: vice president of capital market credit risk department of Lehman Brothers from September 2000 to April 2007, vice president of hedging fund risk department of Goldman Sachs Group from May 2007 to May 2010, head of credit risk hedge quantization development (senior vice president, executive director) of the Bank of America Merrill Lynch from June 2010 to May 2013, managing director of group risk management department of the Bank of New York Mellon from June 2013 to September 2014 (he was responsible for leading the projects of group risk integrated management), executive director of credit risk management department of Morgan Stanley from January 2015 to August 2015. Mr. Chang joined in the Company in September 2015. Mr. Scott Xingong Chang obtained a master degree in computer application from Peking University in 1994 and a master degree in computer science engineering from University of Delaware in America in 1996, and an MBA from New York University in America (in-service EMBA) in 2006.

POSITION HELD IN THE SHAREHOLDING COMPANIES

Name	Name of shareholding companies	Position held in the shareholding companies	Tenure	Remuneration received from shareholding companies
Director's position:				
Shang Shuzhi	Liaoning Cheng Da	Secretary to the Party Committee, chairman	January 1997 to present	Yes
Li Xiulin	Jilin Aodong	Chairman	February 2000 to present	Yes
Chen Aixue	Zhongshan Public Utilities	Chairman	November 2010 to present	Yes
Supervisor's position:				
Zhan Lingzhi	Anhui Huamao Textile Co. Ltd.	Chairman	March 2007 to present	Yes

POSITION HELD IN OTHER COMPANIES

Name	Name of other companies	Position held in other companies	Tenure	Remuneration received from other companies
Sun Shuming	China Securities Inter-agency Quotation Systems Co., Ltd. (中證機構間報價系統股份有限公司)	Vice chairman	March 2015 to present	No
Shang Shuzhi	Liaoning Cheng Da Group Ltd.	Secretary to the Party Committee, chairman	January 1997 to present	No
Chen Aixue	Zhongshan Zhonghui Investment Group Company Limited	Secretary to the Party Committee, chairman	October 2010 to present	No
	CNOOC Guangdong Natural Gas Co., Ltd.	Vice chairman	December 2010 to present	No
	Zhongshan – Hong Kong Passenger Shipping GO-OP Co., LTD	Chairman	June 2012 to present	No
Qin Li	E Fund	Director	May 2012 to present	No
	Guangdong Equity Exchange	Chairman	September 2013 to present	No
Sun Xiaoyan	ECT	Chairman of the supervisory committee	December 2014 to present	No
Zhan Lingzhi	Anhui Huamao Group Co. Ltd.	Secretary to the Party Committee, general manager, chairman	March 2007 to present	No
	Guotai Junan Securities Co. Ltd.	Supervisor	September 2009 to present	Yes
Liu Jiwei	Dongbei University of Finance & Economics	Professor	June 2006 to present	Yes
	Bank of Dalian Co., Ltd.	Independent director	May 2013 to present	Yes
	Liaoning Huafu Environmental Engineering Co., Ltd.	Independent director	December 2013 to present	Yes
	Ling Yuan Iron & Steel Co., Ltd.	Independent director	November 2014 to present	Yes
	Dalian Refrigeration Co., Ltd.	Independent director	March 2015 to present	Yes
	Dalian Rural Commercial Bank Co,. Ltd.	Supervisor	June 2015 to present	Yes

Name	Name of other companies	Position held in other companies	Tenure	Remuneration received from other companies
Yang Xiong	BDO China Shu Lun Pan Certified Public Accountant LLP	Senior partner	August 2011 to present	Yes
	Easecompeace Technology Card Co., Ltd	Independent director	April 2011 to present	Yes
	Rongfeng Holdings Co., Ltd	Independent director	September 2013 to present	Yes
	Aerospace Industrial Development Corp. (航天工業發展股份有限公司)	Independent director	August 2015 to present	Yes
Tang Xin	Law School of Tsinghua University	Professor	January 2015 to present	Yes
	Harvest Fund Management Co., Ltd	Independent director	August 2010 to present	Yes
	Oriza Holdings Co,. Ltd.	Independent director	November 2015 to present	Yes
	Beijing Rural Commercial Bank Co,. Ltd	External supervisor	November 2015 to present	Yes
Chan Kalok	Business School of The Chinese University of Hong Kong	Dean	November 2014 to present	Yes
Yang Long	Guangdong GF Internet Microfinance Limited (廣東廣發互聯小額貸款股份有限公司)	Chairman	July 2015 to present	No
Zhang Wei	China Securities Credit Investment Co., Ltd. (中證信用增進股份有限公司)	Director	May 2015 to present	No
Wu Zhaoming	Guangzhou Light Industry Group Co., Ltd.	External director	December 2007 to present	No

IV. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Decision-making process for remuneration of Directors, Supervisors and senior management

The above individuals who did not have contractual labour relationship with the Company enjoy allowances. Those who had contractual labour relationship with the Company receive remuneration according to the Company's policies. The general meeting, the Board of Directors, the Board of Supervisors, the Remuneration and Nomination Committee of the Board and Independent Directors perform their respective responsibilities in this decision-making process according to the relevant requirements.

2. Basis for determining the remuneration of Directors, Supervisors and senior management

The remuneration of Directors, Supervisors and senior management shall be determined depending on the Company's actual situation and their positions and performance by reference to the standards of similar companies in the finance industry.

3. Payment of remuneration of Directors, Supervisors and senior management

The remuneration will be paid regularly to their personal accounts after deducting income tax on behalf of them according to the Company's remuneration policies.

The Measures on Performance Assessment and Remuneration Management for GF Securities Business Managers requires that: "payment of more than 40% of annual performance-based remuneration for business managers of the Company shall be deferred for a period of at least three years. The deferred payment of remuneration shall be divided equally. The specific proportion of deferred payment and the period of deferred payment shall be reviewed and determined by the Board." The Board of the Company will formulate and implement the specific plan for deferred payment of annual performance-based remuneration of business managers according to the requirements of these measures on an annual basis. According to these requirements, the remuneration composition of our Executive Directors, employee representative Supervisors and senior management includes the remuneration provided and paid in 2015 and the deferred remuneration for 2014 and before. During the Reporting Period, the deferred remuneration before tax for 2014 and before of the above individuals was: Sun Shuming: RMB 10.9476 million; Lin Zhihai: RMB 12.088 million; Qin Li: RMB 9.9551 million; Sun Xiaoyan: RMB 9.1873 million; Ouyang Xi: RMB 9.2701 million; Luo Binhua: RMB 8. 8526 million; Yang Long: RMB5.1717 million; Wu Jifu: RMB 8. 4487 million; Zhang Wei: RMB4.169 million; Wu Zhaoming: RMB6.9768 million; Scott Xingong Chang: RMB 0; Zeng Hao: RMB 10.7185 million; Cheng Huaiyuan: RMB 2.02 million. The deferred remuneration before tax for 2014 and before of Non-executive Directors, Independent Non-executive Directors and shareholder representative Supervisors was: nil.

4. Remuneration of Directors, Supervisors and senior management during the Reporting Period

Unit: RMB ten thousand

Name	Positon	Sex	Age	Status	The total remuneration before tax received from the Company	Remuneration received from related parties of the Company
Sun Shuming	Executive Director, chairman	Male	53	Current	605.10	No
Shang Shuzhi	Non-executive Director	Male	63	Current	12.00	Yes
Li Xiulin	Non-executive Director	Male	63	Current	12.00	Yes
Chen Aixue	Non-executive Director	Male	57	Current	12.00	Yes
Lin Zhihai	Executive Director, general manager	Male	52	Current	488.47	No
Qin Li	Executive Director, standing deputy general manager	Male	47	Current	394.91	No
Sun Xiaoyan	Executive Director, deputy general manager, chief financial officer	Female	43	Current	379.73	No
Liu Jiwei	Independent Non-executive Director	Male	54	Current	18.00	No
Yang Xiong	Independent Non-executive Director	Male	49	Current	18.00	No
Tang Xin	Independent Non-executive Director	Male	44	Current	18.00	No
Chan Kalok	Independent Non-executive Director	Male	54	Current	12.00	No
Wu Zhaoming	Chairman of Supervisory Committee, employee representative Supervisor	Male	48	Current	379.92	No
Zhan Lingzhi	Supervisor	Female	60	Current	9.96	Yes
Cheng Huaiyuan	Supervisor	Male	49	Current	191.89	No
Ouyang Xi	Deputy general manager	Male	48	Current	390.15	No
Luo Binhua	Deputy general manager, Secretary to the Board	Male	51	Current	386.68	No
Yang Long	Deputy general manager	Male	51	Current	457.49	No
Wu Jifu	Deputy general manager, chief compliance officer	Male	50	Current	388.87	No
Zhang Wei	Deputy general manager	Male	40	Current	439.79	No
Scott Xingong Chang	Chief risk officer	Male	46	Current	90.54	No
Chak Mei Hing	Supervisor	Female	51	Resigned	3.32	No
Zeng Hao	Deputy general manager	Male	55	Resigned	177.22	No
Zhao Jin	Supervisor	Male	48	Resigned	6.56	No
Xu Xinzhong	Supervisor	Male	52	Resigned	No remuneration received	No
Total	—	—	—	—	4,892.60	—

Note 1: The Company does not pay non-cash compensation.

Note 2: The total remuneration before tax received from the Company was the remuneration provided and paid in 2015.

Note 3: For the total remuneration of key senior management in office in the period when the Company made a provision during the Reporting Period, please refer to the relevant information in the note in the audit report.

5. Share option granted to Directors, Supervisors and senior management of the Company during the Reporting Period

N/A

V. INFORMATION OF THE STAFF OF THE COMPANY

1. Staff information

Number of staff of the patent company and subsidiaries of GF Securities 11,126

Type of Employees		Number of Employees	Percentage (%)
Professional structure	Primary business	9,679	86.99
	Risk management	69	0.62
	Law and compliance	71	0.64
	IT	329	2.96
	others	978	8.79
	Total	11,126	100.00
Education level	Doctor's degree	133	1.20
	Master's degree	2,153	19.35
	Bachelor's degree	6,273	56.38
	Associate degree and below	2,567	23.07
	Total	11,126	100.00
Age	30 and below	5,194	46.68
	31 to 40	3,825	34.38
	41 to 50	1,838	16.52
	51 and above	269	2.42
	Total	11,126	100.00

Note 1: The above number of employees includes 154 employees for early retirement.

Note 2: There are no retired employees for whom the Company is required to pay additional cost.

2. Remuneration policies for employees

The Company stringently abided by and strictly enforced the "Labor Law", "Labor Contract Law" and other external laws and regulations, and established sound human resources management systems and processes, including the "Management Regulation on the Salary for GF Securities Employees", the "Administrative Measures on the Labor Contract for GF Securities Employees", the "Administrative Measures on the Benefits Leave for GF Securities Employee" which effectively protected the rights and interests for employees in labor protection, working conditions, salary payment, social insurance, working hours management, rest and vacation and the interests of female employees.

The Company established a competitive remuneration mechanism. The remuneration of the Company's employees comprises of fixed salary, performance bonus and benefits.

The Company established a comprehensive welfare and security system, including social insurance, annuity, housing subsidies, housing fund, supplementary medical insurance, benefits leave, union welfare, and welfare of female employees.

3. Training plans

The company is committed to strengthen the development of its talents, and to increase investment in training to improve staff quality. The Company has established a sound training management system by improving the training management system, establishing a variety of training channels, optimizing management of the training department and developing an internal team of trainers. The Company attaches great importance to staff training, the Company's human resources department collected and analyzed the training demand information through the diverse survey and analysis methods at the beginning of the year. On this basis, the Company formulated annual training plans and budget at company level, to ensure that the Company's training expenditure was applied in key points and effectively cover the majority of frontline staff.

In 2015, according to the annual business priorities of the Company, business development requirements and results of the demand survey, the Company focused on corporate culture training for all staff and leadership improvement training for middle and senior management. In respect of business training, the Company focused on the training of wealth management, design of derivatives, risk management, customer relationship management, business collaboration and cross-selling.

VI. CONSTITUTION OF ALL SPECIAL COMMITTEES UNDER THE BOARD

As at 31 December 2015, the eighth Session of the Board of the Company established four special committees. The committees and their members were as follows:

Risk Management Committee: Sun Shuming (chairman), Lin Zhihai, Qin Li;

Audit Committee: Yang Xiong (chairman), Liu Jiwei, Chan Kalok;

Remuneration and Nomination Committee: Liu Jiwei (chairman), Yang Xiong, Tang Xin, Lin Zhihai, Qin Li;

Strategy Committee: Sun Shuming (chairman), Lin Zhihai, Shang Shuzhi, Li Xiulin, Chen Aixue.

VII. INFORMATION ABOUT CUSTOMER SOLICITATION AND CUSTOMER SERVICE OF COMMISSION BROKERS

As at the end of Reporting Period, the Company had 243 security brokerage branches which had entrusted brokers to engage in businesses including client solicitation. There were 737 brokers in total, among which, 705 brokers have gained the security broker qualification, 32 brokers were under applications for the qualification.

Brokers have implemented three-tiered management system of “wealth management department at headquarters- wealth management department at branch offices- wealth management department at brokerage branches”. The wealth management department, as the headquarters’ functional department, made the overall plan of the marketing and management activities; the branch offices coordinated and supervised the marketing and management within their respective jurisdictions; the brokerage branches were responsible for implementing the recruitment, training, practicing registration, marketing development and daily management activities.

公司治理

CORPORATE GOVERNANCE

Section 10 Corporate Governance

I. BASIC SITUATION OF THE CORPORATE GOVERNANCE

The Company is committed to becoming a modern investment bank with international competitiveness, brand influence and systematic significance. As a public company listed in both Mainland China and Hong Kong, the Company carries out standardized operations in strict accordance with the requirements of laws and regulations and normative documents of the place where the Company is listed, therefore continuously improving the social recognition and public reputation. The Company continues to enhance corporate governance pursuant to stipulations under the relevant laws and regulations including the Company Law, the Securities Laws, the Standardized Operational Guidelines for Companies Listed on the Main Board of the Shenzhen Stock Exchange, the Hong Kong Listing Rules, the Regulations on Supervision and Administration of Securities Firms and the Rules on Governance of Securities Firms. The Company constantly improves its internal control management system so as to gradually reinforce the integrity, rationality and effectiveness of its internal control; and further establish and improve the Company's rules and regulations; The general meeting of shareholders, the Board of Directors, the Supervisory Committee and the management perform their respective duties and act with due diligence, which establishes a sound structure of corporate governance. Through this corporate governance structure, the Company ensures its standard operation in accordance with the Corporate Governance Code. There is no difference between the actual situation of corporate governance and the relevant requirements and provisions of the CSRC and the Hong Kong Stock Exchange.

To satisfy the requirements of both corporate governance and specific operation for an A+H dual listed company, the Company approved at the Board meeting on March 19, 2015, the adoption of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Hong Kong Listing Rules as the code of conduct for securities transactions of the Company by all Directors, and the adoption of the Corporate Governance Code as set out in Appendix 14 of the Hong Kong Listing Rules as the guidelines for standardizing the Company's governance. On April 10, 2015, the Company's H shares were offered and listed on the Main Board of Hong Kong Stock Exchange. Since then, the Company has strictly complied with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Hong Kong Listing Rules (hereinafter referred to as the "Code"), and all provisions applicable thereof. The Company has met most of the recommended best practice provisions as set out in the Code.

During the Reporting Period, the Company convened a total of 38 meetings, including two general meetings of shareholders, 17 meetings of the Board of Directors, six meetings of the Supervisory Committee, two annual report work meetings of independent non-executive Directors, six meetings of the Audit Committee, two meetings of the Remuneration and Nomination Committee, one meeting of the Strategy Committee, and two meetings of the Risk Management Committee.

II. THE COMPANY'S INDEPENDENCE RELATIVE TO THE CONTROLLING SHAREHOLDER IN TERMS OF THE BUSINESS, PERSONNEL, ASSETS, INSTITUTIONS AND FINANCE

The ownership structure of the Company is decentralized, with no controlling shareholder. The Company is completely separated from the largest shareholder with regard to the business, personnel, assets, institutions, finance and other aspects. The Board of Directors, the Supervisory Committee and each functional department are all able to operate independently, equipped with independent business and operation capacities. Details are as follows:

1. Operational independence

The Company independently carries out operation within its business scope approved by the China Securities Regulatory Commission in accordance with the Company Law and the Company's Articles of Association. The Company has obtained business license required to run securities business and has independent business and operation capacities. In its business operations, the Company is free from influence and control of shareholders including the largest shareholder and related parties, and is able to compete in the market. There are no situations where shareholders and related parties violate the Company's operational procedures and interfere with the internal management and operation decisions of the Company.

2. Independence of personnel

The Company has established a human resources department and an independent labor and personnel system, with independent labor, personnel and payroll management system. The Company is completely separated with the largest shareholder and other shareholders. The engagement of the Company's Directors, Supervisors, and senior management complies with the Company Law, the Securities Law and the Measures on Supervision of Qualifications for Directors, Supervisors and Senior Management Personnel of Securities Firms and other relevant provisions. The Company's incumbent Directors, Supervisors and senior management personnel have already obtained the regulators' approval with regard to qualifications for their respective roles. No senior management serves in the largest shareholder of the Company and other shareholders, or works in a part-time manner for other non-profit institutions or engages in other business activities. The Company has established well-developed employment, personnel management, payroll management and social security system, and has signed a labor contract with each of the employees according to laws. The Company has independent rights to employ labors, with no interference from shareholders.

3. Independence of the assets

The Company has independent and integral assets which are necessary for carrying out securities business. No shareholders (including the largest shareholder) or other related parties have taken up the Company's assets or acted detrimentally to the legal rights of the Company and its other shareholders or clients. The Company independently operates and manages its own assets according to laws, possessing the franchises, real estate, operation equipment and trademarks which are required for its operation. The Company has legal rights to own and use such assets, and no shareholders (including the largest shareholder) have occupied the Company's assets and capital which may harm the interests of the Company.

4. Institutional independence

The Company has established a sound corporate governance structure, and has set up the general meeting of shareholders, the Board of Directors and its four special committees (namely the Strategy Committee, the Risk Management Committee, the Audit Committee, the Remuneration and Nomination Committee), the Supervisory Committee, the management team and related business management departments which work properly and exercise powers according to laws within the framework of their respective mandates. With independent and complete securities business and management systems, the Company independently develops business and complies with the CSRC requirements in terms of the organizational setup and operation. The Company's existing offices and business premises are completely split from those of its shareholders, so there is no shared use among different organizations.

5. Financial independence

In accordance with the Accounting Standards for Business Enterprises, the Accounting Standards for Business Enterprises - Application Guide, the Financial Rules for Financial Enterprises and other provisions, the Company has established an independent financial department along with independent financial accounting system and financial management system. The Company is staffed with independent financial accountants, none of whom serve in a part-time manner for any shareholders. The Company's financial decisions are made independently, and no shareholders or related parties have interfered with the use of funds. The Company opens a separate banking account, and no shareholders (including the largest shareholder) and related parties share accounts with the Company. As an independent taxpayer, the Company has completed separate tax registration and pays tax according to laws, and no shareholder pays taxes together with the Company.

As of December 31, 2015, the Company has not provided any guarantees to any shareholder (including the largest shareholder) and other related parties.

III. THE SITUATION OF COMPETITION WITHIN THE INDUSTRY

None.

IV. THE ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETINGS HELD DURING THE REPORTING PERIOD

(I) About shareholders and the general meetings of shareholders

The general meeting shall be the authority of power of the Company, through which the shareholders shall exercise their functions. The existing Articles of Association and the Rules of Procedure of the General Meeting of Shareholders of the Company have provided for the rights and obligations of shareholders, the authority of the general meeting of shareholders, the convening, voting and resolutions of the general meeting of shareholders, which ensure the standard and effective operation of the general meeting of shareholders and protect the interests of shareholders, especially those of the minority shareholders and the Company.

Under Article 72 of Articles of Association of the Company, shareholder(s) severally or jointly holding 10% or more of the shares of the Company shall be entitled to request the Board to convene an extraordinary general meeting, and shall put forward such request to the Board in writing. The Board shall, pursuant to laws, administrative regulations and these Articles of Association, give a written reply on whether to convene an extraordinary general meeting or not within 10 days after receipt of the request. If the Board agrees to convene an extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is passed by the Board. In the event of any change to the original proposal set forth in the notice, the consent of relevant shareholder(s) shall be obtained. If the Board does not agree to hold the extraordinary general meeting or fails to give a reply within 10 days after receipt of the proposal, shareholder(s) severally or jointly holding 10% or more shares of the Company shall be entitled to propose to the Supervisory Committee to convene an extraordinary general meeting, and shall put forward such request to the Supervisory Committee in writing. If the Supervisory Committee agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after receipt of the said request. In the event of any change to the original proposal set forth in the notice, the consent of relevant shareholder(s) shall be obtained. In the case of failure to issue the notice for the general meeting within the term stipulated, the Supervisory Committee shall be deemed as failing to convene and preside over the general meeting. As a result of its failure to do so, the shareholder(s) severally or jointly holding 10% or above shares of the Company for 90 consecutive days or above may convene and preside over such meeting by itself/themselves

In addition, Under Article 77 of Articles of Association of the Company, where the Company convenes a general meeting or meetings of the Board and the Supervisory Committee, shareholder(s) severally or jointly holding 3% or above shares of the Company may make proposals to the Company. Shareholder(s) severally or jointly holding 3% or above shares of the Company may submit written provisional proposals to the convener 10 days before a general meeting is convened. The convener shall serve a supplementary notice of general meeting within 2 days after receipt of a proposal, and announce the content of the proposal on the agenda. Otherwise, the convener shall not change the proposal set out in the notice of general meeting or add any new proposal after the said notice announcement is served.

(II) General meeting of shareholders during the Reporting Period

Session of meeting	Type of meeting	Participation ratio of investors	Convening date	Titles of Resolutions of the meeting	Status of resolutions	Disclosure date	Disclosure index
Annual general meeting 2014	Annual general meeting	63.22%	March 9, 2015	1. 2014 Annual Report of Board of Directors of GF Securities; 2. 2014 Annual Report of Supervisory Committee of GF Securities; 3. 2014 Annual Final Financial Report of GF Securities; 4. 2014 Annual Report and Summary of 2014 Annual Report of GF Securities; 5. 2014 Annual Social Responsibility Report of GF Securities; 6. 2014 Annual Profit Distribution Plan of GF Securities; 7. The Resolution Regarding Engaging Deloitte Touche Tohmatsu Limited as our 2015 Annual Auditor; 8. The Resolution Regarding the Annual Proprietary Business Funding Available for the year of 2015; 9. The Resolution Regarding the Company's Daily Related Transactions for the year of 2015.	All resolutions were approved	March 10, 2015	It was published on the China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily and disclosed on the website of CNINFO (http://www.cninfo.com.cn) by the Company
First extraordinary general meeting in 2015	Extraordinary general meeting	53.46%	July 21, 2015	1. The Proposal Relating to Authorizing the Issuance of Corporate Debt Financing Instruments by the Company within and outside of the Company's Country; 2. The Proposal on the Election of Mr. Xu Xinzhong as a Supervisor for the Eighth Session of the Supervisory Committee.	All resolutions were approved	July 22, 2015	It was published on the China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily and disclosed on the website of CNINFO (http://www.cninfo.com.cn) by the Company

As a responsible public company, the Company is dedicated to effective protection of minority shareholders of the Company and their full right of information, to ensure the fairness of information disclosure. The Company has also continued to take a series of concrete actions to further improve and increase its communication with investors. The Company has successively developed the Information Disclosure Management System, Management Measures on Persons with Knowledge of Inside Information and Registration Management Regulations on Persons with Knowledge of Inside Information as well as other rules and regulations. The Company appointed a Secretary of Board of Directors and a Company Secretary who are responsible for information disclosure. The Company Secretary, the securities representative and the Board's office assist in information disclosure and maintenance of investors relations. The Company interacts and communicates with investors in a variety of forms, mainly including phone calls, emails, investor relation platform on the Company's website, the interaction platform of the Shenzhen Stock Exchange, site visits, attending investor presentations and overseas road shows. Shareholders may at any time make queries and express their views to the Board in writing through the Company Secretary and the Board's office. Where appropriate, shareholders' inquiries and comments will be forwarded to the Board of Directors and/or the relevant special committees of the Company's Board to address shareholders' questions, to ensure that shareholders, especially minority shareholders can fully exercise their rights (for contact information of the Company, please refer to "X, Contact persons and contact information" in Section 1 "Company Profile" of this report).

(III) Holders of preferred shares whose voting rights have been restored request the convening of extraordinary general meeting

Not applicable.

V. BOARD OF DIRECTORS AND SUPERVISORY COMMITTEE MEETINGS CONVENED DURING THE REPORTING PERIOD

(I) In respect of Directors, Board of Directors and the management team

The existing Articles of Association and the Rules of Procedure of the Board of Directors have provided for the qualification, obligations and responsibilities of Directors, the authority of the Board of Directors, the convening, voting and resolutions of the meeting of the Board of Directors, etc., which ensure the standard and effective operation of the Board of Directors.

1. The composition of the Board

The Company appoints and replaces Directors strictly in accordance with the relevant regulations and the provisions of its Articles of Associations. The Board of Directors shall exercise its power and functions according to laws, ensuring that the convening, voting, resolutions of the Board of Directors comply with the Company Law, the Articles of Association and other regulations.

The Board of Directors of the Company currently comprises 11 Directors, among them, four are executive Directors (Mr. Sun Shuming, Mr. Lin Zhihai, Mr. Qin Li, and Ms. Sun Xiaoyan), three are non-executive Directors (Mr. Shang Shuzhi, Mr. Li Xiulin and Mr. Chen Aixue) and four are independent non-executive Directors (Mr. Liu Jiwei, Mr. Yang Xiong, Mr. Tang Xin, and Mr. Chan Kalok). The number of independent non-executive Directors exceeds one-third of the total number of the Company's Directors. Mr. Sun Shuming serves as the Chairman.

The Directors shall be elected or replaced at the general meeting and their term of office shall be three years. The Directors shall perform their official duties since the adoption of the resolution of the shareholders and upon the date of their competency being approved by the China Securities Regulatory Commission. Upon the expiry of the term, a Director shall be eligible for re-election and re-appointment. Independent Directors shall have the same term of office as the other Directors. The term of office of an independent Director is renewable upon re-election when it expires, but no independent Director shall serve for more than six years. The shortest period for a notice of the proposal to elect a person as a Director being sent to the Company and the notice on the person's intent to accept the election sent to the Company shall be at least seven days. The period for submitting the aforesaid notices shall start to run after the Company distributes the notices of the election, and such period shall not end seven days (or less) before the date of the meeting. Ordinary resolution for the election of Directors at a general meeting shall be passed by one half or above of the voting rights held by the shareholders (including their proxies) attending the general meeting.

Independent Directors shall have independence as required under Rule 3.13 of the Hong Kong Listing Rules. At present, the Company has received confirmation in writing from all independent non-executive Directors on their independence. The Company will continue to confirm their independent status, based on the aforesaid confirmation and the relevant information available to the Board.

2. Duties of the Board of Directors

The Board of Directors is the decision-making body of the Company, responsible for the general meeting of shareholders, and shall discharge their duties in accordance with laws, regulations, the Articles of Association of the Company and the listing rules where our Shares are listed. The Board of Directors is responsible for strategy development, corporate governance development, implementation of risk management and internal control as well as corporate finance decisions.

According to the Articles of Association of the Company, the Board shall exercise the following functions and powers: to convene general meetings and report to general meetings; to execute resolutions of general meetings; to resolve on the Company's business plans and investment plans; to formulate the Company's long-term and mid-term development plans; to prepare the annual financial budgets and final accounting plans of the Company; to prepare the profit distribution plan and loss makeup plan of the Company; to prepare plans for the increase or decrease of the registered capital of the Company, the issuance of bonds or other securities and listing plans; to formulate plans for material acquisitions, purchase of shares of the Company, merger, division, dissolution or transformation of the Company; to decide on external investment, acquisition and disposal of assets, asset pledge, external guarantee, consigned financial management, connected transactions, etc. of the Company within the authority granted by the general meeting; to resolve on the establishment of internal management organizations of the Company; to appoint or dismiss the Company's general manager, secretary of the Board, chief compliance officer and chief audit officer as nominated by the chairman of the Board; to appoint or dismiss the Company's vice general manager, chief financial officer and other senior management as nominated by the general manager and determine their remuneration and rewards and penalties; to set up the basic management system of the Company; to formulate the proposals for any amendment to the Articles of Association; to manage the disclosure of information by the Company; to propose to general meetings the appointment or change of the accounting firm acting as the auditors of the Company; to review the work report of the general manager of the Company and examine the work conducted by the general manager; to monitor, review and evaluate the establishment and implementation of the Company's various internal control systems and to be responsible for the effectiveness of the internal control; to ensure the independence of the chief compliance officer, guarantee the independent communication between the chief compliance officer and the Board and safeguard the smooth reporting between the chief compliance officer and the regulatory authority; to review the compliance report and monitor the implementation of the compliance policies; to examine and approve significant risk management policies including risk preference; to exercise other functions and powers as stipulated by laws, administrative rules and regulations or the Articles of Association.

According to the resolution of the second extraordinary general meeting of the Company for the year of 2014, the Company purchased liability insurance for its Directors, Supervisors and senior management to provide protection for possible compensation liability in the course of performing their duties and to advance their full performance of duties.

In terms of corporate governance, the Board or its subordinated specific committees perform the following powers: to develop and review the policy and practice of corporate governance, and putting forward proposals to the Board; to review and monitor training and continued professional development of the Directors and senior management personnel; to review its compliance with the Corporate Governance Code as set out in Appendix 14 of the Hong Kong Listing Rules, and the disclosure in the Corporate Governance Report as set out in Appendix 14 therein. During the Reporting Period, the Board of Directors of the Company carries out major initiatives on corporate governance as follows:

At the Board meeting on March 19, 2015, the Company approved to adopt the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules as the code of conduct for securities transactions of the Company by all Directors, and adopted the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules as the guidelines for regulating the Company's corporate governance.

According to the GF Securities Risks Preference Proposal adopted on December 24, 2014, considering changes of capital leverage and a surge in market risk exposure as a result of the market environment and the issue of H shares of the Company, the Board of Directors and the special committees continued to discuss about the Group's risk tolerance indicators, and urged management to make adjustments and routine monitoring to ensure full implementation of the Company's risk preference.

The Company provides professional training to its Directors, Supervisors and senior managers for their performance of duties, and provides them with the monthly newsletters of the Directors and Supervisors that are compiled by the Company, to improve their understanding of the securities industry and the Company's business and to facilitate the performance of their duties.

Before the publication of this report, the Board has reviewed the Corporate Governance section herein (the corporate governance report), and the Board is of the view that the corporate governance report complies with the relevant requirements of the Hong Kong Listing Rules.

3. Duties of the management team

The Company implements the general-manager responsibility system under the leadership of the Board of Directors. The Articles of Association of the Company clearly define the respective responsibilities of the Board of Directors and the management. The general manager shall be accountable for the daily business operations of the Company; to organize and implement the Board's resolutions, the Company's annual business plans and investment plans; to prepare the plan for the establishment of internal management of the Company; to prepare the plan of the basic management system of the Company; to decide to appoint or remove executives other than those appointed or removed by the Board; or to exercise other functions and powers conferred in the Articles of Association and by the Board. Senior management staff shall be appointed or removed by the Board. If necessary, the Board of Directors shall delegate its management and administrative authority to the management team, and provide clear guidelines on the authorized acts. They serve for a term of three years and may serve consecutive terms upon reappointment.

4. Chairman and General Manager

The position of the Chairman and General Manager of the Company shall be separately held by different individuals to ensure a balanced mandate and to avoid excessive concentration of power. The Chairman and General Manager of the Company are respectively held by Mr. Sun Shuming and Mr. Lin Zhihai. The Company's Articles of Association, Terms of Reference for the Board of Directors and Terms of Reference for the General Manager clearly define the duties of the Chairman and the General Manager.

The Chairman is the legal representative of the Company, who leads the daily operations of the Board, and monitors and examines the implementation of resolutions made by the Board to ensure efficient and orderly operations of the Board. The general manager manages the daily business operations of the Company, organizes and implements the Board's resolutions, and reports to the Board.

5. *The Board meetings during the Reporting Period*

Session of meeting	Convening date	Titles of proposals of the meeting	Status of resolutions	Disclosure date	Disclosure index
The Eleventh Meeting of the Eighth Session of the Board of Directors	February 13, 2015	1. to deliberate the Board Report of GF Securities for the Year of 2014; 2. to deliberate the Work Report of GF Securities Board Strategic Committee for the Year of 2014; 3. to deliberate the Work Report of GF Securities Board Risk Management Committee for the Year of 2014; 4. to deliberate the Work Report of GF Securities Board Audit Committee for the Year of 2014; 5. to deliberate the Work Report of GF Securities Board Remuneration and Nomination Committee for the Year of 2014; 6. to deliberate the Proposal of Drawing General Meeting's attention to Work Report of GF Securities Independent Directors for the Year of 2014; 7. to deliberate the Proposal of Drawing General Meeting's attention to Duty Report of GF Securities Independent Directors for the Year of 2014; 8. to deliberate the Proposal of Distribution of Performance Salary for Business Management for the Year of 2014; 9. to deliberate the Proposal of Performance Assessment on Directors for the Year of 2014; 10. to deliberate the Special Description of Performance Assessment and Remuneration of GF Securities Directors for the Year of 2014; 11. to deliberate the Special Description of Duty Performance, Performance Assessment and Remuneration of GF Securities Business Management for the Year of 2014; 12. to deliberate the Final Financial Report of GF Securities for the Year of 2014; 13. to deliberate the Report and Summary of GF Securities for the Year of 2014; 14. to deliberate the Special Report of Storing and Utilization of Share Proceeds for the Year of 2014; 15. to deliberate the Social Responsibility Report of GF Securities for the Year of 2014; 16. to deliberate the Compliance Report of GF Securities for the Year of 2014; 17. to deliberate the Report of Self-Assessment of Internal Control of GF Securities for the Year of 2014; 18. to deliberate the Risk Management Report of GF Securities for the Year of 2014; 19. to deliberate the Plan of Profit-sharing of GF Securities for the Year of 2014; 20. to deliberate the Proposal of Engaging Deloitte Touche Tohmatsu Limited as our 2015 Annual Auditor; 21. to deliberate the Proposal of 2015 Annual Proprietary Business Funding Available; 22. to deliberate the Proposal of Expecting Daily Related Transactions of GF Securities for the Year of 2015; 23. to deliberate the Proposal of convening 2014 Annual General Meeting of GF Securities.	All resolutions were passed	February 14, 2015	It was published on the China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily and disclosed on the website of CNINFO (http://www.cninfo.com.cn) by the Company
The Twelfth Meeting of the Eighth Session of the Board of Directors	March 19, 2015	1. to deliberate the Proposal of Global Offering of H Shares (Hong Kong public sale and international sale) and its Listing on the Hong Kong Stock Exchange; 2. to deliberate the Service Contract and with Directors, Supervisors and the Senior Management Personnel; 3.to deliberate the Proposal of Expanding Total Scale of Margin Trading and Short Selling of the Company; 4. to deliberate the Proposal of Expanding Total Scale of Stock-pledging Repurchasing Transaction the Company.	All resolutions were passed	March 20, 2015	
The Thirteenth Meeting of the Eighth Session of the Board of Directors	April 7, 2015	1. to deliberate the Proposal of Expanding Total Scale of Margin Financing and Securities Lending of the Company.	All resolutions were passed	April 8, 2015	

Session of meeting	Convening date	Titles of proposals of the meeting	Status of resolutions	Disclosure date	Disclosure index
The Fourteenth Meeting of the Eighth Session of the Board of Directors	April 20, 2015	1. to deliberate the Proposal of Capital Increase in GF Holdings (Hong Kong) Corporation Limited.	All resolutions were passed	April 21, 2015	It was published on the China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily and disclosed on the website of CNINFO (http://www.cninfo.com.cn) and the website of HKExnews (http://hkexnews.hk) by the Company
The Fifteenth Meeting of the Eighth Session of the Board of Directors	April 27, 2015	1. to deliberate the 2015 First Quarterly Report of GF Securities; 2.to deliberate the Proposal of Supplementing Liquidity by Using Part of the Idle Funds Raised; 3. to deliberate the Proposal of Capital Increase in GF Securities Asset Management (Guangdong) Co., Ltd.; 4. to deliberate the Proposal of Capital Increase in GF Qianhe Investment Co., Ltd.	All resolutions were passed	April 28, 2015	
The Sixteenth Meeting of the Eighth Session of the Board of Directors	May 29, 2015	1. to deliberate the Proposal of Election of Independent Director Mr. Chan Kalok as an Audit Committee Member; 2. to deliberate the Proposal of Expanding Total Scale of Margin Financing and Securities Lending of the Company; 3. to deliberate the Proposal of Establishing Hainan Branch; 4. to deliberate the Proposal of Providing Anti-guarantee Against Loan for GF Financial Markets (UK) Limited; 5. to deliberate the Proposal of Expanding Total Scale of Subscription for Shares with Customer Stock Pledge Financing.	All resolutions were passed	May 30, 2015	
The Seventeenth Meeting of the Eighth Session of the Board of Directors	June 5, 2015	1. to deliberate the Proposal of authorization to Issuance of Corporate Debt Financing Instruments within and outside China; 2. to deliberate the Proposal of Convening 2015 First Extraordinary General Meeting of GF Securities Co., Ltd.	All resolutions were passed	June 6, 2015	
The Eighteenth Meeting of the Eighth Session of the Board of Directors	June 10, 2015	1. to deliberate the Proposal of Expanding Total Scale of Stock-pledging Repurchasing Transaction Business of the Company.	All resolutions were passed	June 11, 2015	
The Nineteenth Meeting of the Eighth Session of the Board of Directors	June 17, 2015	1. to deliberate the Proposal of the Establishment of GF Xinde • Jilin Aodong Fund Management Co., Ltd. (tentative name), GF Xinde • Jilin Aodong Chinese Medicine Modernization Industry Fund (tentative name) and Jilin Aodong Innovative Industry Development Fund (tentative name) and Connected/Related Transactions of Joint Investments Associated with Jilin Aodong.	All resolutions were passed	June 18, 2015	
The Twentieth Meeting of the Eighth Session of the Board of Directors	August 3, 2015	1. to deliberate the Proposal of the Establishment of the Management Department of Relationship with Strategic Customers.	All resolutions were passed	August 4, 2015	
The Twenty-first Meeting of the Eighth Session of the Board of Directors	August 14, 2015	1. to deliberate the Proposal of the Appointment of Mr. Xu Youjun as the Securities Affairs Representative of the Company; 2 to deliberate the Proposal of Convening 2015 Second Extraordinary General Meeting of GF Securities Co., Ltd.	All resolutions were passed	August 15, 2015	
The Twenty-second Meeting of the Eighth Session of the Board of Directors	August 21, 2015	1. to deliberate the Proposal of the 2015 Interim Report of GF Securities; 2.to deliberate the Proposal of the 2015 Interim Compliance Report of GF Securities; 3. to deliberate the Interim Special Report of Storing and Utilization of Share Proceeds for the Year of 2015.	All resolutions were passed	August 22, 2015	
The Twenty-third Meeting of the Eighth Session of the Board of Directors	September 2, 2015	1. to deliberate the Proposal of the Capital Increase in GF Holdings (Hong Kong) Corporation Limited.	All resolutions were passed	September 7, 2015	

Session of meeting	Convening date	Titles of proposals of the meeting	Status of resolutions	Disclosure date	Disclosure index
The Twenty-fourth Meeting of the Eighth Session of the Board of Directors	September 28, 2015	1. to deliberate the Proposal of Providing Guarantee Commitment of Net Capital to GF Asset Management.	All resolutions were passed	September 29, 2015	
The Twenty-fifth Meeting of the Eighth Session of the Board of Directors	October 19, 2015	1. to deliberate the Proposal of the appointment of a Chief Risk Officer of the Company.	All resolutions were passed	October 20, 2015	
The Twenty-sixth Meeting of the Eighth Session of the Board of Directors	October 30, 2015	1. to deliberate the 2015 Third Quarterly Report of GF Securities; 2. to deliberate the Proposal of Adjusting Organizational Structure of the Company.	All resolutions were passed	October 31, 2015	
The Twenty-seventh Meeting of the Eighth Session of the Board of Directors	November 30, 2015	1. to deliberate the Proposal of Participation by the Company into Proprietary Merchandise Operation at Home and Abroad.	All resolutions were passed	December 1, 2015	

6. Implementation of the resolutions of shareholders' meetings by the Board of Directors

On December 8, 2014, the 2014 Second Extraordinary General Meeting of the Company considered and passed certain resolutions, including the Resolution relating to the Issue and Listing of H Shares in Hong Kong and the Resolution relating to the Proposals for the Issue and Listing of H Shares in Hong Kong. On March 5, 2015, the Company received the Reply Regarding the Approval for the Issue of Listed Foreign Invested Shares by GF Securities Co., Ltd. (Zheng Jian Xu Ke [2015] No. 347) from the CSRC. On April 10, 2015, 1,479,822,800 listed foreign shares (H Shares) issued by the Company through public offering and international placing were listed for trading on the Main Board of the Hong Kong Stock Exchange, at an issue price of HK$18.85 per H Share. On April 13, 2015, the Company over-allotted an aggregate of 221,973,400 listed foreign shares (H Shares), at an issue price of HK$18.85 per H Share. The Company issued a total of 1,701,796,200 H Shares and raised proceeds of HK$32.079 billion in aggregate. On March 9, 2015, the Company held the 2014 annual general meeting and passed 2014 Profit Distribution Proposal, which provided cash dividend of a total of RMB 1,183,858,292.80 with cash dividend of RMB2.0 (tax inclusive) for every 10 existing shares held by A-share holders of the Company based on the share capital of 5,919,291,464 A Shares. It was completed before May 9, 2015 and the remaining undistributed profits of RMB 11,250,884,032.71 shall be carried forward to the next year.

On March 9, 2015, the Company convened the 2014 annual general meeting of shareholders and adopted the Proposal of Engaging Deloitte Touche Tohmatsu Limited as our auditor for the year of 2015.

On July 21, 2015, the Company's first extraordinary general meeting of shareholders of 2015 adopted the Proposal of Electing Mr. Xu Xinzhong as a Supervisor of the Eighth Session of the Supervisory Committee. According to the proposal, the Company filed with the CSRC Guangdong Branch Mr. Xu Xinzhong's qualification as a supervisor of securities companies. On July 28, 2015, his qualification as a supervisor of securities companies was approved. Therefore, Mr. Xu Xinzhong would duly perform his obligations as a Supervisor of the Company. On February 1, 2016, Mr. Xu Xinzhong resigned from his position as a Supervisor of the Company for personal reasons.

(II) The Supervisory Committee meetings during the Reporting Period

1. *Supervisors and Supervisory Committee*

The existing Articles of Association and the Rules of Procedure of the Supervisory Committee have provided for the composition, authority, the convocation of the meeting, notice of meeting and minutes of the Supervisory Committee, etc., which ensure the standard and effective operation of the Supervisory Committee.

2. *The Supervisory Committee meetings during the Reporting Period*

Session of meeting	Convening date	Titles of proposals of the meeting	Status of resolutions	Disclosure date	Disclosure index
The Fifth Meeting of the Eighth Session of the Supervisory Committee	February 13, 2015	1. to deliberate the Report of Self-Assessment of Internal Control of GF Securities for the Year of 2014; 2. to deliberate the Report and Summary of GF Securities for the Year of 2014; 3. to deliberate the Proposal of Audit Opinion of 2014 Annual Report of GF Securities; 4. to deliberate the Supervisory Committee Report of GF Securities for the Year of 2014; 5. to deliberate the Proposal of Performance Assessment on Supervisors for the Year of 2014; 6. to deliberate the Special Description of Performance Assessment and Remuneration of GF Securities Supervisors for the Year of 2014; 7. to deliberate the Proposal of Performance Salary for Chief Supervisor for the Year of 2014; 8. to deliberate the Social Responsibility Report of GF Securities for the Year of 2014; 9. to deliberate the Proposal of Amendment to Provisions of Off-Office Auditing for GF Securities Senior Management Personnel.	All resolutions were passed	February 14, 2015	It was published on the China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily and disclosed on the website of CNINFO (http://www.cninfo.com.cn) by the Company
The Sixth Meeting of the Eighth Session of the Supervisory Committee	April 27, 2015	1. to deliberate the 2015 First Quarterly Report of GF Securities; 2. to deliberate the Proposal of Supplementing Liquidity by Using Part of the Idle Funds Raised.	All resolutions were passed	April 28, 2015	It was published on the China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily and disclosed on the website of CNINFO (http://www.cninfo.com.cn) and the website of HKExnews (http://hkexnews.hk) by the Company
The Seventh Meeting of the Eighth Session of the Supervisory Committee	June 5, 2015	1. to deliberate the Proposal of Appointment of Mr. Xu Xinzhong as a Supervisor Candidate for the Eighth Session of the Supervisory Committee.	All resolutions were passed	June 6, 2015	
The Eighth Meeting of the Eighth Session of the Supervisory Committee	August 14, 2015	1. to deliberate the Proposal of Removal of Mr. Zhao Jin as a Member of the Supervisory Committee of the Company.	All resolutions were passed	August 15, 2015	
The Ninth Meeting of the Eighth Session of the Supervisory Committee	August 21, 2015	1. to deliberate the Proposal of 2015 Interim Report of GF Securities; 2. to deliberate Interim Special Report of Storing and Utilization of Share Proceeds for the Year of 2015.	All resolutions were passed	August 22, 2015	
The Tenth Meeting of the Eighth Session of the Supervisory Committee	October 30, 2015	1. to deliberate the 2015 Third Quarterly Report of GF Securities;	All resolutions were passed	October 31, 2015	

VI. PERFORMANCE OF DUTIES BY DIRECTORS DURING THE REPORTING PERIOD

1. Attendance of Directors at Board meetings and general meetings of shareholders

		Attendance of Board meetings							
Name of Director	Position	Attendance required during the Reporting Period	Attendance by on-site meeting	Attendance by telecommunication	Attendance by proxy	Times of absence	Two consecutive absences in person	Voting results	Number of general meeting of shareholders attended
Sun Shuming	Executive Director, Chairman	17	4	13	0	0	No	Affirmative to all	2/2
Shang Shuzhi	Non-Executive Director	17	0	15	2	0	No	Affirmative to all	1/2
Li Xiulin	Non-Executive Director	17	1	16	0	0	No	Affirmative to all	1/2
Chen Aixue	Non-Executive Director	17	3	14	0	0	No	Affirmative to all	1/2
Lin Zhihai	Executive Director, General Manager	17	4	13	0	0	No	Affirmative to all	2/2
Qin Li	Executive Director, Standing Deputy General Manager	17	4	12	1	0	No	Affirmative to all	2/2
Sun Xiaoyan	Executive Director, Chief Financial Officer	14	2	12	0	0	No	Affirmative to all	1/1
Liu Jiwei	Independent Non-Executive Director	17	2	15	0	0	No	Affirmative to all	1/2
Yang Xiong	Independent Non-Executive Director	17	1	15	1	0	No	Affirmative to all	1/2
Tang Xin	Independent Non-Executive Director	17	1	15	1	0	No	Affirmative to all	0/2
Chan Kalok	Independent Non-Executive Director	14	0	14	0	0	No	Affirmative to all	0/1
Attendance of Independent Directors at general meetings of shareholders									1

Note: Ms. Sun Xiaoyan as an Executive Director and Mr. Chan Kalok as an Independent Non-Executive Director began to duly perform their Directors' duties since April 10, 2015, when the H shares of the Company were listed. During their period of appointment, a total of 1 general meeting and 14 board meetings were held.

2. Objections raised by Independent Non-Executive Directors on matters of the Company

During the Reporting Period, the Independent Non-Executive Directors did not raise any objections on the proposals of the Company's Board of Directors and any other proposals.

Note: During the Reporting Period, the Independent Non-Executive Directors expressed great concern and actively proposed optimization recommendations for certain matters including inspection of margin financing and securities lending of the Company by regulators, the Company's receiving Notice of Inquiry from the China Securities Regulatory Commission and the Proposal on Participation in Proprietary Merchandise Operation within the PRC and Abroad by the Company. Great importance was attached to the opinion of the Independent Non-Executive Directors of the Company and the Company made arrangements for related departments to respond to concerns of Independent Non-Executive Directors on a timely basis. The Independent Non-Executive Directors did not raise any objections on the aforesaid matters and proposals.

3. Other explanations on the performance of duties by Independent Non-Executive Directors

In 2015, Independent Non-Executive Directors of the Company were actively involved in each of the Board meetings. During the period of their appointment, the Independent Non-Executive Directors had sufficient time and energy to carry out their duties; before each meeting the Independent Non-Executive Directors carefully reviewed the relevant materials, and fully expressed professional and independent opinions; when making independent judgments, they were not affected by the major shareholders of the Company and any other entities and individuals which are our stakeholders.

(1) Performance of duties by Independent Non-Executive Directors in the Board's special committees

In 2015, the Board had four special committees, namely the Risk Management Committee, the Audit Committee, the Remuneration and Nomination Committee and the Strategy Committee. Four Independent Non-Executive Directors served as members of the Audit Committee and the Remuneration and Nomination Committee, among which there were two Independent Non-Executive Directors who separately served as the Chairman of the Audit Committee and the Remuneration and Nomination Committee. Each of the Independent Non-Executive Directors attended meetings of the four special committees in person and provided expert advice and consultation to the Board to help make informed decisions.

(2) Periodic reports

While auditing annual reports, the Independent Non-Executive Directors strictly abide by the Annual Report Regulations of GF Securities Independent Directors and ensure that there is sufficient time and energy to fulfill their duties, and make timely communications with registered accountant of the annual audit before and after the audit. Three of the four Independent Non-Executive Directors are members of the Audit Committee and they, with the dual role, took part in the annual audit and communicate with registered accountant of the annual audit, and expressed their views. In accordance with the relevant requirements of the foregoing provisions, on December 29, 2015, the Independent Non-Executive Directors heard the reporting of the 2015 Annual Financial Express (unaudited) prepared by the Corporate Finance Division of the Company, made communications with the certified public accountant of annual audit, and consented to the annual audit work plan and reminded, and urged audit institutions to carry out audit procedures in place during the audit process. Corporate finance and other related departments actively cooperated with the audit.

On March 4, 2016, Deloitte, as the registered accountant of the annual audit of the Company, issued a draft audit report with standard unqualified opinions on the 2015 annual financial report of the Company, held meeting with the Independent Non-Executive Directors to solicit advice, and made communication on problems discovered in the course of the audit. After full communication with the registered accountant of the annual audit, Independent Non-Executive Directors are of the view that: the audit group of Deloitte carried out appropriate audit procedures in the annual audit in strict accordance with requirements of the Auditing Standards for CPAs of China and the International Standards on Auditing, and standard unqualified opinions on the 2015 annual financial report were based on adequate, appropriate and effective audit evidence. The preliminary audit results fairly reflect the financial status of GF Securities as of December 31, 2015 and the 2015 annual operating results and cash flow.

(3) Consideration of connected/related transactions

On May 12, 2015, the Independent Non-Executive Directors issued advice of prior approval and independent opinions on matters that GF Xinde, a wholly-owned subsidiary of the Company, intends to jointly initiate the establishment of GF Xinde • Zhongshan Public Utilities M&A Fund Management Co., Ltd. (tentative name) and GF Xinde • Zhongshan Public Utilities M&A Fund (tentative name), which are related transactions jointly invested with the wholly-owned subsidiary of Zhongshan Public Utilities;

On June 17, 2015, the Independent Non-Executive Directors issued advice of prior approval and independent opinions on matters that GF Xinde, a wholly-owned subsidiary of the Company, intends to jointly initiate the establishment of GF Xinde • Jilin Aodong Fund Management Co., Ltd. (tentative name) and GF Xinde • Jilin Aodong Chinese Medicine Modernization Industry Fund (tentative name) and Jilin Aodong Innovative Industry Development Fund (tentative name), which are connected/related transactions jointly invested with Jilin Aodong.

(4) Other duty performance

On February 13, 2015, the Independent Non-Executive Directors issued independent opinions on expected related transactions of 2015, use of the Company's funds by the controlling shareholders or other associated parties, external guarantees, distribution of performance-based remunerations for the business management for the year of 2014, and on the use of idle share proceeds for short-term liquidity, and issued views of prior approval in respect of the renewed appointment of the accounting firm.

On April 27, 2015, the Independent Non-Executive Directors issued independent opinions on the use of idle share proceeds for short-term liquidity.

On August 21, 2015, the Independent Non-Executive Directors made a special explanation and issued independent opinions on the use of the Company's funds by the controlling shareholders or other associated parties and external guarantees of the Company, etc.

On October 19, 2015, the Independent Non-Executive Directors issued independent opinions on matters that are nominated by the Company's Chairman Mr. Sun Shuming.

4. Directors' training

The Company attaches great importance to continuous training of Directors, to ensure appropriate understanding of the Company's business operations and development by Directors, and their comprehensive understanding of the relevant supervisory laws and decrees and regulations where the Company is listed. During the Reporting Period, in addition to attending training organized by the regulatory bodies periodically, the Company's Directors also proactively involved in seminars and symposiums of trade associations and other self-regulatory organizations, which enabled the exchange of experience within the same industry to promote the capacity of fulfilling their duties. The Supervisory Committee Office and the Office of the Board of Directors also prepare the Communications of Directors and Supervisors on a monthly basis, and provide it to the Directors in a timely manner and assist Directors in getting comprehensive knowledge of the Company's operations, the implementation of resolutions and the industry's latest development as well as the latest regulations, thus improving the ability of Directors' duties with targeted results.

The details of Directors' training are as follows:

Name	Position	Training content
Sun Shuming	Executive Director, Chairman	1. On January 21, 2015, he attended the Guangdong Financial Management Conference in Guangzhou Branch organized by the People's Bank of China; 2. On January 22, 2015, he attended the etiquette training in Guangzhou organized by Wonderful Sky Financial Group Limited; 3. On January 26, 2015, he attended the Symposium of Securities Company on How to Supplement Capital and Prevent and Control Risk in Beijing organized by the Securities Association of China; 4. On July 10, 2015, he attended the Seminar of Development in Securities Industry in China organized by the Securities Association of China; 5. On November 2, 2015, he attended the Great Conference of Provincial Communication, Study and Implementing the Spirit of the Fifth Plenary Session of Eighteenth Meeting of CPC in Guangzhou organized by the Guangdong Provincial Office; 6. On November 17, 2015, he attended the Annual Summary and Discussion Forum of Shanghai-Hong Kong Stock Connect in Shanghai organized by the SSE; 7. On November 26, 2015, he attended the 2015 Annual Meeting of China's Listed Companies held in Beijing by the Securities Association of China; 8. On December 24, 2015, he participated in the training course on directors and supervisors of listed companies in Guangzhou organized by the Guangdong Association of Listed Companies.
Lin Zhihai	Executive Director, General Manager	1. On January 22, 2015, he attended the etiquette training in Guangzhou organized by Wonderful Sky Financial Group Limited; 2. On August 19, 2015, he attended the Seminar of Capital Market Development Along One Belt And One Road in Xinjiang organized by the Securities Association of China. 3. On August 20, 2015, he attended the Seminar of Risk Control and Compliance of Securities Companies in Xinjiang organized by the China Securities Regulatory Commission; 4. On December 24, 2015, he participated in the training course on directors and supervisors of listed companies in Guangzhou organized by the Guangdong Association of Listed Companies.

Name	Position	Training content
Qin Li	Executive Director, Standing Deputy General Manager	1. On January 22, 2015, he attended the etiquette training in Guangzhou organized by Wonderful Sky Financial Group Limited; 2. On February 9, 2015, he attended the Ceremony of Listing of Stock Options held in Shanghai at the Shanghai Stock Exchange; 3. On December 24, 2015, he participated in the training course on directors and supervisors of listed companies in Guangzhou organized by the Guangdong Association of Listed Companies.
Sun Xiaoyan	Executive Director, Deputy General Manager and Chief Financial Officer	1. On January 22, 2015, he attended the etiquette training in Guangzhou organized by Wonderful Sky Financial Group Limited; 2. From December 1, 2015 to December 31, 2015, he attended the thirty-fifth training on chief financial officer of listed companies for online distance training organized by the Shenzhen Stock Exchange; 3. On December 24, 2015, he participated in the training course on directors and supervisors of listed companies in Guangzhou organized by the Guangdong Association of Listed Companies.
Shang Shuzhi	Non-Executive Director	1. From November 24 until November 25, 2015, he took part in the training course for directors, supervisors and senior managers of listed companies in Dalian organized by the Dalian Association of Listed Companies.
Li Xiulin	Non-Executive Director	1. On November 13, 2015, he took part in the training course for senior managers of listed companies in Changchun organized by the Jilin Securities Regulatory Bureau and Jilin Securities Industry Association.
Chen Aixue	Non-Executive Director	1. On December 24, 2015, he participated in the training course on directors and supervisors of listed companies in Guangzhou organized by the Guangdong Association of Listed Companies.
Liu Jiwei	Independent Non-Executive Director	From December 2 to December 4, 2015, he participated in the training course for senior managers of listed companies in Shenzhen organized by the Shenzhen Stock Exchange.

Name	Position	Training content
Yang Xiong	Independent Non-Executive Director	1. On January 8, 2016, he participated in the 2016 First Meeting of Partner Management Committee in BDO Hong Kong Ltd under the theme "Partner Practice Quality Accountability System"; 2. On May 30, 2015, he participated in the coaching of listing of Guizhou private enterprises in Guiyang hosted by the Guizhou Provincial Federation of Industry and Commerce and the China Securities Regulatory Commission, Guizhou Provincial branch and undertook by Bank of China, Guizhou Branch and Lixin Certified Public Accountants Co. Ltd (special general partnership), Guizhou Branch.
Tang Xin	Independent Non-Executive Director	1. From February 26 until February 27, 2015, he attended the International Conference on "Independent Directors in Asia" in Singapore hosted by the Centre for Asian Legal Studies & Centre for Law and Business, National University of Singapore, and addressed a speech under the theme The Independent Director in China: A Venerable Institution with Considerable Room for Reform; 2. From May 28 until May 29, 2015, he attended the International Conference on "German and Asian Perspectives on Company Law in Hamburg, Germany hosted by the Max-Planck-Institute, and addressed a speech under the theme Control Controlling Shareholders in the Listed Companies; 3. On October 22, 2015, he attended an international workshop on Chinese capital market and foreign investment - comparative analysis of model of development and implementation between China and German hosted by school of law/intellectual property Institute, Tongji University and Bucerius Law School in Hamburg, Germany, and addressed a speech under the theme The diligence of the Executive Directors of the Company.
Chan Kalok	Independent Non-Executive Director	1. From January 19 until January 20, 2015, he attended the Asian Financial Forum in Hong Kong hosted by Hong Kong Special Administrative Region Government; 2. From January 22 until January 23, 2015, he attended the training course on independent directors in Changsha hosted by Shenzhen Stock Exchange; 3. From November 12, to November 13, 2015, he attended the Criticaleye training and discussion camp of leadership in Hong Kong hosted by Criticaleye.

VII. PERFORMANCE OF DUTIES BY THE SPECIAL COMMITTEES UNDER THE BOARD DURING THE REPORTING PERIOD

The Board consists of four special committees, namely the Risk Management Committee, the Audit Committee, the Remuneration and Nomination Committee and the Strategy Committee. The clear division of power and responsibility of the Committees guarantees effective running and makes the decision division of the Board more refined. The special committees play a good role in the Company's major decisions. As of the end of the Reporting Period, the details of the composition of the special committees are in "VI. The composition of special committees under the Board" as set out in Section 9 "Particulars about Directors, Supervisors, Senior Management and Employees" of this report.

During the Reporting Period, details of meetings convened by the special committees are as follows:

1. The Risk Management Committee

The Risk Management Committee is mainly responsible for the assessment of the Company's overall risk status, monitoring the overall risk management of the Company, to ensure that all kinds of risks associated with its operational activities are controlled within a reasonable range. The duties of the Risk Management Committee are published in the Rules of Procedure for the Risk Management Committee of the Board of Directors by the Company on the websites of the SZSE, Hong Kong Stock Exchange and the Company.

In 2015, the Risk Management Committee had a comprehensive understanding of the Company's risk and compliance control through consideration of the Company's interim and annual compliance report and risk management report, periodically conducted assessment of its risk situation and risk management capability, strengthened interaction with the compliance department and risk management department of the Company, and promoted construction of risk management system with multi-layer and one integrity within the Company through collaboration.

In 2015, major achievements of the Risk Management Committee included:

- reviewing the risk management reports and compliance reports of the Company;
- reviewing overall targets and fundamental policies of the risk management and compliance management of the Company;
- reviewing and determining the scale and maximum risk limits for each of the substantial business segments of the Company.

(1) During the Reporting Period, the Risk Management Committee convened a total of 2 meetings:

Session of meeting	Convening date	Titles of resolutions of the meeting	Status of resolutions	Attendance
2015 First Meeting of the Eighth Session of the Board Risk Management Committee	February 13, 2015	1. to deliberate the Work Report of GF Securities Board Risk Management Committee for the Year of 2014; 2. to deliberate the GF Securities Report of Risk Management for the Year of 2014; 3. to deliberate the GF Securities Report of Compliance for the Year of 2014; 4. to deliberate the Report of Self-Assessment of Internal Control of GF Securities for the Year of 2014; 5. to deliberate the Resolution of 2015 Annual Proprietary Business Funding Available.	All resolutions were approved	All members attended the meeting in person
2015 Second Meeting of the Eighth Session of the Board Risk Management Committee	August 21, 2015	1. to deliberate the GF Securities Interim Report of Compliance for the Year of 2015; 2. to deliberate the GF Securities Interim Report of Risk Management for the Year of 2015.	All resolutions were passed	All members attended the meeting in a communication manner

(2) The attendance of members of the Risk Management Committee is as follows:

Name of Members	Position	Attendance/ shall be present at meetings
Sun Shuming	Executive Director and Chairman of the Risk Management Committee	2/2
Lin Zhihai	Executive Director	2/2
Qin Li	Executive Director	2/2

2. The Audit Committee

The Audit Committee is mainly responsible for reviewing the Company's internal control and effectiveness of its implementation and coordinating, overseeing and inspecting the internal and external audits of the Company. The duties of the Audit Committee are published in the Rules of Procedure for the Audit Committee of the Board of Directors by the Company on the websites of the SZSE, Hong Kong Stock Exchange and the Company.

During the Reporting Period, the Audit Committee and its members fulfilled their responsibilities and worked diligently in accordance with the relevant legal and regulatory requirements, promoted the audit and supervision role into full play, and played an important role in further improving corporate governance and enhancing the audit quality.

The Audit Committee plays full role in the working of the annual report and financial statements in accordance with the Annual Report Working Rules of the GF Securities Board Audit Committee, and positively performs responsibilities of preparation and review of the disclosure in annual reports and financial statements, improves the transparency and quality of disclosure in the annual report and financial statements.

During the Reporting Period, through deliberation of the Company's periodic financial statements, special report of utilization of proceeds, annual audit work report and the proposal of connected/related transactions, the Audit Committee obtained a full picture of the Company's financial status, supervised the progress of audit work and the implementation of connected/related transactions, and reviewed the effectiveness of the Company's internal control. The Audit Committee eventually concluded that the Company's financial system operated solidly, the financial status was good, and the internal control system was sound and its implementation was effective.

In 2015, major achievements of the Audit Committee included:

- supervising the annual audits, examining the Company's periodic financial statements;
- auditing the Company's internal audit report and annual work plan;
- making recommendations to the Board on the appointment, reappointment or change of external auditors, approving the compensation and terms of engagement for external auditors;
- examining and supervising related party transactions and assessing the appropriateness of connected/related party transactions;
- monitoring and assessing the independence and objectivity of work conducted by external auditors of the Company and the effectiveness of the auditing procedures;
- reviewing the efficiency of the internal control system and adequacy of accounting and financial reporting functions;
- being responsible for the communication between internal auditors and external auditors.

(1) During the Reporting Period, the Audit Committee convened a total of 6 meetings:

Session of meeting	Convening date	Titles of resolutions of the meeting	Status of resolutions
2015 First Meeting of the Eighth Session of the Board Audit Committee	February 13, 2015	1. to deliberate the Work Report of GF Securities Board Audit Committee for the Year of 2014; 2. to deliberate opinions about 2014 Annual Financial Report (financial report and notes); 3. to deliberate the resolution of Engaging Deloitte Touche Tohmatsu Limited as our 2015 Annual Auditor; 4. to deliberate the Special Report of Storing and Utilization of Share Proceeds for the Year of 2014; 5. to deliberate the resolution of Expecting Daily Related Transactions of GF Securities for the Year of 2015; 6. to deliberate the Report of Self-Assessment of Internal Control of GF Securities for the Year of 2014; 7. to deliberate the Auditor's Report of GF Securities for the Year of 2014 and Audit Work Plan of GF Securities for the Year of 2015.	All resolutions were approved
2015 Second Meeting of the Eighth Session of the Board Audit Committee	April 27, 2015	1. to deliberate the 2015 First Quarterly Report of GF Securities; 2. to deliberate the First Quarterly Special Report of Use of Proceeds for the Year of 2015.	All resolutions were passed
2015 Third Meeting of the Eighth Session of the Board Audit Committee	May 12, 2015	1. to deliberate the Proposal of Initiating the Establishment of GF Xinde • Zhongshan Public Utilities M&A Fund Management Co., Ltd. (tentative name) and GF Xinde • Zhongshan Public Utilities M&A Fund (tentative name) and Appropriateness Confirmation of Related Transactions Jointly Invested with the Wholly-owned Subsidiary of Zhongshan Public Utilities.	All resolutions were passed

Session of meeting	Convening date	Titles of resolutions of the meeting	Status of resolutions
2015 Fourth Meeting of the Eighth Session of the Board Audit Committee	June 17, 2015	1. to deliberate the Proposal of Initiating the Establishment of GF Xinde • Jilin Aodong Fund Management Co., Ltd. (tentative name) and GF Xinde • Jilin Aodong Chinese Medicine Modernization Industry Fund (tentative name) and Jilin Aodong Innovative Industry Development Fund (tentative name) and Appropriateness Confirmation of Connected/Related Transactions Jointly Invested with Jilin Aodong.	All resolutions were passed
2015 Fifth Meeting of the Eighth Session of the Board Audit Committee	August 21, 2015	1. to deliberate the 2015 Interim Report of GF Securities; 2. to deliberate the Interim Special Report of Storing and Use of Proceeds for the Year of 2015; 3. to deliberate 2015 Interim Audit Report of GF Securities.	All resolutions were passed
2015 Sixth Meeting of the Eighth Session of the Board Audit Committee	October 30, 2015	1. to deliberate the 2015 Third Quarterly Report of GF Securities; 2. to deliberate the Third Quarterly Special Report of Storing and Use of Proceeds for the Year of 2015.	All resolutions were passed

(2) During the Reporting Period, members of Audit Committee worked diligently and had sufficient time to carry out their duties. They attended the Audit Committee meetings through a variety of ways. Prior to the meetings, they seriously considered the relevant documents and actively performed their duties. The details of attendance of the Audit Committee members are as follows:

Name of Members	Position	Attendance/ shall be present at meetings
Yang Xiong	Independent Non-Executive Director and Chairman of Audit Committee	6/6
Liu Jiwei	Independent Non-Executive Director	6/6
Tang Xin	Independent Non-Executive Director	3/3
Chan Kalok	Independent Non-Executive Director	3/3

Note: In May 2015, Independent Non-Executive Director Mr. Tang Xin resigned as the member of the Eighth Session of the Audit Committee of the Board for work reasons (who also serves as Independent Non-Executive Director and the member of Remuneration and Nomination Committee to continue to carry out relevant duties). In order to ensure standardized operation of the special committees and fully play their role in the Company's decision-making, according to the Articles of Association of the Company, on May 29, 2015, at the sixteenth meeting of the eighth session of the Board of Directors, Independent Director, Mr. Chan Kalok, was elected as a member of the Audit Committee of the eighth session of the Board of Directors. Three meetings of the Audit Committee were held during the period of appointment of Mr. Tang Xin and Mr. Chan Kalok, respectively.

(3) Overview of the Company's audit

The Company's 2015 annual audit was done by Deloitte who mainly divided it into two phases, namely preliminary phase and year-end phase. For the preliminary phase, Deloitte fully carried out audit of internal control according to the relevant requirements, and tested the internal control at company level and process level (including business processes of headquarters and business department) to evaluate the effectiveness of the internal control design and whether the control is effectively implemented during the audit period; learned about the Company's control environment, main operation situation, business innovation and system update situation and malpractices and risk of fraud through interviews; made a preliminary analysis and audit and performed pretesting on major items of financial report accounts such as financial instrument, operating income and return on investment; tested and evaluated major information systems used by the Company, and communicated with the management team and governance team on preliminary discovery. For the year-end audit phase, Deloitte followed up on the finding of the preliminary phase and performed detailed audit procedures for all major accounts, and communicated with the management team and governance team on year-end discovery.

To prepare for the 2015 annual audit, relevant audit reports shall be issued on a timely basis. The Audit Committee of the eighth session of the Board of Directors of the Company arranged the Financial Department to communicate with Deloitte on major matters such as audit plans, audit processes, financial instrument valuation and the consolidation scope, for which it also carried out supervision and follow-up. On December 29, 2015, the Audit Committee held a communication meeting on the audit plan with Deloitte. In addition, the Company's Finance Department also made delicate interactions with Deloitte on matters such as preliminary discovery, impairment provision of financing business, financial instrument valuation and consolidation scope.

On March 18, 2016, Deloitte issued a standard unqualified audit report to the Company for the year of 2015.

The Audit Committee assessed the independence and objectivity of Deloitte and the effectiveness of the audit procedure to ensure that financial reports Deloitte issued can provide objective and honest opinions. Before assessing the 2015 Annual Financial Statements of the Company, the Audit Committee received a written confirmation from Deloitte in terms of the independence and objectivity of Deloitte as an auditor. Deloitte has taken necessary protective measures in accordance with the relevant requirements of professional ethics in order to prevent possible threats to independence.

The Audit Committee considered that the Deloitte audit team has, in accordance with the relevant requirements of the Standards on Auditing for Certified Public Accountants, implemented appropriate audit procedures, obtained sufficient, appropriate and effective audit evidence for issuing audit opinions, and adhered to independent auditing standards, ensuring smooth progression of the Company's annual audit.

On March 18, 2016, the Audit Committee deliberated the Self-Assessment Report of GF Securities on Internal Control for the Year of 2015, concluding that the internal control system was sound and its implementation was effective. For the assessment of the Company's internal control by the Company's Board of Directors and related information, please refer to sub-sections 11 to 15 in this section.

3. The Remuneration and Nomination Committee

The Remuneration and Nomination Committee is mainly responsible for the selection and appraisal evaluation of the Company's Directors and senior management members, improving the Company's performance evaluation system, improving the soundness of the Company's overall remuneration system and monitoring its implementation. The duties that the Remuneration and Nomination Committee shall perform are published in the Rules of Procedure for the Remuneration and Nomination Committee of the Board of Directors by the Company on the websites of the Shenzhen Stock Exchange, Hong Kong Stock Exchange and the Company.

In order to achieve diversification and reasonable structure of Board members, the Remuneration and Nomination Committee makes suggestions or recommendations on the structure, size and composition of the Board of Directors (including the expertise, know-how and experience) at least annually to the Board based on the business activities, asset size and shareholding structure of the Company, and makes recommendations on any proposed changes to the Board of Directors in line with the Company's policies. In compliance with, and for the implementation of, the requirements in respect of diversification of the Board, rendering its composition to be more scientific and reasonable, under the Hong Kong Listing Rules, the Company formulates the Policy of Diversification for the Board of GF Securities Co., Ltd., which contains contents such as the purpose of formulating the policy, policy statement, measurable objectives, supervision and reporting. The Company confirms that the composition of the Board is in compliance with the requirements in respect of diversification of the Board under the Hong Kong Listing Rules and the policy of diversification drawn up by the Company.

As to the appointment of Independent Non-Executive Directors, Independent Non-Executive Directors shall satisfy the requirement of independence of Independent Directors as set out in the Hong Kong Listing Rules from time to time. The Company extensively searches for eligible candidates for Directors inside the Company or in the human resource market through a variety of channels; conditions considered for candidates include (but not limited to) gender, age, educational background or professional experience, skills, expertise and service period as well as the capabilities of bearing the liability of the Company's affairs and so on. The Remuneration and Nomination Committee and the Board of Directors shall review and determine the candidate by adopting the resolution, then submit a written proposal to the general meeting of shareholders.

In 2015, major achievements of the Remuneration and Nomination Committee included:

- assessing the duty performance of Directors and senior management, and making their annual performance assessment;
- approving terms of Directors' service contracts;
- selecting and nominating relevant candidates as Directors or making recommendations to the Board regarding this matter;
- considering and making opinions on the assessment of Directors and senior management and the remuneration management system, and making proposals to the Board on the remuneration package of the Directors and senior management.

(1) During the Reporting Period, the Remuneration and Nomination Committee held a total of 2 meetings:

Session of meeting	Convening date	Titles of resolutions of the meeting	Status of resolutions	Attendance
2015 First Meeting of the Eighth Session of the Board Remuneration and Nomination Committee	February 13, 2015	1. to deliberate the Work Report of GF Securities Board Remuneration and Nomination Committee for the Year of 2014; 2. to deliberate the Resolution of Distribution of Performance Salary for Business Management for the Year of 2014; 3. to deliberate the Resolution of Performance Assessment on Directors for the Year of 2014; 4. to deliberate the Special Description of Performance Assessment and Remuneration of GF Securities Directors for the Year of 2014; 5. to deliberate the Special Description of Duty Performance, Performance Assessment and Remuneration of GF Securities Business Management for the Year of 2014.	All resolutions were passed	All members attended the meeting in person except Mr. Tang Xin who commissioned Mr. Yang Xiong to exercise the right to vote.
2015 Second Meeting of the Eighth Session of the Board Remuneration and Nomination Committee	October 19, 2015	1. to deliberate the Resolution of Consent to all Matters Nominated by Board Chairman Sun Shuming.	All resolutions were passed	All members attended the meeting in a communication manner.

(2) The details of attendance of the Remuneration and Nomination Committee members are as follows:

Name of member	Position	Attendance/ shall be present at meetings
Liu Jiwei	Independent Non-Executive Director and Chairman of Remuneration and Nomination Committee	2/2
Yang Xiong	Independent Non-Executive Director	2/2
Tang Xin	Independent Non-Executive Director	1/2
Lin Zhihai	Executive Director	2/2
Qin Li	Executive Director	2/2

4. The Strategy Committee

The Strategy Committee is mainly responsible for drafting the medium to long-term strategic goals and development plans of the Company, reviewing the medium to long-term strategic goals and development plans of each business and management segment of the Company, supervising and guiding the implementation of the Company's strategies. The duties that the Strategy Committee shall perform are published in the Rules of Procedure for the Strategy Committee of the Board of Directors by the Company on the websites of the Shenzhen Stock Exchange, Hong Kong Stock Exchange and the Company.

In 2015, major achievements of the Strategy Committee included:

- analyzing and planning the medium to long-term development strategies of the Company;
- hearing Report of Strategy Implementation and Strategic Returning of GF Securities for the Year of 2014, and providing consultation and advice on the medium to long-term development strategies and substantial decision on material changes of the Company.

(1) During the Reporting Period, the Strategy Committee held a total of 1 meeting:

Session of meeting	Convening date	Title of resolutions of the meeting	Status of resolutions	Members Attendance
2015 First Meeting of the Eighth Session of the Board Strategic Committee	February 13, 2015	1. to deliberate the Work Report of GF Securities Board Strategic Committee for the Year of 2014	All resolutions were passed	All members attended the meeting in person except Mr. Shang Shuzhi who commissioned Mr. Sun Shuming to exercise the right to vote.

(2) The details of attendance of the Strategy Committee members are as follows:

Name of member	Position	Attendance/ shall be present at meeting
Sun Shuming	Independent Non-Executive Director and Chairman of Strategic Committee	1/1
Shang Shuzhi	Non-Executive Director	0/1
Li Xiulin	Non-Executive Director	1/1
Chen Aixue	Non-Executive Director	1/1
Lin Zhihai	Executive Director	1/1

VIII. WORK OF THE SUPERVISORY COMMITTEE

In 2015, in strictly compliance with the Company Law, the Securities Law, the Rules for Governance of Securities Companies, the Articles of Association of the Company and the Rules of Procedure for Supervisory Committee and other legal regulations and provisions, the Supervisory Committee of the Company absorbed the concept of putting supervision into service to lawfully perform supervision duties, to actively explore innovation and practice of supervision content and supervision method around the Company's work priorities and to upgrade the Company's corporate governance, therefore effectively promoting the Company's standardized operation and conscientiously protecting the legitimate interests of the Company, employees and shareholders.

1. Details of attendance of Supervisors in the Supervisory Committee meetings are as follows:

Name of member	Position	Number of Supervisors shall participate in Supervisory Committee meeting during the Reporting Period	Number of Supervisors attended Supervisory Committee meeting in person	Number of Supervisors attended Supervisory Committee meeting by proxy	Number of absence	Voting results
Wu Zhaoming	Employee Supervisor, Chief Supervisor	6	6	0	0	Affirmative to all
Zhan Lingzhi	Supervisor	6	5	1	0	Affirmative to all
Chak Mei Hing	Supervisor	1	1	0	0	Affirmative to all
Zhao Jin	Supervisor	5	2	1	2	Affirmative to all
Cheng Huaiyuan	Employee Supervisor	6	6	0	0	Affirmative to all
Xu Xinzhong	Supervisor	3	3	0	0	Affirmative to all

Note: 1. On March 20, 2015, Ms. Chak Mei Hing resigned as a Supervisor of the Company;

2. On August 22, 2015, Mr. Zhao Jin resigned as a Supervisor of the Company;

3. On July 29, 2015, Mr. Xu Xinzhong obtained the qualification as a supervisor of a securities company. Therefore, Mr. Xu Xinzhong could duly perform his obligations as a Supervisor of the Company. On February 1, 2016, Mr. Xu Xinzhong resigned as a Supervisor of the Company due to personal reasons.

2. Supervision and inspection organized and carried out by the Supervisory Committee

During the Reporting Period, the Supervisory Committee carefully carried out supervision and inspection, earnestly safeguarded and promoted the Company's standardized operation and increased the effectiveness of corporate governance focusing on the implementation of three Meetings (「三會」), effectiveness assessment of compliance management, and duty performance and supervision of Directors and executive officers after the listing of H shares of the Company. Their opinions and recommendations were given recognition and implemented by the Company's management.

(1) Organized the inspection of resolutions of three Meetings and their implementation

During the Reporting Period, the Supervisory Committee kept a watchful eye on the implementation of resolutions of the three Meetings, especially on its implementation effect. Through giving guidance to the Supervisory Committee Office to prepare a tracking ledger for resolutions of the three Meetings, the Supervisory Committee regularly conducted follow-up and oversight, gave feedback on a timely basis and prompted resolutions implementation to the Directors, Supervisors and senior managers. Considering the industry situation and the Company's realities, the Supervisory Committee also conducted annual assessment of impact on the Company's strategic decisions and strategic development from 2015 annual resolutions of the three Meetings, and provided advice on management.

(2) Organized the inspection of the system establishement of three Meetings and its implementation

During the Reporting Period, the Supervisory Committee, in view of the regulatory environment that the Company may face after the listing of H shares, focused on supervision and examination of establishment and implementation of the Company's three Meetings system; guided the Supervisory Committee Office to formulate an inspection checklist by incorporating regulatory changes; contrasting between construction of the Company's three Meetings and completeness and compliance with external regulatory requirements through multiple processes such as self-examination, re-inspection and assessment; examined execution and implementation of the terms of the Company's policies; and timely raised existing problems with rectifications urged. The Company achieved good results by adopting the above measures.

(3) Organized the assessment of the effectiveness of compliance management

During the Reporting Period, the Supervisory Committee actively monitored mechanism establishment and perfection of compliance management of the Company, organized to extend comprehensive assessment and validation of the effectiveness of the Company's compliance management for the year of 2014, and issued a report of compliance management effectiveness, based on issues identified during the assessment which were informed to the senior management in charge of each of the business lines in a timely manner with rectifications urged.

(4) To further improve the supervision and evaluation of duty performance of Directors and senior officers

During the Reporting Period, the Supervisory Committee lawfully strengthened the monitoring of performance of the duties of the Directors and senior management through various forms such as organization of conferences, and earnestly urged them to carefully perform duties. In combination with the latest regulatory requirements, the Supervisory Committee timely revised and perfected the Management Methods of Off-Office Auditing for Business Management Personnel of GF Securities, and organized and finished off-office auditing for senior management personnel during the Reporting Period. In addition, the Supervisory Committee also directed the Supervisory Committee Office to set up and maintain on an ongoing basis performance archives of the Company's Directors, Supervisors and senior management, and continuously recorded and prompted conference attending, training participation and part-time job of the Company's Directors, Supervisors and senior management, based on which the Supervisory Committee explored to evaluate performance of the Directors, Supervisors and senior management.

3. Opinions issued by the Supervisory Committee

During the Reporting Period, the Supervisory Committee lawfully carried out supervision of the Company, and prudentially checked the Company's operation by law, major decisions and major business activities, financial position and effectiveness of the compliance management system. Based on the above, the Supervisory Committee issued opinions to the Company as follows:

(1) The Company's operation by law

During the Reporting Period, the Company was able to strictly abide by the Company Law, the Securities Law, the Rules for Governance of Securities Companies, the Articles of Association of the Company and other legal regulations and provisions to realize standardized operation and sound operation. The Supervisory Committee believes that important business decisions of the Company are reasonable and decision-making process is compliant and effective. The Company has established complete systems of risk management, compliance management and internal control and, each of the internal management systems was implemented. On August 24, 2015, the Company received a Notice of Inquiry (E Zheng Diao Cha Zi No. 2015023) from the China Securities Regulatory Commission because the Company was suspected of not getting acquaintance with and verifying the customers' identity pursuant to relevant provisions. The China Securities Regulatory Commission decided to initiate an investigation against the Company in accordance with the relevant provisions of the Securities Law of the People's Republic of China. On September 10, 2015, the Company received a Prior Notice of Administrative Penalty (Chu Fa Zi No. [2015]71) from the China Securities Regulatory Commission. At present, the Company has not yet received a formal written decision of administrative penalty from the China Securities Regulatory Commission. In addition to the notices above, no significant breach of laws and regulations in all aspects or material risk occurrence was found by the Supervisory Committee.

(2) The duty performance of the Company's Directors and senior management personnel

During the Reporting Period, the Company's Directors and senior management personnel carefully implemented each resolution of the general meeting of shareholders of the Company, the Board and the Supervisory Committee, and brought them into practice vigorously; actively organized and carried out work plans of the Company and worked diligently; concretely strengthened measures of comprehensive risk management and compliance management, and operated steadily; consciously obeyed the professional ethics and standardized practicing acts to be incorruptible at work. Generally, under the leadership of the Board, the operation management seized opportunities which resulted in each business indicator ranking top in the industry with outstanding operating results in 2015. The Supervisory Committee did not find that the Company's Directors and senior managers, in carrying out their duties, violated laws, regulations or the Articles of Association of the Company or impaired the legitimate rights and interests of the Company, its shareholders, employees, creditors and other shareholders.

(3) Authenticity of the financial report

During the Reporting Period, the Supervisory Committee carefully reviewed the Company's accounting statements and financial information. Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu audited 2015 Annual Financial Report that was prepared in accordance with the PRC GAAP and IFRS by the Company. Deloitte Touche Tohmatsu issued an audit report with standard unqualified opinions that the 2015 Annual Financial Report truthfully, accurately and completely reflected the Company's financial position and operating results.

(4) Implementation of the resolutions of the general meeting of shareholders

During the Reporting Period, the Supervisory Committee monitored the execution of resolutions of the general meeting of shareholders. The Supervisory Committee believes that the Board of Directors undertakes seriously its obligations under the relevant resolutions of the general meeting of shareholders of the Company and does not do any act prejudicial to the interests of the shareholders.

(5) The latest utilization of proceeds by the Company

The Supervisory Committee reviewed the special report of proceeds, believing that such reports reflect that proceeds was actually used by the Company in all material respects.

(6) The Company's internal control

Having deliberated the Self-Assessment Report of Internal Control of GF Securities for the Year of 2015, the Supervisory Committee expressed agreement with the report and concluded that: the Company further establishes and perfects internal control systems covering each business and management area of the Company, and the report of self-assessment of internal control is a comprehensive, truthful and accurate reflection of the actual situation of the Company's internal control.

(7) In 2015, the Company did not acquire any assets nor dispose of any major assets. The Supervisory Committee did not find any insider trading, any damage to shareholders' interests or any assets loss of the Company.

(8) The Company's connected transactions are fair and reasonable. No related party has misappropriated the Company's funds (except for the operating business), and there is no prejudice to the interests of the Company.

4. Has the Supervisory Committee found any existing risk of the Company when monitoring activities during the Reporting Period?

The Supervisory Committee did not raise any objection to supervision matters during the Reporting Period.

IX. COMPLIANCE MANAGEMENT SYSTEM CONSTRUCTION AND AUDIT OF AUDITING DEPARTMENT

1. Compliance management system

The Company continued improving its compliance management structure, established its compliance legal inspection team and enhanced management on compliance risk of the business through management and training on compliance personnel. The Company has established guidance and supervision mode of compliance department in various branch offices and business departments including:

(1) Headquarter level: compliance risk control position is set in all business and management departments, and receives guidance and supervision from compliance and risk management departments.

(2) Branch level: compliance supervisor is set in the branches responsible for compliance management in the overall planning region.

(3) Brokerage office level: compliance position is set in business brokerage office.

The Management Measures on Compliance Personnel in Brokerage Branches, Guidance on Appraisal of Compliance Personnel in Branches and Management Regulations for Compliance Risk Control Post in All Departments of Headquarter made and published by the Company have made clear responsibility scope, job performance security, conduct of practice and appraisal of the compliance personnel, further standardizing job performance of the compliance personnel.

Currently, the Company has established daily work report mechanism for compliance management personnel. The compliance personnel in the branch office will monthly and that in the headquarter will regularly report risk hazards, rectifications and entire compliance management of the department to the Company so as to support decision of the Company in all operations regarding compliance. With the joint efforts of compliance personnel at all levels, compliance management has been fully added to operation of the Company and job performance of the employees. It has comprehensively and in advance intervened all operation management and business innovation, which has effectively supported compliance development of all businesses in the Company.

In 2015, the Company had improved its compliance management structure. It was based on the principles of "guaranteeing independent and effective duty performance, and stably promoting implementation of compliance vertical management", it has initially conformed the compliance vertical management system with the core of compliance and legal business department in headquarter, and the main body of compliance supervisors in all branch offices. The Company will gradually promote compliance vertical management system through making relevant management systems, compiling a list of compliance personnel and making clear requirements for selecting compliance staff, strengthening business supervision and training on compliance staff with the planned method of pilot implementation. This will help to develop and manage compliance staff in the branches, construct comprehensive compliance management system and further enhance effectiveness of the compliance management.

2. Main work of compliance management during the Reporting Period

(1) On compliance management system and workflow construction, the Company on one hand enriched the database for the laws and regulations, and on the other hand solidified the experience and requirements obtained from conducting innovation business and international business so as to establish standard mechanism and working procedures to further promote business innovation transformation and internationalization development strategy of the Company.

(2) On construction of compliance management information system, the Company had upgraded the compliance management system in 2015 to make it get closer to the actual business demands so that the Company can better operate its compliance management.

(3) On involvement in special compliance management work:

① Construction of information isolation wall: the Company insists on the idea of enhancing management of dynamic information isolation wall, and will supervise and control on wall-crossers and staff on the wall and risks of inappropriate flow of sensitive information and benefits conveying through improving isolation management systems.

② Compliance consulting and compliance censorship: the Company emphasizes validity and compliance demonstration between relationship of business structure and the law, continuously intensifies emphasis on investors' education and eligibility management, and strengthens supervision and examination on execution of compliance management of all business so as to ensure the compliance of business operation.

③ Compliance examination and compliance monitoring: the Company combines external examination requirements with business development demands on the basis of internal business examination plan made in the beginning of the year to fully employ compliance management resources, reinforce compliance examination and investigation of all business to realize compliance management coverage of business launching at the front line, and actively assist and cope with regulatory authorities to conduct investigation and research.

④ Handling of complaints: for various customer complaints, the Company is having the attitude of actively undertaking, being responsible and not shirking to thoroughly implement the principle of "taking customer service as the center", protecting the legal interests of both parties and trying the best to handle complaints of the customers. In 2015, the Company also actively took part in establishing Guangdong China Securities Investor Service and Dispute Conciliation Center and worked with the center on treatment of customer dispute conciliation.

⑤ Anti-money laundering: the Company has established a four-level anti-money laundering management system of "compliance director - compliance and legal business department - compliance risk control positions in various business departments, compliance supervisor in the branch office - anti-money laundering specialist in the business brokerage office". In 2015, the Company kept improving the internal control system of anti-money laundering and launching customer identity recognition, risk grade division and suspicious transaction report under the guidance of the supervising department according to the annual work plan of anti-money laundering. There is no major anti-money laundering issue and major violation during the Reporting Period.

⑥ Compliance appraisal and employee behavior management: the Company will launch compliance appraisal organized by the compliance director. This appraisal will deduct points from the units that have risk warning issues and management responsibility for violation issues. In 2015, the Company had made and implemented the Employee Conduct Management System Plan, which fully launches the management of the practice conduct of employees from system construction, source control, categorization control, monitoring investigation and compliance measures. It carries out information and technical preparations through improving systems and workflows and reinforcing training and establishes employee conduct management mechanism for the long term.

⑦ Compliance training and compliance culture propaganda: the Company adopts the combination of concentrated compliance training and spontaneous compliance training of all branch offices to fully cover the businesses of headquarters. It places emphasis on timeliness and pertinence and establishes the examination, accountability and training into a chain management mechanism so that they can convey supervising requirements and risk events at any time to enhance employees' overall compliance awareness. Apart from reinforcing exclusive training of compliance, the Company also takes compliance education as routine work.

3. Audit of auditing department

During the Reporting Period, the auditing department followed tightly with the pace of business development of the Company and continued to launch internal audits with the orientation of risk and launched 131 various targeted audit projects, which fully covered the main business lines, branch offices and subsidiaries. The Company had evaluated completeness and effectiveness of internal control of the audited unit through implementing a series of effective auditing items. It revealed major existing risks, improved risk control ability of all departments/business lines, branch offices and subsidiaries, and enhanced the internal control and standardized management of the Company at all levels.

During the Reporting Period, the Company has established an internal control system adapting to business nature, scale and complexity of the Company so as to effectively ensure validity and compliance of operation management, asset safety, authenticity and completeness of financial reports and the relevant information and thus enhancing operation efficiency and effects.

X. APPRAISAL AND MOTIVATION OF SENIOR MANAGEMENT PERSONNEL

According to the relevant stipulations in the Duty Performance Appraisal and Salary Management Regulations for Board of Directors and Supervisors in GF Securities and the Performance Appraisal and Salary Management Regulations for Operation Management Level in GF Securities, salary of the senior management of the Company will be determined by position and performance. Under the current legal framework, it carries out an annual performance salary motivation mechanism. The Board of Directors will give corresponding performance salary according to the business performance of the Company; individual performance-based salary of the Chairman and senior management will be distributed according to the annual appraisal result. The distribution plan shall have independent opinion of the independent Directors and will be submitted to the Board for approval after the Remuneration and Nomination Committee gives their written comments.

XI. INTERNAL CONTROL CONSTRUCTION

The Company has clearly established responsibilities and rights of the Board of Directors, Supervisory Committee, auditing department and other internal agencies in the supervision and evaluation of internal control; the Audit Committee of the Board of Directors is mainly responsible for supervision and examination on the effectiveness of internal control and its implementation and internal and external audit of the Company; the Supervisory Committee will independently exercise supervision rights and be responsible for all shareholders. The Supervisory Committee will supervise and inquire into conduct of financial staff of the Company, Directors and members of the senior management on executing duties, and also protect the legitimate interests of the Company and shareholders; auditing department, risk management department, compliance and legal business department, various business and management departments will work and cooperate with each other to have regular and irregular supervision and examination on establishing and implementing internal control; the auditing department shall be accountable to the Board of Directors, and audits and examines the business, management departments and branch offices, and urges for rectification according to external requirements and operation management needs of the Company.

The Company highly emphasizes construction of internal control system and relevant mechanisms. The Company will comprehensively consider internal environment, risk evaluation, controlling activities, information and communication and internal supervision according to the relevant stipulations under the Company Law, the Securities Laws, the Regulations on Supervision and Administration of Securities Firms, Guidelines on Internal Control of Securities Firms, Guidelines on Internal Control of Listing Companies on the SSE, the Hong Kong Listing Rules, and the Basic Standards for Enterprise Internal Control and its supporting guidelines, and keep improving its internal control system and further establish and complete one set of internal control system which matches with the business nature, scale and complexity of the Company.

According to the requirements in the Notice on Printing and Distributing Basic Standards for Enterprise Internal Control (Cai Hui [2008] No.7) and the Notice of the CSRC Guangdong Branch on the Implementation of Internal Control of Main-Board Listing Companies within Jurisdiction Region (Guang Dong Zheng Jian [2012] No. 27) and at the combination of changes in the internal and external environments and project launching conditions, the auditing department of the Company selectively chooses some important joints to have arrangement and evaluation on internal control, timely tracks, discovers and rectifies defects in the internal control of the Company. Through the above work, the Company has complemented and modified missing and unimproved system regulations. Part of business flows and internal control measures have been refined and optimized to make all processes and workflows of the Company more reasonable and effective.

XII. STATEMENT OF THE BOARD OF DIRECTORS ON RESPONSIBILITY OF INTERNAL CONTROL

It is the responsibility of the Board of Directors to establish, complete and effectively implement internal control according to the stipulations in the internal control standard system of the Company, evaluate its effectiveness and reveal assessment report of internal control. The Supervisory Committee will supervise the Board of Directors on its establishment and implementation of internal control. Operation management level is responsible for the daily functioning of internal control. The objectives of the internal control are to reasonably ensure validity and compliance of the operation management, assets safety, authenticity and completeness of financial reports and the relevant information and thus to enhance operation efficiency and effects so as to promote realization of the development strategy. Due to the inherent limitations of the internal control, it can only provide reasonable assurance for the realization of the above targets. The Company has established supervision and examination mechanism on internal control. Once defect in internal control is recognized, the Company will immediately adopt rectification measures. Besides, changes in the situation will cause the internal control to become inappropriate or its degree on the compliance with the controlling policy and procedures will be lowered, there will be certain risks to the effectiveness of the internal control in the future as inferred by the result of the evaluation of the internal control.

The Board of Directors has commented on the internal control according to requirements of the Basic Standards of Enterprise Internal Control. It is of the view that the internal control continued to be effective on December 31, 2015, no major defect or important defect was identified in internal control of financial reports and non-financial reports.

In 2016, the Company will continue improving its internal control system, standardizing implementation of its internal control system, reinforcing supervision and examination of internal control according to the Basic Standards of Enterprise Internal Control and its supporting guidelines in the view of changes in the external operation environment and actual demands of the development so that the Company can have a healthy and sustainable development.

XIII. BASIS FOR ESTABLISHING INTERNAL CONTROL FOR FINANCIAL REPORTS

The Company emphasizes the establishment and improvement of internal control system concerning financial reports and has established relevant regulations and systems in business calculation, cost expenditure, financial management and accounting information system management according to the requirements in accounting laws, accounting principles and relevant financial systems. According to the requirements in the Basic Standards of Enterprise Internal Control and Practice Guidelines for Enterprise Internal Control, the Company sets scientific financial accounting organization structure, equips with qualified financial accountants, uses standard and rigorous financial accounting management system, and chooses appropriate accounting policies and reasonable accounting evaluation to ensure that the financial reports compiled by the Company conform to the requirements in the accounting principles and can genuinely, accurately and entirely reflect the financial status, operation results and cash flow of the Company. In addition, in order to comprehensively arrange the investment and financial structure of the Company, and to improve capital configuration efficiency and reinforce assets liabilities management and liquidity risk management, the Company has set up a capital management department, which will be responsible for comprehensive management and overall arrangement of the capital of the Company.

During the Reporting Period, relevant internal control systems relating to the financial reports of the Company were complete; the smooth operation could guarantee the quality of financial reports and ensure high reliability of financial information. Since the shares of the Company have been listed, all regular reports have been timely disclosed and there is no major defect in the internal control of financial reports.

XIV. STANDARDIZATION OF ACCOUNTS

Standardization of the accounts in the Company was launched in July 2006. It is one of the security companies working on this issue at the earliest time in the industry. The Company had established an account standardization leadership group with the leader as director and account standardization working group with relevant chief employees as the group members to entirely arrange the work of account standardization on the principle of "overall arrangement, scattering implementation and stable promotion". Through measures including organizing structure, system arrangement, training communication and supervision and audit, it has powerfully guaranteed the launching of account standardization. The Company had checked all accounts in the system and completed account information through contacting customers by all means, and restricted the transactions and placed into other databases for the remaining unqualified accounts according to the requirements of the supervision department and finally the standardization was stably completed. On April 16, 2008, the Company officially passed the acceptance of the Guangdong Securities Regulatory Bureau and became one of the security companies that first completed the account standardization in advance.

As of December 31, 2015, there were 6,640 unqualified accounts, 1,317,512 dormant accounts, 34,081 risk handling accounts, 24,180 pure capital accounts, and 109 judicial freezing accounts in the Company.

Account standardization is a long term fundamental construction project. On the basis of standardizing historical accounts, the Company began constructing and improving accounts management mechanism for the long term. According to the relevant arrangement of the China Securities Depository and Clearing Corporation Limited on accounts consolidation, the Company had established an accounts consolidation project team, which will actively coordinate all the relevant departments and branch offices to entirely sort out and improve business process revision, business training, system testing and the organization of supervision after consolidating the accounts and successfully complete the relevant work on account consolidation.

XV. EVALUATION OF INTERNAL CONTROL

1. Details on the significant defects in internal control detected during the Reporting Period

None

2. Self-assessment report on internal control

Date of disclosure of the full text of Internal Control and Evaluation Report	March 19, 2016
Disclosure index of full text of Internal Control and Evaluation Report	For detailed information, please visit the website of CNINFO for the March 19, 2016 report (www.cninfo.com.cn)
The percentage of total assets of units included in the evaluation scope to the total assets in the Company's consolidated financial statements	99%
The percentage of total operating income of units included in the evaluation scope to the operating income in the Company's consolidated financial statements	93%

Category	Defect recognition criteria	
	Financial Report	**Non-financial Report**
Qualitative criteria	The existing significant defects or symptoms of significant defects in internal control in the financial report of the Company, which include: malpractices are conducted by the Directors, Supervisors and senior managers; to modify the financial statements that have been published; in the current financial statements certified public accountants find material misstatements that are not discovered in the process of internal control; non-standard unqualified opinions for financial report are issued by registered accountants; monitoring of internal control by the Company's Audit Committee and internal auditors is vitiating.	It is likely that event or sign of significant defects in internal control might exist in the non-financial report of the Company, which include: "three important and one substantial" matters fail to pass through the collective decision procedure; severe draining of management personnel and technicians in key positions, which affects normal course of business; systematic failure in internal control of important business; internal control defects are subject to serious legal risks; internal control defects significantly affect the Company's reputation; internal control defects are subject to serious administrative punishment; except for the losses due to policies, the Company suffers losses for years and the continuation of business is being challenged, does not reach requirements as a listed company, and may face the risk of delisting or merger in the secondary market; failure of merger or reorganization, or new expanded affiliate is unable to sustain.
	Defects in internal control, alone or in conjunction with other defects, in the financial report fail to be prevented or detected and corrected, though not significant deficiencies but aroused close attention from the Board and management and recognized as significant deficiencies.	Defects in internal control, alone or in conjunction with other defects, in the financial report fail to be prevented or detected and corrected, though not significant deficiencies but aroused close attention from the Board and management and recognized as significant deficiencies.
	The defects of which do not constitute substantial defects or defects of internal control from substantial defects, are considered as general defects.	General defects are those exclude, substantial defects and important defects as mentioned above.

Quantitative criteria	1. Substantial defect: misstated amount as a result of internal control weaknesses is greater than 5% (inclusive) of annual net profit. 2. Important defect: misstated amount as a result of internal control weaknesses is greater than 1% (inclusive) but less than 5% of annual net profit. 3. General defect: misstated amount as a result of internal control weaknesses is less than 1% of annual net profit.	1. Substantial defect: misstated amount as a result of internal control weaknesses is greater than 5% of annual net profit (inclusive). 2. Important defect: misstated amount as a result of internal control weaknesses is greater than 1% (inclusive) but less than 5% of annual net profit. 3. General defect: misstated amount as a result of internal control weaknesses is less than 1% of annual net profit.
The number of substantial defects in financial reports (unit: piece)		0
The number of substantial defects in non-financial reports (unit: piece)		0
The number of important defects in financial reports (unit: piece)		0
The number of important defects in non-financial reports (unit: piece)		0

XVI. INTERNAL CONTROL AUDIT REPORT

Deliberations in the internal control audit report

In the Company's opinion, GF Securities has maintained effective internal control over financial reports in accordance with the Basic Standards for Enterprise Internal Control and related requirements in all material respects.

Disclosure of internal control audit report	Disclosed
Disclosure date of full text of internal control audit report	March 19, 2016
Disclosure index of full text of internal control audit report	For details, please see the website of CNINFO (www.cninfo.com.cn) and the website of HKExnews (http://www.hkexnews.hk) on March 19, 2016
Opinion of the internal control audit report	Standard and unqualified opinion
Whether there is any substantial defect in the non-financial report	No

Has the accounting firm issued non-standard opinions with regard to the internal control audit report?

√ Yes ☑ No

Is the internal control audit report issued by the accounting firm consistent with the self-assessment report of the Board of Directors?

☑ Yes ☐ No

XVII. OTHER ISSUES ON CORPORATE GOVERNANCE

(I) Responsibility to be borne by Directors for the financial statement

The responsibility statement of the Directors on financial statements below shall be read in conjunction with that of the certified public accountants contained in the audit report of this report, while both statements shall be comprehended separately.

The Company's Directors shall compile genuine and fair combined financial statements according to the disclosure requirements under the PRC GAAP, International Financial Reporting Standards issued by the International Accounting Standards Committee and the Hong Kong Companies Ordinance. The Company's Directors will also be responsible for the necessary internal monitoring of the combined financial statements such that there will not be any material misstatements as a result of fraud or errors. The Company is not subject to any event or circumstance of material uncertainty, as a result of which significant doubt may be cast upon the ability of the on-going operation of the Company.

For obligations of reporting of the Company's certified public accountant, please refer to the independent auditor report.

(II) Appointment and remuneration of the auditor

Upon approval of the general meeting of shareholders in 2014, the Company continued to appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu as external auditors in 2015, which will be responsible for providing relevant auditing services and reviewing and approving the financial statements in accordance with the China Accounting Principles and the International Financial Reporting Standards. The Company retains Deloitte Touche Tohmatsu Certified Public Accountants LLP as the internal control auditing agency. Please see details of its employment and remuneration in "VIII. Appointment and removal of accountants" in "Section 6 Significant Matters" herein.

The Audit Committee and the Board of Directors agree to continue appointing Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP as its international and domestic auditors in 2016 and will submit to the general meeting of shareholders in 2015 for approval. For the period covered by this report, the Board did not have any disagreement with the Audit Committee's opinion on the election and appointment of external auditors.

(III) Securities trading by Directors, Supervisors and relevant employees

In accordance with domestic supervision requirements and the Hong Kong Listing Rules, the Company revised the Management System on Shares Held by Directors, Supervisors and Senior Management and Relevant Changes during the Reporting Period. Such system has intensified management of declaration, revealing and supervision of the holding and sale of the Company's shares by Directors, Supervisors and senior management personnel. At the same time, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Hong Kong Listing Rules as the conduct model code for all Directors, Supervisors and relevant employees (as defined in the Corporate Governance Code). After special enquiry of the Directors and Supervisors, all Directors and Supervisors have strictly followed the standards in the Model Code for Securities Transactions by Directors of Listed Companies during the Reporting Period starting from the listing date of H Shares of the Company until the end of the Reporting Period.

(IV) Company Secretary

The 8th meeting of the 8th Session of the Board of Directors had approved the Proposal on Appointing the Joint Company Secretary and appointed Mr. Luo Binhua as secretary of the Board of Directors and Mr. Wan Ka Hung as the joint company secretary. Mr. Luo Binhua and Mr. Wan Ka Hung will be the main contact persons of the Company with Hong Kong Stock Exchange.

During the Reporting Period, in order to better perform their duties and according to the requirements of the Hong Kong Listing Rules, Mr. Luo Binhua, secretary of the Board of Directors, had accepted professional training for over 47.5 hours, including the 39th Joint Member Intensified Continuous Professional Development Lecture of the Hong Kong Institute of Chartered Secretaries, the 3rd subsequent training class for secretary of Board of Directors in listed companies in 2015 jointly held by the Hong Kong Institute of Chartered Secretaries and the Shanghai Stock Exchange, the 2015 annual report revealing training class held by the Shenzhen Stock Exchange, the information revealing brief demonstration business training, the training on comprehensive overview of laws and regulations of Hong Kong listed companies held by Latham & Watkins and the remote training organized by the Securities Association of China; Mr. Wan Ka Hung, joint company secretary, has received professional training for more than 15 hours including: the corporate governance for Hong Kong listed companies seminar organised by Mazars CPA Ltd, the Hong Kong listed companies symposium held by the Hong Kong Stock Exchange in September 2015, the professional training courses held by the Hong Kong Institute of Certified Public Accountants, Thomson Reuters and the Hong Kong Securities and Investment Institute and the training on comprehensive overview of laws and regulations of Hong Kong listed companies held by Latham & Watkins.

(V) Investor relations

1. *Amendment to the Company's systems during the Reporting Period*

To meet the requirements of the relevant PRC and Hong Kong laws concerning the public offering of H shares in Hong Kong and the Hong Kong Listing Rules, the Company amended the Articles of Association applicable to the listing of its overseas listed foreign shares (H share) on the Hong Kong Stock Exchange in 2014, in accordance with domestic and overseas laws and regulations governing the listed companies, such as the Company Law, the Securities Law, the Regulations of the State Council Concerning Issuing and Listing of Shares Overseas by Company Limited by Shares, the Prerequisite Clauses in the Articles of Association of Companies Seeking a Listing Outside the PRC, the Letter of Opinions on the Supplement and Amendment to the Articles of Association of Companies Seeking Listing in Hong Kong, and the Hong Kong Listing Rules; the Company also, in accordance with the domestic and overseas laws and regulations governing the listed companies, and its amended Articles of Association effective as of the date on which the overseas listed foreign shares (H shares) were offered and listed on the Hong Kong Stock Exchange, the Company also amended 22 systems including the Rules of Procedures for Shareholders' General Meeting, Rules of Procedures for Meetings of Board of Directors, the Work Rules for Independent Directors, the Measures on the Management of Performance Evaluation and Remuneration of Directors and Supervisors, the Management System for Information Disclosure Issues, the Management System for Investor Relations, the Management System for Connected Transactions, the Management System for the Use of Proceeds, the Rules of Procedures for the Audit Committee of the Board of Directors, the Rules of Procedures for the Remuneration and Nomination Committee of the Board of Directors, the Rules of Procedures for the Risk Management Committee of the Board of Directors, the Detailed Work Rules for the Board Chairman, the Detailed Work Rules for the General Manager, the Detailed Work Rules for the Board Secretary, the Subsidiary Management Rules, the Management Measures on Insider Information and Insiders, the Management Rules on the External Information Users, the Accountability System for Material Errors of Annual Report Disclosure, the Management System on Shares Held by Directors, Supervisors and Senior Management and Relevant Changes, the Dividend Management System, and Compliance Management System. The aforesaid systems became effective on April 10, 2014 when the Company's H shares were listed. Details of the relevant systems which are required to be disclosed can be found on the Company's website.

2. Investor relation activities during the Reporting Period

In 2015, the Company organized various types of interactions for investors and analysts, based on the regulatory requirements and its business development needs. The Company has enhanced its communications with investors through various tools such as dedicated hotlines, the Company's website, teleconference, onsite reception, strategy meetings, online interaction, analyst events, results announcements, and deal and non-deal roadshows. The Company's management team and investor relation team cumulatively held more than 50 meetings with domestic and overseas institutional investors and analysts, receiving nearly 200 institutional investors.

In April 2015, the Company was successfully listed on the Hong Kong Stock Exchange. The Company held press conferences and roadshows in the Europe, the US and Asia Pacific regions, and organized luncheons for analysts and investors, which effectively enhanced investors' understanding of the Company's investment value. With such activities, the Company has demonstrated its business development strength in an all-round way, effectively guiding the market expectations.

After its interim results were announced, the Company held analyst events and results presentation in August 2015, to further introduce its results and operations to investors. The Company invited analysts for in-depth communication and invited nearly 100 investors, which deepened the investors' understanding of the Company's operations and performance. The Company also held roadshows in the Asia Pacific region, meeting with investors for more than 20 times.

The Company attaches great importance to the communications with small and medium-sized investors, and actively responds to questions raised by investors on the interactive platform of the Shenzhen Stock Exchange. By setting up two hotlines for investors, the Company has maintained smooth and efficient communications with investors.

In 2016, the Company will continue to optimize the functions of investor hotlines, mailbox and website, so that investors can understand the Company's development in a convenient, fast, prompt and all-round way. The Company will also further enrich investor relation activities, and provide better services to investors and analysts.

Please refer to "XI. Reception of site visits, communications and interviews" in Section 5 "Management Discussion and Analysis" in section 5 of this annual report for details on the Company's reception of investors.

備查文件目錄

DOCUMENTS AVAILABLE FOR INSPECTION

Section 11 Documents Available for Inspection

(1) Texts of the annual report with the signature of the legal representative of the Company.

(2) Text of the financial statements (H Share).

(3) The original text of the auditor's report issued by Deloitte Touche Tohmatsu.

(4) The original copies of all corporate documents and announcements publicly disclosed on newspapers designated by the CSRC during the Reporting Period.

(5) The annual reports published in other securities markets.

(6) Other relevant materials.

Independent Auditor's Report

Deloitte.
德勤

德勤・關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

TO THE SHAREHOLDERS OF GF SECURITIES CO., LTD.
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of GF Securities Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 249 to 389, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with 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. We conducted our audit in accordance with International Standards on Auditing issued by International Auditing and Assurance Standards Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

18 March 2016

Consolidated Statement of Profit or Loss

For the year ended 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
Revenue			
Commission and fee income	6	**20,046,440**	8,217,320
Interest income	7	**12,336,200**	4,324,638
Net investment gains	8	**10,396,215**	3,604,956
Total revenue		**42,778,855**	16,146,914
Other income and gains or losses	9	**(46,040)**	16,581
Total revenue and other income		**42,732,815**	16,163,495
Depreciation and amortisation	10	**(279,485)**	(257,364)
Staff costs	11	**(10,913,683)**	(4,345,926)
Commission and fee expenses	12	**(461,441)**	(240,813)
Interest expenses	13	**(8,942,914)**	(2,757,676)
Other operating expenses	14	**(4,337,292)**	(2,100,342)
Impairment losses	15	**(282,100)**	(149,944)
Total expenses		**(25,216,915)**	(9,852,065)
Share of results of associates and joint ventures		**289,812**	337,165
Profit before income tax		**17,805,712**	6,648,595
Income tax expense	16	**(4,193,359)**	(1,503,082)
Profit for the year		**13,612,353**	5,145,513
Attributable to:			
Owners of the Company		**13,201,014**	5,022,568
Non-controlling interests		**411,339**	122,945
		13,612,353	5,145,513
Earnings per share			
(Expressed in RMB Yuan per share)			
– Basic	17	**1.85**	0.85
– Diluted	17	**1.85**	N/A

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
Profit for the year	**13,612,353**	5,145,513
Other comprehensive income (expense):		
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets:		
Net fair value changes during the year	**5,013,957**	1,836,145
Reclassification adjustment to profit or loss on disposal	**(4,085,008)**	(240,958)
Reclassification adjustment to profit or loss on impairment	**—**	12,063
Income tax impact	**(150,028)**	(414,450)
Subtotal	**778,921**	1,192,800
Share of fair value gain on available-for-sale financial assets of associates and joint ventures	**46,323**	32,225
Reclassification of investment revaluation upon deemed disposal of an associate	**—**	(13,506)
Exchange differences arising on translation	**153,887**	4,991
Share of exchange differences arising on translation of associates	**9,673**	(6,976)
Reclassification of exchange differences upon deemed disposal of an associate	**—**	3,290
Other comprehensive income for the year, net of income tax	**988,804**	1,212,824
Total comprehensive income for the year	**14,601,157**	6,358,337
Attributable to:		
Owners of the Company	**14,114,240**	6,189,956
Non-controlling interests	**486,917**	168,381
	14,601,157	6,358,337

Consolidated Statement of Financial Position

As at 31 December 2015

	NOTES	2015/12/31 RMB'000	2014/12/31 RMB'000
Non-current assets			
Property and equipment	18	**1,579,745**	1,287,461
Prepaid lease payments	19	**317,715**	327,342
Investment properties	20	**25,275**	27,011
Goodwill	21	**2,174**	2,047
Other intangible assets	22	**213,943**	152,556
Investments in associates	23	**2,552,462**	1,548,796
Investment in joint ventures	24	**795,042**	35,369
Available-for-sale financial assets	26	**17,850,015**	2,109,902
Loan and receivable investments	27	**499,640**	206,000
Advances to customers	29	**220,837**	—
Financial assets held under resale agreements	33	**1,835,232**	431,864
Pledged/restricted bank deposits	38	**80,000**	80,000
Deferred tax assets	28	**269,442**	230,185
Total non-current assets		**26,241,522**	6,438,533
Current assets			
Advances to customers	29	**68,969,706**	64,695,844
Due from banks		**—**	1,000,000
Prepaid lease payments	19	**9,628**	9,628
Accounts receivable	30	**2,519,141**	1,267,371
Other accounts receivable, other receivables and prepayments	31	**3,426,486**	1,893,399
Amounts due from associates	32	**12,194**	8,292
Available-for-sale financial assets	26	**78,732,563**	32,300,214
Loan and receivable investments	27	**99,953**	402,692
Financial assets held under resale agreements	33	**11,910,685**	11,800,690
Financial assets at fair value through profit or loss	34	**83,912,240**	26,936,662
Derivative financial assets	35	**270,579**	91,293
Deposits with exchanges and non-bank financial institutions	36	**5,277,796**	3,029,862
Clearing settlement funds	37	**31,222,061**	22,624,796
Pledged/restricted bank deposits	38	**242,008**	401,148
Bank balances	38	**106,250,453**	67,199,352
Total current assets		**392,855,493**	233,661,243
Total assets		**419,097,015**	240,099,776

Consolidated Statement of Financial Position

As at 31 December 2015

	NOTES	2015/12/31 RMB'000	2014/12/31 RMB'000
Current liabilities			
Borrowings	40	**896,010**	1,285,907
Short-term financing payables	41	**21,643,800**	29,536,739
Due to banks and other financial institutions	42	**1,750,000**	1,123,000
Accounts payable to brokerage clients	43	**118,137,085**	71,465,563
Accounts payable to underwriting clients		**350,000**	—
Accrued staff costs	44	**7,812,465**	3,201,902
Other accounts payable, other payables and accruals	45	**8,427,933**	2,714,123
Provisions	46	**60,581**	33,360
Current tax liabilities		**982,736**	1,081,182
Other liabilities	47	**10,515,964**	4,283,311
Derivative financial liabilities	35	**309,454**	87,304
Financial assets sold under repurchase agreements	48	**85,395,761**	50,717,726
Bonds payable	53	**6,976,681**	—
Total current liabilities		**263,258,470**	165,530,117
Net current assets		**129,597,023**	68,131,126
Total assets less current liabilities		**155,838,545**	74,569,659

Consolidated Statement of Financial Position

As at 31 December 2015

	NOTES	2015/12/31 RMB'000	2014/12/31 RMB'000
Capital and reserves			
Share capital	49	**7,621,088**	5,919,291
Capital reserve		**31,864,032**	8,587,817
Investment revaluation reserve	50	**2,708,507**	1,952,136
Translation reserve		**63,143**	(93,712)
General reserves	51	**13,029,223**	9,397,723
Retained profits	52	**22,233,281**	13,847,625
Equity attributable to owners of the Company		**77,519,274**	39,610,880
Non-controlling interests		**2,301,555**	1,766,576
Total equity		**79,820,829**	41,377,456
Non-current liabilities			
Financial assets sold under repurchase agreements	48	**—**	4,050,000
Deferred tax liabilities	28	**278,362**	111,539
Bonds payable	53	**72,270,186**	26,030,664
Long-term loans	54	**3,469,168**	3,000,000
Total non-current liabilities		**76,017,716**	33,192,203
Total equity and non-current liabilities		**155,838,545**	74,569,659

The consolidated financial statements on pages 249 to 389 were approved and authorised for issue by the board of directors on 18 March 2016 and are signed on its behalf by:

Sun Shuming
DIRECTOR

Lin Zhihai
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

		Equity attributable to owners of the Company								
	Notes	Share capital RMB'000 (Note 49)	Capital reserve RMB'000 (i)	Investment revaluation reserve RMB'000 (Note 50)	Translation reserve RMB'000	General reserves RMB'000 (Note 51)	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014		5,919,291	8,587,701	785,634	(94,598)	8,000,032	11,406,606	34,604,666	138,310	34,742,976
Profit for the year		—	—	—	—	—	5,022,568	5,022,568	122,945	5,145,513
Other comprehensive income for the year		—	—	1,166,502	886	—	—	1,167,388	45,436	1,212,824
Total comprehensive income for the year		—	—	1,166,502	886	—	5,022,568	6,189,956	168,381	6,358,337
Capital injection by shareholders		—	116	—	—	—	—	116	—	116
Change in equity interests of subsidiaries without loss of control		—	—	—	—	—	—	—	53,061	53,061
Recognition on acquisition of a subsidiary		—	—	—	—	—	—	—	1,516,701	1,516,701
Recognition on deemed disposal of a subsidiary		—	—	—	—	—	—	—	(104,070)	(104,070)
Reduction of share capital		—	—	—	—	—	—	—	(5,807)	(5,807)
Appropriation to general reserves		—	—	—	—	1,397,691	(1,397,691)	—	—	—
Dividends recognised as distribution		—	—	—	—	—	(1,183,858)	(1,183,858)	—	(1,183,858)
At 31 December 2014		5,919,291	8,587,817	1,952,136	(93,712)	9,397,723	13,847,625	39,610,880	1,766,576	41,377,456
Profit for the year		—	—	—	—	—	13,201,014	13,201,014	411,339	13,612,353
Other comprehensive income for the year		—	—	756,371	156,855	—	—	913,226	75,578	988,804
Total comprehensive income for the year		—	—	756,371	156,855	—	13,201,014	14,114,240	486,917	14,601,157
Issuance of H shares	49	1,701,797	23,694,517	—	—	—	—	25,396,314	—	25,396,314
Transaction cost of issuing H shares (ii)		—	(418,302)	—	—	—	—	(418,302)	—	(418,302)
Capital injection from non-controlling shareholders									159,234	159,234
Change in equity interests of subsidiaries without loss of control		—	—	—	—	—	—	—	(2,500)	(2,500)
Appropriation to general reserves		—	—	—	—	3,631,500	(3,631,500)	—	—	—
Dividends recognised as distribution	55	—	—	—	—	—	(1,183,858)	(1,183,858)	(108,672)	(1,292,530)
At 31 December 2015		7,621,088	31,864,032	2,708,507	63,143	13,029,223	22,233,281	77,519,274	2,301,555	79,820,829

(i) Capital reserve movement of the Group during the year arises from the issuance of the H Shares.

(ii) Part of the total transaction cost of RMB184.91 million is eliminated as it is paid to a group subsidiary engaged in the issuance of the H Shares.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
OPERATING ACTIVITIES			
Profit before income tax		**17,805,713**	6,648,595
Adjustments for:			
Interest expenses		**8,942,914**	2,757,676
Share of results of associates and joint ventures		**(289,812)**	(337,165)
Depreciation and amortisation		**279,485**	257,364
Impairment losses		**282,100**	149,944
Gain on disposal of property and equipment and other intangible assets		**(1,526)**	(116)
Loss on disposal of a subsidiary		**—**	576
Gain on deemed disposal of an associate		**—**	(44,004)
Foreign exchange (gains) losses, net		**(294,674)**	16,331
Net realised gains from disposal of available-for-sale financial assets		**(4,085,008)**	(235,193)
Dividend income and interest income from available-for-sale financial assets		**(2,032,530)**	(1,128,422)
Gain on other investments		**(6)**	(1,190)
Interest income and net realised gains from loan and receivable investments		**(63,465)**	(40,134)
Unrealised fair value changes in financial assets at fair value through profit or loss		**(183,965)**	(693,817)
Unrealised fair value changes in derivatives		**42,275**	(27,591)
Operating cash flows before movements in working capital		**20,401,501**	7,322,854
Increase in advances to customers		**(4,494,699)**	(44,205,190)
(Increase) decrease in due from banks		**1,000,000**	(1,000,000)
(Increase) decrease in other current assets		**(1,064,852)**	577,237
Increase in interest receivables		**(969,668)**	(283,091)
Increase in financial assets held under resale agreements		**(1,469,363)**	(7,397,041)
Increase in financial assets at fair value through profit or loss		**(56,963,387)**	(1,434,250)
Increase in deposits with exchanges and non-bank financial institutions		**(2,242,856)**	(397,353)
(Increase) decrease in pledged/restricted bank deposits		**(240,008)**	30,058
Increase in clearing settlement funds-clients		**(6,595,221)**	(16,680,204)
Increase in cash held on behalf of customers		**(39,644,597)**	(23,768,504)
Increase in accounts payable to brokerage clients		**46,671,522**	39,856,332
Increase in accrued staff costs		**4,610,563**	1,399,786
Increase in other accounts payable, other payables and accruals and other liabilities		**9,945,930**	2,027,445
Increase in financial assets sold under repurchase agreements		**30,684,032**	35,302,930
Increase (decrease) in due to banks and other financial institutions		**627,000**	(4,177,000)
Increase (decrease) in provisions		**27,221**	(14,576)
Cash from (used in) operations		**283,118**	(12,840,567)
Income taxes paid		**(4,314,267)**	(1,019,154)
Interest paid		**(3,659,945)**	(1,180,775)
NET CASH USED IN OPERATING ACTIVITIES		**(7,691,094)**	(15,040,496)

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
INVESTING ACTIVITIES			
Dividends and interest received from investments		**2,296,547**	1,288,280
Purchases of property and equipment and other intangible assets		**(390,179)**	(234,736)
Proceeds from disposal of property and equipment and other intangible assets		**19,984**	2,314
Capital injection to associates		**(888,577)**	(177,840)
Capital injection to joint ventures		**(699,020)**	(6,000)
Disposal of associates		**95,066**	—
Disposal of a subsidiary		**—**	1,382,961
Acquisition of a subsidiary		**—**	(9,405)
Cash inflows arising from the consolidation of collective asset management schemes and funds	47	**68,141**	—
Cash outflows arising from the deconsolidation of collective asset management schemes and funds	47	**(108,499)**	—
Purchases or proceeds on disposal of available-for-sale financial assets, net		**(57,946,352)**	(10,497,186)
Purchases of loan and receivable investments		**(241,416)**	(609,620)
Proceeds from disposal of loan and receivable investments		**250,515**	332,045
Payment on other investment activities		**(91,110)**	(254,671)
Proceeds from other investment activities		**14,549**	60,478
NET CASH USED IN INVESTING ACTIVITIES		**(57,620,351)**	(8,723,380)
FINANCING ACTIVITIES			
Dividends paid to shareholders		**(1,292,530)**	(1,225,858)
Repayment of borrowings interest		**(29,054)**	(15,124)
Repayment of short-term financing payables and bonds interest		**(2,624,944)**	(1,166,119)
Repayment of long-term loans interest		**(211,199)**	(51,870)
Capital injection from non-controlling shareholders		**159,234**	49,025
Reduction of share capital paid to non-controlling shareholders		**(2,500)**	(5,807)
Proceeds from short-term financing payables and bonds issued		**98,277,470**	34,580,960
Proceeds from borrowings		**—**	822,991
Proceeds from long-term loans		**469,168**	3,000,000
Repayment of short-term financing payables and bonds issued		**(53,414,210)**	—
Repayment of borrowings		**(389,897)**	—
Decrease in pledged/restricted bank deposits		**399,148**	118,308
Proceeds from sale of scrap shares		**—**	116
Proceeds from issuance of H shares		**25,396,314**	—
Transaction cost paid on issuance of H shares		**(57,154)**	—
NET CASH FROM FINANCING ACTIVITIES		**66,679,846**	36,106,622
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,368,401**	12,342,746
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**18,973,572**	6,628,510
Effect of foreign exchange rate changes		**40,147**	2,316
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	39	**20,382,120**	18,973,572

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

1. GENERAL INFORMATION OF THE GROUP

With the approval of the People's Bank of China, Guangdong Development Bank (廣東發展銀行) (now known as China Guangfa Bank) established a securities department on 9 April 1991. With the approval of the Guangdong Administration for Industry and Commerce, the Company was duly established as the Securities Department of Guangdong Development Bank (廣東發展銀行證券業務部) on 21 May 1993. On 25 January 1994, the Company converted into Guangdong Guangfa Securities Company (廣東廣發証券公司) whose capital was contributed by Guangdong Development Bank with its own funds. On 26 December 1996, the Company converted into a limited liability company and changed its name to Guangfa Securities Limited Liability Company (廣發証券有限責任公司). On 26 August 1999, the Company was spun off from Guangdong Development Bank as required by the sectoral regulation of the financial industries under the PRC laws. On 25 July 2001, the Company converted into a joint stock company and changed its name to GF Securities Co., Ltd. (廣發証券股份有限公司). On 12 February 2010, the Company became listed on the Shenzhen Stock Exchange by completing a reverse takeover of Yan Bian Road Construction Co., Ltd. (延邊公路建設股份有限公司) ("Yan Bian Road"), a company then listed on the Shenzhen Stock Exchange with the stock code 000776. On 10 April 2015, the Company issued H shares which were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The registered office of the Company is located at 43rd Floor, (Room 4301-4316) Metro Plaza, No. 183-187, Tianhe North Road, Tianhe District, Guangzhou, the People's Republic of China ("PRC").

The Group and the Company is principally engaged in securities brokerage, securities investment consultation, financial advisory business relating to securities trading and securities investment, securities underwriting and sponsorship, securities proprietary trading, proxy sale of securities investment funds, provision of futures intermediary services for futures companies, margin financing and securities lending, proxy sale of financial products, securities investment fund custodian, market-making of stock options, asset management, project and investment management, commodity futures brokerage, financial futures brokerage and futures investment advisory.

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

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has applied the following amendments to International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") for the first time in the current year:

Amendments to IFRS 19	Defined benefit plans: Employee Contributions
Amendments to IFRSs	Annual Improvements IFRSs 2010 – 2012 Cycle
Amendments to IFRSs	Annual Improvements IFRSs 2011 – 2013 Cycle

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

The Group has not early applied the following new and revised IFRSs which are relevant to the Group that have been issued but are not yet effective.

IFRS 9	Financial instruments[1]
IFRS 15	Revenue from contracts with customers[1]
IFRS 16	Leases[2]
Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations[3]
Amendments to IAS 1	Disclosure Initiative[3]
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[3]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer plants[3]
Amendments to IAS 27	Equity Method in Separate Financial Statements[3]
Amendments to IAS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its associate or Joint Venture[4]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation[3]
Amendments to IAS 7	Disclosure Initiative[5]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[5]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after 1 January 2016.
4 Effective for annual periods beginning on or after a date to be determined.
5 Effective for annual periods beginning on or after 1 January 2017.

Except as described below, the application of the new and revised IFRSs will have no material impact on the Group's financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS – *continued*

IFRS 9 Financial instruments

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

Key requirements of IFRS 9:

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

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

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

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS – *continued*

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

The directors of the Company anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group undertakes a detailed review.

IFRS 15 Revenue from contracts with customers

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

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

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

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

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

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS – *continued*

IFRS 16 Leases

IFRS 16 Leases was issued by IASB in January 2016. It will be effective for annual periods beginning on or after January 1, 2019. This new standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees. As the Group does not have material lease commitment as a lessor, the Group will be principally impacted by the new standard due to its role as a lessee.

The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

A lessee is required to recognize a right-of-use asset and a lease liability at the commencement of lease arrangement. Right-of-use asset includes the amount of initial measurement of lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee. Lease liability represents the present value of the lease payments. Subsequently, depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of IAS 16 – Property, Plant and Equipment, while lease liability will be increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments.

As set out in note 58, total operating lease commitment of the Group in respect of rental payment as at 31 December 2015 amounted to RMB532.45 million (31 December 2014: RMB567.69 million), the directors of the Company do not expect the adoption of IFRS 16 as compared with the current accounting policy would result in significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognized in the consolidated statement of financial position as right-of-use assets and lease liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and by the Hong Kong Companies Ordinance ("CO").

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below.

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

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

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

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

The principal accounting policies are set out below.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Basis of consolidation

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Basis of consolidation – *continued*

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (1) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (2) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

The Group served as the manager of collective asset management schemes and funds. These collective asset management schemes and funds invest mainly in equities, debt securities and monetary market instruments. The Group's percentage ownership in these structured entities can fluctuate from day to day according to the Group's and third-party participation in them. Where the Group is deemed to control such collective asset management schemes and funds, with control determined based on an analysis of the guidance in IFRS 10 "Consolidated financial statements", they are consolidated, with the interests of parties other than the Group being classified as liabilities because there is a contractual obligation for the relevant group entity as an issuer to repurchase or redeem units in such collective asset management schemes and funds for cash. These are presented as "Third-party interests in consolidated collective asset management schemes and funds" within other liabilities in the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Business combinations

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income taxes" and IAS 19 "Employee benefits" respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based payment" at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another IFRS.

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

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of associates and joint ventures is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or join venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Investments in associates and joint ventures – *continued*

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. Any retained portion of an interest in an associate or a joint venture that has not been classified as held for sale is accounted for using the equity method.

Upon disposal or partial disposal of the Group's interest in an associate or a joint venture in which the Group lost significant influence or joint control and discontinued the use of equity method, any retained interest that is within the scope of IAS 39 is measured at fair value on that date, the difference between the carrying amount of the associate or joint venture at the date, and the proceeds from disposing of such interest (or partial interest) in the associate or joint venture and the fair value of the retained interest is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in their comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related asset or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Investments in associates and joint ventures – *continued*

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

When an investment in an associate or a joint venture is held by, or is held indirectly through, a group entity that is a venture capital organisation and similar entities, the Group may elect to measure investments in those associates and joint ventures at fair value through profit or loss in accordance with IAS 39.

Property and equipment

Property and equipment including buildings and leasehold land (classified as finance leases) for use in the supply of services, or for administrative purposes (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

Construction in progress is carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

When building are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of the costs of the buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Property and equipment – *continued*

The estimated residual value rates and useful lives of each class of property and equipment are as follows:

Classes	Estimated residual value rates	Useful lives
Leasehold land and buildings	nil	30 - 35 years
Electronic and communication equipment	nil	5 years
Motor vehicles	nil	4 - 6 years
Office equipment	nil	5 - 11 years
Improvements	nil	5 years

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of the reporting period, with the effect of any changes in estimates being accounted for on a prospective basis. Intangible assets with indefinite useful lives (i.e. trading rights) that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

The estimated useful lives of each class of intangible assets with finite useful lives are as follows:

Classes	Useful lives
Computer software	5 years
Others	5 years

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Intangible assets – *continued*

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on tangible and intangible assets other than goodwill and financial assets

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

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property and equipment or investment properties.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and is not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation before 1 January 2005 is treated as non-monetary foreign currency items of the acquirer and reported using the historical cost prevailing at the date of acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Employee benefits

In the reporting period in which an employee has rendered services, the Group recognises the employee benefits expenses for those services in profit or loss.

Social welfare

Social welfare expenditure refers to payments for employees' social welfare system established by the government of the PRC, including social pension insurance, health care insurance, housing funds and other social welfare contributions. The Group contributes on a regular basis to these funds based on certain percentage of the employees' salaries and the contributions are recognised in profit or loss for the period when employees have rendered service entitling them to the contribution. The Group's liabilities in respect of these funds are limited to the contribution payable in the reporting period.

Annuity scheme

The Group also sets up annuity scheme for qualified employees. Annuity contributions are accrued based on a certain percentage of the participants' total salary when employees have rendered service entitling them to the contributions. The contribution is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Employee benefits – *continued*

Early retirement benefits

The Group provides early retirement benefits to those employees in Mainland China who accepted an early retirement arrangement.

The liability related to early retirement benefits is recognised when the employees voluntarily retired before the normal retirement date, as approved by the management. Management recognised the early retirement benefits liability as at the end of the reporting period with the changes recognised in profit or loss.

Retirement benefit costs and termination benefits

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Taxation – *continued*

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

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

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, available-for-sale financial assets and held-to-maturity investments. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Financial instruments – *continued*

Financial assets – continued

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near future; or
- on initial recognition it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 "Financial instruments: Recognition and measurement" permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is reported under in the net investment gains line item. Fair value is determined in the manner described in note 65.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Financial instruments – *continued*

Financial assets – continued

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including advances to customers, accounts receivable, other receivables, amounts due from subsidiaries, amount due form associates, loan and receivable investments, financial assets held under resale agreements, due from banks, deposits with exchanges and non-bank financial institutions, clearing settlement funds, pledged/restricted bank deposits, bank balances are measured at amortised cost using the effective interest method, less any identified impairment losses (see the accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the effect of discounting would be immaterial.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets as at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy on impairment loss on financial assets below).

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

For available-for-sale equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of reporting period (see the accounting policy on impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Financial instruments – *continued*

Financial assets – continued

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investments, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it is probable that the borrower will enter bankruptcy or financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as advances to customers, accounts receivable, and financial assets held under resale agreements, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

Collective impairment allowances cover credit losses inherent in portfolios of loans receivable and other accounts with similar economic and credit risk characteristics where objective evidence for individual impaired items cannot be identified. In assessing the collective impairment, management makes assumptions both to define the way the Group assesses inherent losses and to determine the required input parameters, based on historical loss experience and current economic conditions. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Financial instruments – *continued*

Financial assets – continued

Impairment of financial assets – *continued*

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of advances to customers, accounts receivable, other receivables and financial asset held under resale agreements, where the carrying amount is reduced through the use of an allowance account. When an advance to customers, an account receivable, another receivables and a financial asset held under resale agreements is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in the investment revaluation reserve. In respect of available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Financial instruments – *continued*

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity according to the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and other financial liabilities.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities and is included in the other gains and losses line item. Fair value is determined in the manner described in note 65.

Other financial liabilities

Other financial liabilities including borrowings, short-term financing payables, due to banks and other financial institutions, accounts payable to brokerage clients, accounts payable to underwriting clients, other payables, bonds payable, long-term loans and financial assets sold under repurchase agreements are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis other than those financial liabilities classified as at FVTPL, of which the interest expense is included in net gains or losses.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Financial instruments – *continued*

Derivative financial instruments

Derivatives are initially recognised at fair value at the date derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Financial assets sold under repurchase agreements and financial assets held under resale agreements

Financial assets sold subject to repurchase agreements, which do not result in derecognition of the financial assets, are continued to be recorded as "financial assets at fair value through profit or loss" or "available-for-sale financial assets" as appropriate. The corresponding liability is included in "financial assets sold under repurchase agreements". Consideration paid for financial assets held under agreements to resell are recorded as "financial assets held under resale agreements". Financial assets sold under repurchase agreements and financial assets held under resale agreements are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

Securities lending

The Group lends securities to clients and the cash collateral balances required under the securities lending agreements and the interests arisen from such agreements are included in "accounts payable to brokerage clients". For those securities held by the Group that are lent to clients, they are not derecognised and are continued to be recorded as "financial assets at fair value through profit or loss" or "available-for-sale financial assets".

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Financial instruments – *continued*

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents the amounts receivable for services provided in the normal course of business. Revenue is recognised when it is probable that the economic benefits will flow to the Group and when revenue can be measured reliably, on the following basis:

(i) Commission income for broking business is recorded as income on a trade date basis, and service fees arising from broking business are recognised when services are rendered;

(ii) Underwriting and sponsors fees are recognised as income in accordance with the terms of the underwriting agreement or deal mandate when the relevant significant acts have been completed;

(iii) Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a timely basis using the effective interest method, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition;

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Revenue recognition – *continued*

(iv) Consultancy and financial advisory fee income is recognised when the relevant transactions have been arranged or the relevant services have been rendered;

(v) Asset and fund management fee income is recognised when management services are provided; and

(vi) Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3 of the consolidated financial statements, the directors of the Company are required to make estimates, judgements and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – *continued*

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Determination of consolidation scope

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control sets out the following three elements of control: (a) power over the investee; (b) exposure, or rights, to variable returns from involvement with the investee; and (c) the ability to use power over the investee to affect the amount of the investor's returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

For collective asset management schemes and investment funds where the Group involves as manager and also as investor, the Group assesses whether the combination of investments it holds together with its remuneration and credit enhancement creates exposure to variability of returns from the activities of the collective asset management schemes and investment funds that is of such significance that it indicates that the Group is a principal. The collective asset management schemes and investment funds are consolidated if the Group acts in the role of principal.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of financial instruments

The Group uses valuation techniques to estimate the fair value of financial instruments which are not quoted in an active market. These valuation techniques include the use of recent transaction prices of the same or similar instruments, discounted cash flow analysis and option pricing models. To the extent practical market observable inputs and data, such as interest rate yield curves, foreign currency rates and implied option volatilities, are used when estimating fair value through a valuation technique. Where market observable inputs are not available, they are estimated using assumptions that are calibrated as closely as possible to market observable data. However, areas such as the credit risk of the Group and the counterparty, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the estimated fair value of financial instruments.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – *continued*

Key sources of estimation uncertainty – *continued*

Fair value of available-for-sale equity investments with restriction on disposal

For available-for-sale equity investments which are subject to legally enforceable restriction that prevents the holders from disposing them within the specified period, the fair value of these listed shares is determined with reference to the quoted market prices with an adjustment of discount to reflect the effect of the restriction. The estimation of fair value of these shares includes assumptions that are not based on observable data. Changes in assumptions could affect the fair value of the available-for-sale equity investments. Details are set out in note 65 of the consolidated financial statements.

Impairment of advances to customers and accounts receivable

The Group reviews its advances to customers to assess impairment on a periodic basis. In determining whether an impairment loss should be recognised in profit or loss, the Group assesses the value of advances to customers firstly on an individual basis principally by reviewing the securities collateral received from the customers, then on a collective basis in determining the impairment. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The policy for collective impairment allowances for loans and advances to customers of the Group is based on the evaluation of probability of default, loss given default and exposure at default of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these loans and advances, including the current creditworthiness, and the past collection history of each loan. Details are set out in note 29 of the consolidated financial statements.

Impairment of available-for-sale financial assets

The determination of whether available-for-sale financial assets are impaired requires significant judgement. For listed available-for-sale equity investments, funds and collective asset management schemes, a significant or prolonged decline in fair value below cost is considered to be objective evidence of impairment. In assessing whether it is prolonged, the decline is evaluated against the period in which the fair value of the asset has been below its original cost. In assessing whether it is significant, the decline in fair value is evaluated against the original cost of the asset at initial recognition. The Group also takes into account other factors, such as the historical data on market volatility and the price of the specific investment, significant changes in technology, markets, economies or the law, as well as industry and sector performance and the financial information regarding the investee that provide evidence that the cost of the equity securities may not be recoverable. For available-for-sale debt instruments, trust investment, wealth management and targeted management products, the Group makes the judgments as to whether there is an objective evidence of impairment which indicates a measurable decrease in the estimated future cash flows of these debt instruments. This requires a significant level of management judgement which would affect the amount of impairment losses in profit or loss. Details of available-for-sale financial assets are set out in note 26.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – *continued*

Key sources of estimation uncertainty – *continued*

Income taxes

There are certain transactions and activities for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the current income tax and deferred income tax in the period during which such a determination is made.

The realisation of a deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future.

In cases where it becomes probable that sufficient profits or taxable temporary differences are expected to be generated, deferred tax assets would be recognised in profit or loss in that period. On the contrary, if sufficient profits or taxable temporary differences are not expected to be generated, deferred tax assets would be reversed in profit or loss in that period. Details of the tax losses and deductible temporary differences are disclosed in note 28.

5. SEGMENT REPORTING

Information reported to the chief operating decision maker (hereinafter refer to as the "CODM"), being the board of directors of the Company, for the purposes of resource allocation and assessment of segment performance focuses on the nature of services provided by the Group, which is also consistent with the Group's basis of organisation, whereby the businesses are organised and managed separately as individual strategic business unit that offers different services and serves different markets. Segment information is measured in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to the board of directors of the Company, which are consistent with the accounting and measurement criteria in the preparation of the consolidated financial statements.

Specifically, the Group's operating segments are as follows:

(a) Investment Banking, which primarily includes underwriting commissions and sponsorship and advisory fees from equity and debt underwriting and financial advisory services;

(b) Wealth Management, which primarily includes fees and commissions earn from providing brokerage and investment advisory services to retail clients, as well as interest income earn from margin financing and securities lending activities, reverse repurchase transactions and cash held on behalf of clients, and fees earn from selling financial products developed by the Group and other financial institutions;

5. SEGMENT REPORTING – *continued*

(c) Trading and Institutional Client Services, which primarily includes investment gains and interest income earn from market-making in, and proprietary trading of equity, fixed income, derivative securities and other financial products, as well as fees and commissions earn from providing investment research and prime brokerage services to institutional clients;

(d) Investment Management, which primarily includes management and advisory fees earn 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; and

(e) Others, which primarily includes income from head office operations.

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 year.

Segment profit or loss represents the profit earned or loss incurred by each segment without the allocation of income tax expenses as well as the share of result of its associates and joint ventures. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

Segment assets or liabilities are allocated to each segment, excluding deferred tax assets or liabilities. Inter-segment balances mainly resulted from branches' operating funds injected by head office which are eliminated on consolidation. The segment result excludes income tax expense and shares of results of associates and joint ventures, while the segment assets and liabilities include prepaid taxes, current tax liabilities as well as interests in associates and joint ventures, respectively.

5. SEGMENT REPORTING – *continued*

(e) – *continued*

The operating and reportable segment information provided to the CODM for the years ended 31 December 2015 and 2014 is as follows:

	Investment banking RMB'000	Wealth management RMB'000	Trading and Institutional client services RMB'000	Investment management RMB'000	Others RMB'000	Segment total RMB'000	Elimination RMB'000	Consolidated total RMB'000
For the year ended 31 December 2015								
Segment revenue and results								
Segment revenue	2,093,914	23,528,999	9,505,534	6,127,772	1,522,636	42,778,855	—	42,778,855
Segment other income and gains/(other losses)	6,756	54,755	(44)	(430,118)	322,611	(46,040)	—	(46,040)
Segment revenue and other income	2,100,670	23,583,754	9,505,490	5,697,654	1,845,247	42,732,815	—	42,732,815
Segment expenses	(1,395,434)	(12,030,672)	(4,545,656)	(2,716,298)	(4,528,855)	(25,216,915)	—	(25,216,915)
Segment results	705,236	11,553,082	4,959,834	2,981,356	(2,683,608)	17,515,900	—	17,515,900
Share of results of associates and joint ventures	—	(1,245)	—	279,499	11,558	289,812	—	289,812
Profit/(loss) before income tax	705,236	11,551,837	4,959,834	3,260,855	(2,672,050)	17,805,712	—	17,805,712
As at 31 December 2015								
Segment assets and liabilities								
Segment assets	1,575,274	132,640,569	86,520,180	33,119,775	166,382,775	420,238,573	(1,411,000)	418,827,573
Deferred tax assets								269,442
Group's total assets								419,097,015
Segment liabilities	834,912	114,345,555	79,794,796	16,041,244	127,981,317	338,997,824	—	338,997,824
Deferred tax liabilities								278,362
Group's total liabilities								339,276,186
Other segment information								
Amounts included in the measure of segment profit or loss or segment assets:								
Depreciation and amortisation	2,088	136,333	7,763	33,336	99,965	279,485	—	279,485
Impairment losses	587	133,332	—	148,124	57	282,100	—	282,100
Capital expenditure	3,662	123,149	19,282	40,777	435,332	622,202	—	622,202

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For the year ended 31 December 2015

5. SEGMENT REPORTING – *continued*

(e) – *continued*

	Investment banking RMB'000	Wealth management RMB'000	Trading and Institutional client services RMB'000	Investment management RMB'000	Others RMB'000	Segment total RMB'000	Elimination RMB'000	Consolidated total RMB'000
For the year ended 31 December 2014								
Segment revenue and results								
Segment revenue	1,783,542	8,672,123	3,414,708	1,890,004	386,537	16,146,914	—	16,146,914
Segment other income and gains/(other losses)	2,342	31,157	22	(82,005)	65,065	16,581	—	16,581
Segment revenue and other income	1,785,884	8,703,280	3,414,730	1,807,999	451,602	16,163,495	—	16,163,495
Segment expenses	(876,457)	(4,656,535)	(1,939,853)	(871,957)	(1,507,263)	(9,852,065)	—	(9,852,065)
Segment results	909,427	4,046,745	1,474,877	936,042	(1,055,661)	6,311,430	—	6,311,430
Share of results of associates and joint ventures	—	—	—	336,678	487	337,165	—	337,165
Profit/(loss) before income tax	909,427	4,046,745	1,474,877	1,272,720	(1,055,174)	6,648,595	—	6,648,595
As at 31 December 2014								
Segment assets and liabilities								
Segment assets	1,078,991	74,516,711	38,692,069	16,471,813	110,471,007	241,230,591	(1,361,000)	239,869,591
Deferred tax assets								230,185
Group's total assets								240,099,776
Segment liabilities	195,342	65,092,165	35,588,659	6,361,354	91,373,261	198,610,781	—	198,610,781
Deferred tax liabilities								111,539
Group's total liabilities								198,722,320
Other segment information								
Amounts included in the measure of segment profit or loss or segment assets:								
Depreciation and amortisation	2,444	150,407	4,824	17,044	82,645	257,364	—	257,364
Impairment losses	—	111,922	6,996	25,800	5,226	149,944	—	149,944
Capital expenditure	1,113	90,231	17,400	20,408	180,416	309,568	—	309,568
Non-current assets acquired on Acquisition of a subsidiary	—	—	—	216,783	—	216,783	—	216,783

The Group's non-current assets are mainly located in PRC (country of domicile). The Group's revenue are substantially derived from its operations in PRC. The Group's inter-segment revenue are not material and are not included in the report to the CODM.

No single customer contributes over 10% of the Group's revenue for the years ended 31 December 2015 and 2014.

6. COMMISSION AND FEE INCOME

	2015	2014
	RMB'000	RMB'000
Commission on securities dealing and broking and handling fee income	**13,803,088**	4,949,888
Underwriting and sponsors fees	**1,441,856**	1,552,291
Commission on futures and options contracts dealing and broking and handling fee income	**320,170**	230,531
Asset management and fund management fee income	**3,597,426**	1,124,488
Consultancy and financial advisory fee income	**807,668**	327,325
Others	**76,232**	32,797
	20,046,440	8,217,320

7. INTEREST INCOME

The following is the analysis excluding interest income from investments reported under net investment gains in note 8:

	2015	2014
	RMB'000	RMB'000
Deposits with exchanges and non-bank financial institutions and bank balances	**3,852,572**	1,235,138
Advances to customers and securities lending	**7,593,990**	2,636,161
Financial assets held under resale agreements	**784,046**	423,535
Due from banks	**359**	16,320
Others	**105,233**	13,484
	12,336,200	4,324,638

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8. NET INVESTMENT GAINS

	2015	2014
	RMB'000	RMB'000
Net realised gains from disposal of available-for-sale financial assets	**4,085,008**	235,193
Dividend income and interest income from available-for-sale financial assets	**2,032,530**	1,128,422
Net realised gains from disposal of financial assets at fair value through profit or loss	**1,816,335**	1,302,445
Dividend income and interest income from financial assets at fair value through profit or loss	**2,320,245**	1,157,622
Interest income and net realised gains from loan and receivable investments	**63,465**	40,134
Net realised losses from derivatives	**(292,400)**	(685,456)
Unrealised fair value change of financial instruments at fair value through profit or loss		
- financial assets at fair value through profit or loss	**183,965**	693,817
- derivatives	**187,101**	(268,047)
Others	**(34)**	826
	10,396,215	3,604,956

9. OTHER INCOME AND GAINS OR LOSSES

	2015	2014
	RMB'000	RMB'000
Foreign exchange gains (losses), net	**294,674**	(16,331)
Rental income	**10,078**	9,647
Government grants	**110,752**	82,608
Gain on disposal of property and equipment and other intangible assets	**1,526**	116
Commission from tax withholding and remitting	**26,105**	17,518
Loss on disposal of a subsidiary	**—**	(576)
Gain on deemed disposal of an associate	**—**	44,004
Third-party interest in consolidated collective asset management schemes and funds	**(537,678)**	(139,827)
Others	**48,503**	19,422
	(46,040)	16,581

The government grants were received unconditionally by the Group from the local governments to support operations in the designated locations.

10. DEPRECIATION AND AMORTISATION

	2015	2014
	RMB'000	RMB'000
Depreciation of property and equipment	**215,041**	210,607
Depreciation of investment properties	**1,736**	1,736
Amortisation of prepaid lease payments	**9,628**	9,628
Amortisation of other intangible assets	**53,080**	35,393
	279,485	257,364

11. STAFF COSTS

	2015	2014
	RMB'000	RMB'000
Salaries, bonus and allowances	**9,923,339**	3,603,140
Social welfare	**400,528**	328,121
Contributions to annuity schemes	**161,760**	113,887
Early retirement benefits	**35,906**	10,905
Others	**392,150**	289,873
	10,913,683	4,345,926

The domestic employees of the Group in the PRC participate in state-managed social welfare plans, including social pension insurance, unemployment insurance, health care insurance, housing funds and other social welfare plan operated by the relevant municipal and provincial governments. According to the relevant regulations, the premiums and welfare benefit contributions borne by the Group are calculated and paid to the relevant labour and social welfare authorities on a regular basis. The social pension insurance and unemployment insurance are defined contribution plans.

In addition to the above social welfare plans, the Group also provides annuity schemes for certain qualified employees in the PRC. The employees' and the Group's contributions for the annuity schemes are calculated based on certain percentage of employees' salaries and recognised in profit or loss as expense. These annuity schemes are defined contribution plans.

The contributions to the defined contribution plans are expensed as incurred. The amount recognised as expense in respect of defined contribution plans, including social pension insurance, unemployment insurance and annuity schemes, is RMB359.94 million for the year ended 31 December 2015 (2014: RMB277.82 million). The Group cannot withdraw or utilize its fund contribution made to the defined contribution plans under any circumstance.

The Group also operates the Mandatory Provident Fund Scheme for all qualified employees in Hong Kong. The Group contributes certain percentage of relevant payroll costs to the scheme, and the contribution is matched by employees but subject to a maximum amount for each employee. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees.

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For the year ended 31 December 2015

12. COMMISSION AND FEE EXPENSES

	2015	2014
	RMB'000	RMB'000
Securities and futures dealing and broking expenses	**401,826**	126,963
Underwriting and sponsors fee expenses	**33,888**	89,642
Other service expenses	**25,727**	24,208
	461,441	240,813

Note: Distribution expenses for fund and asset management business amounting to RMB466.50 million (2014: RMB130.98 million) are classified under other operating expenses in note 14.

13. INTEREST EXPENSES

	2015	2014
	RMB'000	RMB'000
Interest on liabilities that are wholly repayable within five years:		
Accounts payable to brokerage clients	**444,527**	138,194
Financial assets sold under repurchase agreements	**2,997,582**	843,368
Borrowings	**34,944**	16,316
Due to banks and other financial institutions	**244,784**	212,034
Short-term financing bills	**276,093**	544,246
Corporate bonds	**1,157,393**	213,108
Subordinated bonds	**2,183,917**	168,986
Structured notes	**879,841**	51,062
Long-term loans	**211,200**	54,747
Equity return swaps	**—**	35,450
Others	**52,003**	19,535
Interest on liabilities that are not wholly repayable within five years:		
Corporate bonds	**460,630**	460,630
	8,942,914	2,757,676

14. OTHER OPERATING EXPENSES

	2015	2014
	RMB'000	RMB'000
Business taxes and surcharges	**1,928,044**	763,802
Distribution expenses for fund and asset management business	**466,501**	130,980
General and administrative expenses	**776,487**	489,140
Operating lease rentals in respect of rented premises	**332,717**	298,894
Advertisement and business development expenses	**200,465**	78,644
Data transmission expenses	**195,955**	141,957
Securities and futures investor protection funds	**157,529**	68,117
Provision (note 46)	**27,221**	—
Auditors' remuneration (Note)	**6,958**	5,349
Sundry expenses	**245,415**	123,459
	4,337,292	2,100,342

Note: Auditors' remuneration for the year ended 31 December 2015 refers to the remuneration to Deloitte Touche Tohmatsu Certified Public Accountants including its network of member firms, for the statutory audit service providing to the Group.

15. IMPAIRMENT LOSSES

	2015	2014
	RMB'000	RMB'000
Allowance for impairment loss in respect of accounts receivable (note 30)	**49,211**	—
Reversal of impairment loss in respect of accounts receivables (note 30)	**(3,016)**	—
Impairment loss in respect of intangible assets	**57**	159
Impairment loss in respect of available-for-sale financial assets	**151,140**	37,864
Impairment loss in respect of advances to customers (note 29)	**61,114**	53,515
Impairment loss in respect of financial assets held under resale agreements	**26,893**	—
Impairment loss in respect of amount due from trading business clients	**—**	7,468
Allowance for impairment loss in respect of other receivables (note 31)	**1,701**	—
(Reversal) allowance for impairment loss in respect of other accounts receivable (note 31)	**(5,000)**	50,938
	282,100	149,944

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16. INCOME TAX EXPENSE

	2015 RMB'000	2014 RMB'000
Current tax:		
PRC Enterprise Income Tax	**4,165,679**	1,692,017
Hong Kong Profits Tax	**49,132**	8,443
Under(over) provision in prior years:		
PRC Enterprise Income Tax	**1,375**	3,269
Hong Kong Profit Tax	**(365)**	(2,660)
Subtotal	**4,215,821**	1,701,069
Deferred income tax (note 28)	**(22,462)**	(197,987)
	4,193,359	1,503,082

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 its subsidiaries in the PRC is 25%, except for as mentioned below.

Upon the approval of the "Circular of Tax Reduction from the Municipal Tax Department of Urumqi Economic and Technological Development Zone" (「烏魯木齊經濟技術開發區地方稅務局減免稅備案通知書」(烏經濟區地稅股備字[2012] 25號)), GF Xinde Investment Management Co., Limited, a wholly-owned subsidiary, is subject to a tax rate of 12% from 25 May 2012 to 31 December 2015.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. Tax arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The reconciliation between the income tax expense at the statutory tax rate of 25% and the effective tax rate is as follows:

	2015 RMB'000	2014 RMB'000
Profit before income tax	**17,805,712**	6,648,595
Tax at the statutory tax rate of 25%	**4,451,428**	1,662,149
Tax effect of share of profit of associates and joint ventures	**(72,453)**	(84,292)
Tax effect of expenses not deductible for tax purpose	**73,339**	28,239
Tax effect of income not taxable for tax purpose	**(162,583)**	(70,180)
Tax effect of tax losses not recognised	**16,069**	13,170
Utilisation of tax losses previously not recognised	**(2,218)**	(3,542)
Effect of different tax rates of subsidiaries	**(108,009)**	(38,241)
Under provision in prior years	**1,010**	609
Others	**(3,224)**	(4,830)
Income tax expense for the year	**4,193,359**	1,503,082

17. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2015	2014
	RMB'000	RMB'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share:		
Profit for the year attributable to owners of the Company	**13,201,014**	5,022,568
Number of shares		
Weighted average number of ordinary shares in issue (in thousand) (Note)	**7,153,423**	5,919,291
Earnings per share		
Basic earnings per share (RMB)	**1.85**	0.85
Diluted earnings per share (RMB)	**1.85**	N/A

The over allotment options granted by the Company in April 2015 has no significant impact in the computation of diluted earnings per share for the year ended 31 December 2015. The Group had no dilutive potential ordinary shares outstanding for the year ended 31 December 2014.

Note: The time-weighting factor of weighted average number of shares in issue in 2015 is the number of days that the shares are outstanding as a proportion of the total number of days in the year.

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18. PROPERTY AND EQUIPMENT

	Leasehold land and buildings RMB'000	Electronic and communication equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Improvements RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
As at 1 January 2014	609,552	720,612	100,729	137,812	503,462	184,751	2,256,918
Additions	—	68,440	12,497	21,126	46,230	94,018	242,311
Acquired on acquisition of a subsidiary	193,189	10,615	3,102	1,866	8,011	—	216,783
Disposals/written-off	—	(128,778)	(7,765)	(11,855)	(42,271)	—	(190,669)
Effect of foreign currency exchange differences	—	(220)	(52)	(20)	(280)	—	(572)
As at 31 December 2014	802,741	670,669	108,511	148,929	515,152	278,769	2,524,771
Additions	—	169,255	22,134	16,158	51,421	247,962	506,930
Disposals/written-off	—	(72,649)	(11,044)	(10,059)	(27,453)	—	(121,205)
Effect of foreign currency exchange differences	—	1,304	117	412	2,192	—	4,025
As at 31 December 2015	802,741	768,579	119,718	155,440	541,312	526,731	2,914,521
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
As at 1 January 2014	227,864	492,813	69,080	87,724	336,163	—	1,213,644
Charge for the year	27,088	87,131	11,601	17,942	66,845	—	210,607
Eliminated on disposals/written-off	—	(127,955)	(7,739)	(10,456)	(40,170)	—	(186,320)
Effect of foreign currency exchange differences	—	(236)	(56)	(37)	(292)	—	(621)
As at 31 December 2014	254,952	451,753	72,886	95,173	362,546	—	1,237,310
Charge for the year	28,582	89,980	12,681	20,098	63,700	—	215,041
Eliminated on disposals/written-off	—	(72,250)	(11,044)	(9,895)	(26,308)	—	(119,497)
Effect of foreign currency exchange differences	—	777	81	171	893	—	1,922
As at 31 December 2015	283,534	470,260	74,604	105,547	400,831	—	1,334,776
CARRYING VALUES							
As at 31 December 2015	519,207	298,319	45,114	49,893	140,481	526,731	1,579,745
As at 31 December 2014	547,789	218,916	35,625	53,756	152,606	278,769	1,287,461

The carrying amount of Group's property and equipment included the leasehold interest in land as the leasehold payments cannot be allocated reliably between the land and building elements, as such the entire lease is classified as finance lease and accounted for as property and equipment.

The Group is still in the process of applying for the title certificates for its leasehold land and buildings with a carrying value of RMB19.91 million as at 31 December 2015 (31 December 2014: RMB21.45 million). The directors of the Company consider that this will not have significant impact on the consolidated financial statements for the year ended 31 December 2015.

19. PREPAID LEASE PAYMENTS

	2015/12/31 RMB'000	2014/12/31 RMB'000
Analysed for reporting purposes as:		
Current assets	**9,628**	9,628
Non-current assets	**317,715**	327,342
	327,343	336,970

20. INVESTMENT PROPERTIES

	2015/12/31 RMB'000	2014/12/31 RMB'000
COST		
At beginning of the year	**52,087**	52,087
At end of the year	**52,087**	52,087
ACCUMULATED DEPRECIATION		
At beginning of the year	**25,076**	23,340
Provided for the year	**1,736**	1,736
At end of the year	**26,812**	25,076
CARRYING VALUES		
At end of the year	**25,275**	27,011

The fair value of the Group's investment properties at 31 December 2015 was RMB110.80 million (31 December 2014: RMB114.70 million). The fair value has been arrived at based on a valuation carried out by Yangcheng Appraisal Co., Ltd. (廣東羊城土地房地產估價有限公司), an independent valuer not connected with the Group.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

20. INVESTMENT PROPERTIES – *continued*

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

	Level 3 **RMB'000**	**Fair value as at 31.12.2015 RMB'000**
Commercial property units located in PRC	**110,803**	**110,803**

	Level 3 RMB'000	Fair value as at 31.12.2014 RMB'000
Commercial property units located in PRC	114,696	114,696

The above investment properties are depreciated over their estimated useful lives of 30 years and after taking into account their estimated residual value of nil, using the straight-line method.

The carrying amount of Group's investment properties included the leasehold interest in land as the leasehold payments cannot be allocated reliably between the land and building elements, as such the entire lease is classified as finance lease and accounted for as investment properties. The Group's investment properties are situated on land in the PRC under medium-term lease.

21. GOODWILL

	2015/12/31 RMB'000	2014/12/31 RMB'000
COST		
Unit A - securities brokerage branches	**76,574**	76,574
Unit B - GF Financial Markets (UK) Limited	**2,040**	2,040
At beginning and end of the year	**78,614**	78,614
ACCUMULATED IMPAIRMENT LOSSES		
Unit A - securities brokerage branches	**76,574**	76,574
Unit B - GF Financial Markets (UK) Limited	**—**	—
At beginning and end of the year	**76,574**	76,574
CARRYING VALUES		
Unit A - securities brokerage branches	**—**	—
Unit B - GF Financial Markets (UK) Limited	**2,040**	2,040
Unit B - effect of foreign currency exchange differences	**134**	7
At end of the year	**2,174**	2,047

Unit A is the securities brokerage CGU acquired, the acquisition cost exceeds the fair value of net identifiable assets. The commercial registration of these securities brokerage branches in prior year were changed. As the CGU no longer generated future cash flows, Unit A was fully impaired in prior year.

Unit B is the CGU of GF Financial Markets (UK) Limited by GF Futures (Hong Kong) Co., Limited, a wholly-owned subsidiary of the Company. As at 31 December 2015, management of the Group determined that there was no impairment of the CGU as the recoverable amount of the CGU exceeded its carrying amount.

The recoverable amount of the Unit B has been determined on the basis of value in use calculation. The calculation used cash flow projections based on financial budgets approved by management. The key assumptions include the discount rate which reflects the risk specific to Unit B, budgeted income and gross margin estimated based on the past performance and management's expectations for the market development.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

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22. OTHER INTANGIBLE ASSETS

	Trading rights RMB'000	Computer software RMB'000	Others RMB'000	Total RMB'000
COST				
As at 1 January 2014	75,938	191,475	2,448	269,861
Additions	500	66,757	—	67,257
Acquired on acquisition of a subsidiary	—	20,038	—	20,038
Disposals/written-off	—	(1,287)	—	(1,287)
Effect of foreign currency exchange differences	(8)	(2)	—	(10)
As at 31 December 2014	76,430	276,981	2,448	355,859
Additions	—	114,671	600	115,271
Disposals/written-off	—	(2,133)	—	(2,133)
Effect of foreign currency exchange differences	43	5	—	48
As at 31 December 2015	76,473	389,524	3,048	469,045
ACCUMULATED AMORTISATION AND IMPAIRMENT				
As at 1 January 2014	73,710	94,138	1,201	169,049
Charge for the year	—	34,903	490	35,393
Eliminated on disposals/written-off	—	(1,287)	—	(1,287)
Effect of foreign currency exchange differences	(11)	—	—	(11)
Impairment loss recognised in the year	159	—	—	159
As at 31 December 2014	73,858	127,754	1,691	203,303
Charge for the year	—	52,591	489	53,080
Eliminated on disposals/written-off	—	(1,339)	—	(1,339)
Effect of foreign currency exchange differences	—	1	—	1
Impairment loss recognised in the year	57	—	—	57
As at 31 December 2015	73,915	179,007	2,180	255,102
CARRYING VALUES				
As at 31 December 2015	2,558	210,517	868	213,943
As at 31 December 2014	2,572	149,227	757	152,556

22. OTHER INTANGIBLE ASSETS – *continued*

Trading rights mainly comprise the trading rights in Shanghai Stock Exchange, Shenzhen Stock Exchange, Hong Kong Stock Exchange and the Hong Kong Futures Exchange Limited. These rights allow the Group to trade securities and futures contracts on or through these exchanges.

Impairment testing on trading rights with indefinite useful lives

The trading rights held by the Group are considered by the directors of the Company as having indefinite useful lives because they are expected to contribute net cash inflows indefinitely. The trading rights will not be amortised until their useful lives are determined to be finite. Instead, they will be tested for impairment annually and whenever there is an indication that they may be impaired. The trading rights are being used in the following CGUs and the carrying amount of trading rights is allocated as follows:

	2015/12/31	2014/12/31
	RMB'000	RMB'000
Securities brokerage - GF Securities Co., Ltd.	**421**	478
Securities brokerage - GF Securities (Hong Kong) Brokerage Limited	**360**	339
Futures brokerage	**1,777**	1,755
	2,558	2,572

23. INVESTMENTS IN ASSOCIATES

	2015/12/31	2014/12/31
	RMB'000	RMB'000
Cost of unlisted investments in associates	**1,162,851**	369,500
Share of post-acquisition profits and other comprehensive income, net of dividends received	**1,389,611**	1,119,456
	2,552,462	1,488,956
Unlisted investment in an associate at fair value through profit or loss (Note)	**—**	59,840
	2,552,462	1,548,796

Note: The Group elects to measure its investment in YKS Holdings Limited held through a venture capital organisation, an indirect wholly owned subsidiary, at fair value through profit or loss as management measures the performance of this associate on a fair value basis as at 31 December 2014. Note 65 set out for valuation process and fair value information for the associate measures at fair value through profit or loss. The Group has disposed the equity investment in this year.

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23. INVESTMENTS IN ASSOCIATES – *continued*

Details of the Group's significant associate at the end of the reporting period are as follow:

Name of associate	Place and date of incorporation/ establishment	Equity interest held by the Group as at 31 December		Principal activities
		2015	2014	
易方達基金管理有限公司 E Fund Management Co., Limited ("E Fund")	PRC 17 April 2001	**25.00%**	25.00%	Fund raising, fund selling, asset management, and other CSRC approved businesses

Summarised financial information of the material associate

Summarised financial information of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

The associate is accounted for using the equity method in the consolidated financial statements.

E Fund

	2015/12/31 RMB'000	2014/12/31 RMB'000
Total assets	**9,158,625**	6,441,015
Total liabilities	**3,231,106**	1,630,956
Net assets	**5,927,519**	4,810,059

	2015 RMB'000	2014 RMB'000
Total revenue	**3,982,541**	1,989,986
Profit for the year	**1,190,458**	653,982
Other comprehensive income	**226,769**	175,893
Total comprehensive income	**1,417,227**	829,875
Dividends received from the associate during the year	**75,000**	60,000

23. INVESTMENTS IN ASSOCIATES – *continued*

Summarised financial information of the material associate

The reconciliation of the above summarised financial information to the carrying amounts of the interests in E Fund recognised in the consolidated financial statements:

	2015/12/31	2014/12/31
	RMB'000	RMB'000
Net assets attributable to equity holders of the associate	**5,839,038**	4,732,985
Proportion of the Group's ownership interest	**25%**	25%
Proportion of equity interest held by the Group	**1,459,760**	1,183,246
Other adjustments	**1**	2,206
Carrying amount of the Group's interest	**1,459,761**	1,185,452

Aggregate information of associates that are not individually material

	2015	2014
	RMB'000	RMB'000
The Group's share of loss	**(5,067)**	(6,057)
The Group's share of other comprehensive income	**613**	—
The Group's share of total comprehensive expense	**(4,454)**	(6,057)
Aggregate carrying amount of the Group's interests in these associates	**1,092,701**	363,344

24. INVESTMENT IN JOINT VENTURES

	2015/12/31 RMB'000	2014/12/31 RMB'000
Cost of unlisted investment in joint ventures	**792,815**	33,795
Share of post-acquisition profits and other comprehensive income, net of dividends received	**2,227**	1,574
	795,042	35,369

Aggregate information of joint ventures that are not individually material

	2015 RMB'000	2014 RMB'000
The Group's share of profit	**955**	1,574
The Group's share of other comprehensive expense	**(3)**	—
The Group's share of total comprehensive income	**952**	1,574

25. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

The Group served as the investment manager of structured entities (including collective asset management schemes and funds), therefore had power over them during the year. Except for the structured entities the Group has consolidated as details in note 66, in the opinion of the directors of the Company, the variable returns the Group exposed to over these collective asset management schemes and funds that the Group has interests in are not significant. The Group therefore did not consolidate these structured entities.

The size of unconsolidated structured entities managed by the Group amounted to RMB527,372.28 million as at 31 December 2015 (31 December 2014: RMB91,758.36 million).

During the year, the amount of management fee income from the unconsolidated structured entities managed by the Group in which the Group had no interests in was RMB3,075.85 million (2014: RMB1,062.92 million).

The table below shows the carrying amount of unconsolidated structured entities in which the Group had interests in and its maximum exposure to loss in relation to those interests as at 31 December 2015 and 2014.

25. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES – *continued*

As at 31 December 2015

	Carrying amount RMB'000	Maximum exposure RMB'000
Financial assets at fair value through profit or loss	27,201,707	27,201,707
Available-for-sale financial assets	6,887,755	6,887,755
Loan and receivable investments	29,685	29,685
Total	34,119,147	34,119,147

As at 31 December 2014

	Carrying amount RMB'000	Maximum exposure RMB'000
Financial assets at fair value through profit or loss	96,751	96,751
Available-for-sale financial assets	2,098,866	2,098,866
Loan and receivable investments	178,000	178,000
Total	2,373,618	2,373,618

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26. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015/12/31 RMB'000	2014/12/31 RMB'000
Non-current		
Measured at fair value:		
Equity securities	**893,487**	121,737
Funds	**3,681**	3,117
Other investments (i)	**14,461,155**	226,513
Measured at cost less impairment:		
Equity securities (ii)	**2,491,692**	1,758,535
Total	**17,850,015**	2,109,902
Analysed as:		
Listed outside Hong Kong (iii)	**897,168**	124,854
Unlisted	**16,952,847**	1,985,048
	17,850,015	2,109,902
Current		
Measured at fair value:		
Debt securities	**64,338,083**	23,121,954
Equity securities	**5,422,382**	3,666,381
Funds	**4,878,563**	1,943,004
Other investments (i)	**4,093,535**	3,568,875
Total	**78,732,563**	32,300,214
Analysed as:		
Listed in Hong Kong	**136,145**	—
Listed outside Hong Kong (iii)	**20,913,995**	11,844,904
Unlisted	**57,682,423**	20,455,310
	78,732,563	32,300,214

26. AVAILABLE-FOR-SALE FINANCIAL ASSETS – *continued*

(i) Other investments mainly represent investments in: (i) collective asset management schemes issued and managed by the Group, whereby the Group's interest in and exposure to them are not significant; (ii) wealth management products issued by banks; (iii) targeted asset management schemes (or trust investments) managed by non-bank financial institutions, which mainly invest in debt securities, publicly traded equity securities listed in the PRC and loans. The Group has committed to hold some of its investments in collective asset management schemes managed by the Group till the end of the investment period, the amount of which is RMB854.85 million as at 31 December 2015 (31 December 2014: RMB326.43 million).

Included in the balance, represents an investment in a special account managed by China Securities Finance Corporation Limited (the "CSFCL"). Pursuant to the agreements the Company entered into with the CSFCL, the Company contributed RMB13,863.79 million to the special account managed by the CSFCL in 2015. The Company is entitled to the profit or loss derived from the special account in proportion to the funding portion contributed. As at 31 December 2015, the Company determined the total fair value of the investment according to an evaluation report provided by the CSFCL.

(ii) The unlisted equity securities held by the Group are issued by private companies in, among others, the manufacturing industry, energy technology, and medical or electronic communication sectors. As the reasonable range of fair value estimation is so significant that the directors of the Company are of the opinion that the fair value cannot be measured reliably, these equity securities are measured at cost less impairment at the end of the year.

(iii) Securities and funds traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange are included in the "Listed outside Hong Kong" category.

Fair value of the Group's other available-for-sale investments are determined in the manner described in note 65.

As at 31 December 2015, the listed equity securities of the Group included approximately RMB1,881.93 million (31 December 2014: RMB510.41 million) of restricted shares. The restricted shares are listed in the PRC with a legally enforceable restriction on these securities that prevents the Group to dispose of within the specified period.

As at 31 December 2015, the Group entered into securities lending arrangements with clients that resulted in the transfer of available-for-sale financial assets (including equity securities and exchange-traded funds) with total fair values of RMB20.05 million (31 December 2014: RMB580.59 million) to clients. These securities continued to be recognised as financial assets of the Group.

In the opinion of the directors of the Company, non-current available-for-sale financial assets are not expected to be realised within one year from the end of the year.

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27. LOAN AND RECEIVABLE INVESTMENTS

	2015/12/31 RMB'000	2014/12/31 RMB'000
Non-current		
Asset management schemes [(ii)]	**168,300**	206,000
Secured loan receivables [(iv)]	**331,340**	—
	499,640	206,000
Current		
Trust products [(i)]	**—**	20,000
Asset management schemes [(ii)]	**49,685**	170,000
Unsecured loan receivables [(iii)]	**—**	212,692
Secured loan receivables [(iv)]	**50,268**	—
	99,953	402,692

(i) As at 31 December 2014, the trust products were issued by a trust company bearing interest at 14% per annum and would be repaid within one year.

(ii) As at 31 December 2015, the non-current asset management schemes were issued by asset management companies bearing interest at 10.3% (31 December 2014: 5.7% to 14%) per annum and would be repaid within one to two years (31 December 2014: within one to three years).

As at 31 December 2015, the current collective asset management schemes were issued by asset management companies bearing interest at 5.7% to 8% (31 December 2014: 6.9%) per annum and would be repaid within one year.

(iii) As at 31 December 2014, the current unsecured loan receivables bear interest at 8.25% to 19% per annum and would be repaid within one year.

(iv) As at 31 December 2015, the non-current secured loan receivables bear interest at 2% to 13% per annum and would be repaid within one to two years and the current secured loan receivables bear interest at 8% per annum and would be repaid within one year.

28. DEFERRED TAXATION

For presentation purpose, certain deferred tax assets and deferred tax liabilities have been offset. The following is an analysis of the deferred tax balances for financial reporting purposes:

	2015/12/31	2014/12/31
	RMB'000	RMB'000
Deferred tax assets	**269,442**	230,185
Deferred tax liabilities	**(278,362)**	(111,539)
	(8,920)	118,646

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior year:

	Financial assets at fair value through profit or loss/ derivatives	**Accrued staff costs**	**Available-for-sale financial assets**	**Allowance for impairment losses**	**Property and equipment**	**Others**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	65,282	394,140	(152,598)	41,060	—	10,129	358,013
(Charge) credit to profit or loss	(87,467)	304,722	(15,820)	16,572	1,218	(24,359)	194,866
Charge to other comprehensive income	—	—	(414,450)	—	—	—	(414,450)
Acquisition of a subsidiary	—	10,786	(9,393)	603	(23,303)	1,524	(19,783)
At 31 December 2014	(22,185)	709,648	(592,261)	58,235	(22,085)	(12,706)	118,646
(Charge) credit to profit or loss	(122,370)	102,763	18,240	7,350	984	15,495	22,462
Charge to other comprehensive income	—	—	(150,028)	—	—	—	(150,028)
At 31 December 2015	(144,555)	812,411	(724,049)	65,585	(21,101)	2,789	(8,920)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes, if any, and the taxes are to be levied by the same tax authority, and of the same taxable entity.

At the end of the year, the Group has unused tax losses of approximately RMB253.04 million (31 December 2014: RMB171.22 million) available for offset against future profits. No deferred tax asset has been recognised in respect of estimated tax losses due to the unpredictability of future profit streams. These tax losses may be carried forward indefinitely.

29. ADVANCES TO CUSTOMERS

	2015/12/31 RMB'000	2014/12/31 RMB'000
Non-current		
Loans to margin clients	**220,837**	—
Current		
Loans to margin clients	**69,084,355**	64,749,359
Less: impairment on advances to customers	**(114,649)**	(53,515)
	68,969,706	64,695,844

Movements of impairment allowance during the year were as follows:

	2015 RMB'000	2014 RMB'000
At 1 January	**53,515**	—
Impairment losses recognised	**61,114**	53,515
Effect of foreign currency exchange differences	**20**	—
At 31 December	**114,649**	53,515

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 43 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 which the customers have to make up the difference.

Advances to customers as at 31 December 2015 were secured by the customers' securities and cash collateral, which were pledged to the Group as collateral with undiscounted market values of approximately RMB242,671.68 million (31 December 2014: RMB177,960.26 million).

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 determines the allowance for impaired debts based on: (i) the evaluation of collectability; (ii) the ageing analysis of accounts; and (iii) management judgement. They include the assessment of changes in credit quality, collateral and the past collection history of each client. There were 6 impaired debts for the year ended 31 December 2015 (2014: nil). After force sale, the amount of unreceived principal is approximately RMB15.90 million. They had been reclassified as accounts receivable and fully impaired.

29. ADVANCES TO CUSTOMERS – *continued*

As at 31 December 2015, the overall loans and advances to customers have been assessed for impairment allowances on a collective assessment basis, which are based on the evaluation of probability of default, loss given default, exposure at default of accounts and management's judgement, including the current creditworthiness and the past collection statistics of individual accounts or a portfolio of accounts in view of the overall growing loan balance and economic condition.

The concentration of credit risk is limited due to the size and uncorrelated nature of the customer base.

30. ACCOUNTS RECEIVABLE

	2015/12/31	2014/12/31
	RMB'000	RMB'000
Accounts receivable from/related to:		
Current		
Cash clients	**360,601**	234,126
Clearing house	**7,914**	9,595
Brokers	**244,612**	72,165
Asset management fee and trading seats commission	**693,213**	337,722
Advisory and financial planning fee	**3,249**	1,271
China Securities Investor Protection Fund Corporation for dormant accounts	**26,455**	26,455
Principals and deposits of equity return swaps (Note)	**693,841**	201,680
Investment funds redemption receivable	**311,000**	283,000
Others	**226,611**	102,223
	2,567,496	1,268,237
Less: allowance for doubtful debts	**(48,355)**	(866)
	2,519,141	1,267,371

Note: As at 31 December 2015 and 2014, the amount represents the principal and deposits paid in relation to equity return swap contracts entered by the Group, and mature within one year from the respective year end dates. These contracts contain non-closely related embedded derivatives as their returns are linked to the fluctuation in certain stock index. In the opinion of the directors, the fair values of these embedded derivatives of certain contracts are considered insignificant. Therefore, the related embedded derivatives being bifurcated form their respective host contracts are not accounted for in the consolidated financial statements. For those embedded derivatives with significant fair values, they are accounted for in the consolidated financial statements under note 35 after being bifurcated form their respective host contracts.

30. ACCOUNTS RECEIVABLE – *continued*

The following is an aged analysis of accounts receivable net of allowance for doubtful debts:

	2015/12/31	2014/12/31
	RMB'000	RMB'000
Current		
Within 1 year	**2,381,525**	1,229,631
Between 1 and 2 years	**107,599**	4,972
Between 2 and 3 years	**1,441**	2,751
More than 3 years	**28,576**	30,017
	2,519,141	1,267,371

The movements in the allowance for doubtful debts are set out below:

	2015	2014
	RMB'000	RMB'000
1 January	**866**	863
Impairment losses recognised	**49,211**	—
Reversal of impairment losses	**(3,016)**	—
Effect of foreign currency exchange differences	**1,294**	3
31 December	**48,355**	866

The normal settlement terms of accounts receivable from clients, brokers and clearing house are within two days after trade date. Trading limits are set for clients. Normal settlement terms of account receivable from asset management fee are within one month, and trading seats commission are settled on a quarterly basis. Normal settlement terms of accounts receivable from advisory and financial planning are determined in accordance with the contract terms, ranging from three months to six months after the service was provided.

The Group seeks to maintain tight control over its outstanding accounts receivable in order to minimise credit risk. Overdue balances are regularly monitored by the management.

31. OTHER ACCOUNTS RECEIVABLE, OTHER RECEIVABLES AND PREPAYMENTS

	2015/12/31	2014/12/31
	RMB'000	RMB'000
Other accounts receivable [(i)]	**45,938**	50,938
Interest receivable	**3,131,238**	1,676,518
Other receivables	**128,336**	90,123
Dividends receivables	**6,507**	6,482
Amount due from trading business clients [(ii)]	**1,562**	9,203
Investment prepayments	**80,111**	75,183
Entrusted loan [(iii)]	**30,000**	—
Others	**55,914**	48,788
	3,479,606	1,957,235
Less: allowance for doubtful debts	**(53,120)**	(63,836)
	3,426,486	1,893,399

(i) The balance represents amount arising from trading business, which is considered irrecoverable due to financial difficulties of counterparty and, therefore, is fully provided for allowance for doubtful debts.

(ii) The balance of amounts due from trading business clients comprises trading-business-related funds of GF Commodity Co., Limited, a wholly owned subsidiary of the Company.

(iii) As at 31 December 2015, the balance of entrusted loan comprises short-term loan whereby GF Xinde Investment Management Co., Limited, a wholly owned subsidiary of the Company, lent to a third-party, which Ping-An Bank Co., Limited acted as the entrusted bank. The principal of such loan is RMB30.00 million, with an interest rate of 10% per annum and will be settled within one year.

The movements in the allowance for doubtful debts are set out below:

	2015	2014
	RMB'000	RMB'000
At beginning of the year	**63,836**	5,430
Impairment losses recognised	**1,701**	58,406
Reversal of impairment losses	**(5,000)**	—
Amounts written off as uncollectible	**(7,468)**	—
Effect of foreign currency exchange differences	**51**	—
At end of the year	**53,120**	63,836

32. AMOUNTS DUE FROM ASSOCIATES

Amounts due from associates are unsecured, repayable on demand, and non-interest bearing. The Group expected to recover the amounts due from associates within one year from the end of the respective reporting periods.

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33. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	2015/12/31 RMB'000	2014/12/31 RMB'000
Non-current		
Analysed by collateral type:		
Stock [(i)]	**1,841,949**	431,864
Less: impairment on financial assets held under resale agreements	**(6,717)**	—
Analysed by market:		
Stock exchanges	**1,835,232**	431,864
Current		
Analysed by collateral type:		
Stock [(i)]	**6,964,033**	6,481,515
Bond [(ii)]	**4,966,779**	5,315,855
Fund	**49**	3,320
Less: impairment on financial assets held under resale agreements	**(20,176)**	—
	11,910,685	11,800,690
Analysed by market:		
Stock exchanges	**7,033,206**	7,296,435
Interbank bond market	**4,877,479**	4,504,255
	11,910,685	11,800,690

Movements of impairment allowance during the year were as follows:

	2015 RMB'000	2014 RMB'000
At 1 January	**—**	—
Impairment losses recognised	**26,893**	—
At 31 December	**26,893**	—

(i) The financial assets (pledged by stock) held under resale agreements are those resale agreements which qualified investors entered into with the Group with a commitment to purchase the specified securities at a future date with an agreed price.

(ii) Mainly for inter-bank pledged resale agreement and inter-bank outright resale agreement.

34. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets held for trading

	2015/12/31 RMB'000	2014/12/31 RMB'000
Debt securities	**27,570,758**	17,709,430
Equity securities	**4,077,558**	4,606,580
Funds	**45,692,492**	1,725,876
Other investments [(i)]	**6,121,051**	2,163,997
	83,461,859	26,205,883
Analysed as:		
Listed in Hong Kong	**202,874**	208,304
Listed outside Hong Kong [(ii)]	**14,482,853**	11,094,054
Unlisted [(iii)]	**68,776,132**	14,903,525
	83,461,859	26,205,883

Financial assets designated at fair value through profit or loss

	2015/12/31 RMB'000	2014/12/31 RMB'000
Convertible debt securities	**216,755**	730,779
Exchangeable debt securities	**21,289**	—
Equity investments	**212,337**	—
	450,381	730,779
Analysed as:		
Listed in Hong Kong	**212,337**	—
Listed outside Hong Kong [(ii)]	**28,594**	730,779
Unlisted [(iii)]	**209,450**	—
	450,381	730,779

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34. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS – *continued*

(i) Other investments represent investments in collective asset management schemes and other wealth management products issued and managed by the Group and other financial institutions. The Group's interest in and exposure to individual collective asset management scheme managed by the Group are not significant.

(ii) Securities and funds traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange are included in the "Listed outside Hong Kong" category.

(iii) Unlisted securities mainly comprise of unlisted funds and debt securities traded on Interbank Bond Market.

Fair value of the Group's financial assets at fair value through profit or loss are determined in the manner described in note 65.

As at 31 December 2015, the Group entered into securities lending arrangements with clients that resulted in the transfer of financial assets at fair value through profit or loss (including equity securities and exchange-traded funds) with total fair values of RMB503.78 million (31 December 2014: nil) to clients. These securities continued to be recognized as financial assets of the Group.

35. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December			
	2015		2014	
	Assets	**Liabilities**	Assets	Liabilities
	RMB'000	**RMB'000**	RMB'000	RMB'000
PRC stock index futures[(i)]	**—**	**—**	—	—
Treasury bond futures[(ii)]	**—**	**—**	—	—
Commodity futures[(ii)]	**—**	**—**	—	—
Interest rate swaps[(iii)]	**263,395**	**253,074**	84,679	75,046
Equity return swaps[(iii)]	**1,873**	**47,724**	6,614	12,107
HK & U.S. stock index futures[(iv)]	**—**	**11**	—	86
Structured notes[(v)]	**—**	**4,350**	—	65
Stock option[(vi)]	**5,311**	**4,295**	—	—
	270,579	**309,454**	91,293	87,304

35. DERIVATIVE FINANCIAL INSTRUMENTS – *continued*

(i) PRC stock index futures: under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in the PRC stock index futures (including the "PRC SIF", "PRC SIH" and "PRC SIC") were settled daily and the corresponding receipts and payments were included in "clearing settlement funds" as at 31 December 2015 and 31 December 2014. Accordingly, the net position of the PRC SIF, PRC SIH and PRC SIC contracts was nil at the year-end dates.

Details of the Group's PRC stock index futures are set out below:

	As at 31 December			
	2015		2014	
	Notional principal amounts RMB'000	**Fair value RMB'000**	Notional principal amounts RMB'000	Fair value RMB'000
PRC SIF	**871,555**	**16,698**	2,834,818	242,352
PRC SIH	**253,099**	**5,280**	—	—
PRC SIC	**1,480**	**(5)**	—	—
Less: settlement		**(21,973)**		(242,352)
Net position of PRC stock index futures contracts		**—**		—

(ii) Treasury bond futures and commodity futures: under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in treasury bond futures and commodity futures were settled daily and the corresponding receipts and payments were included in "clearing settlement funds" as at 31 December 2015 and 31 December 2014. Accordingly, the net position of the treasury bond future contracts and commodity future contracts was nil at the year-end dates.

Details of the Group's treasury bond futures and commodity futures are set out below:

	As at 31 December			
	2015		2014	
	Notional principal amounts RMB'000	**Fair value RMB'000**	Notional principal amounts RMB'000	Fair value RMB'000
Treasury bond futures	**4,015**	**3**	29,012	122
Commodity futures	**256,122**	**(502)**	—	—
Less: settlement		**499**		(122)
Net position of treasury bond future contracts and commodity future contracts		**—**		—

35. DERIVATIVE FINANCIAL INSTRUMENTS – *continued*

(iii) Interest rate swaps and equity return swaps:

The notional principal amount of the Group's interest rate swaps contracts as at 31 December 2015 was RMB77,006 million (31 December 2014: RMB23,655 million).

The notional principal amount of the Group's equity return swaps contracts was RMB21,434 million as at 31 December 2015 (31 December 2014: RMB4,089 million). Details of equity return swaps contracts are set out in notes 30 and 45.

(iv) HK stock index futures: the notional principal amount of the Group's HK stock index futures contracts was RMB19.74 million as at 31 December 2015 (31 December 2014: nil);

U.S. stock index futures: the notional principal amount of the Group's U.S. stock index futures contracts was RMB2.64 million as at 31 December 2015 (31 December 2014: RMB3.77 million).

(v) The amounts represent the fair value of embedded derivatives of structured notes, details set out in note 41.

(vi) Stock option: represents the stock contracts held by the Group, the notional principal amount of the Group's stock option contracts was RMB244.87 million as at 31 December 2015 (31 December 2014:nil).

36. DEPOSITS WITH EXCHANGES AND NON-BANK FINANCIAL INSTITUTIONS

	2015/12/31	2014/12/31
	RMB'000	RMB'000
Deposits with stock exchanges:		
Shanghai Stock Exchange	**506,061**	124,680
Shenzhen Stock Exchange	**356,394**	77,779
Hong Kong Stock Exchange	**20,298**	28,345
Deposits with futures and commodity exchanges:		
Hong Kong Futures Exchange Limited	**27,090**	20,681
Shanghai Futures Exchange	**677,490**	535,978
Zhengzhou Commodity Exchange	**147,041**	165,029
Dalian Commodity Exchange	**268,634**	263,381
China Financial Futures exchange	**2,783,718**	1,332,458
Intercontinental Exchange, Inc.	**6,493**	6,119
China Securities Finance Corporation Limited	**53,648**	48,890
Shanghai Clearing House	**58,881**	25,847
Guarantee fund paid to China Financial Futures Exchange	**20,137**	20,157
China Beijing Equity Exchange	**2,193**	878
LME Clear Limited	**199,293**	232,308
Others	**150,425**	147,332
	5,277,796	3,029,862

37. CLEARING SETTLEMENT FUNDS

	2015/12/31 RMB'000	2014/12/31 RMB'000
Clearing settlement funds held with clearing houses for:		
House accounts	**2,772,183**	770,139
Clients	**28,449,878**	21,854,657
	31,222,061	22,624,796

These clearing settlement funds are held by the clearing houses for the Group and these balances carry interest at prevailing market interest rates.

38. BANK BALANCES AND PLEDGED/RESTRICTED BANK DEPOSITS

Bank balances

	2015/12/31 RMB'000	2014/12/31 RMB'000
House accounts	**17,609,937**	18,203,433
Cash held on behalf of customers [(i)]	**88,640,516**	48,995,919
	106,250,453	67,199,352

Bank balances comprise time and demand deposits at bank which bear interest at the prevailing market rates.

(i) The Group maintain bank accounts with banks to hold customers' deposits arising from normal business transactions. The Group had recognised the corresponding amount in accounts payable to brokerage clients (note 43).

Pledged/restricted bank deposits

	2015/12/31 RMB'000	2014/12/31 RMB'000
Non-current		
Restricted bank deposits for GF Securities Tower [(ii)]	**80,000**	80,000
Current		
Pledged bank deposits for borrowings	**—**	399,148
Restricted bank deposits for purchase of follow-on offerings and funds	**242,008**	2,000
	242,008	401,148

(ii) The amount represents deposit pledged for the construction in progress disclosed in note 18.

39. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the followings:

	2015/12/31 RMB'000	2014/12/31 RMB'000
Bank balances - house	**17,609,937**	18,203,433
Clearing settlement funds - house	**2,772,183**	770,139
	20,382,120	18,973,572

Cash and cash equivalent includes bank deposits with original maturity of more than three months held by the Group. As at 31 December 2015, bank deposits with original maturity of more than three months, which can be withdrawn on demand without prior notice to banks, held by the Group were RMB543.39 million (31 December 2014: RMB790.12 million).

40. BORROWINGS

	2015/12/31 RMB'000	2014/12/31 RMB'000
Secured short-term bank loans	**66,588**	568,008
Unsecured short-term bank loans	**829,422**	717,899
	896,010	1,285,907

As at 31 December 2015, the bank borrowings of GF Holdings (Hong Kong) Corporation Limited ("GFHK") were pledged by margin financing clients' securities.

As at 31 December 2014, the bank borrowings of GFHK were pledged by margin financing clients' securities and bank deposits.

As at 31 December 2015, bank borrowings were repayable on demand and bear interest rates ranging from 1.61% to 4.13% (31 December 2014: 1.10% to 2.65%) per annum.

No single borrowing is individually material, and terms and conditions of all borrowings are presented by appropriate groupings.

In addition, the Group has variable-rate borrowings which carry interest at HIBOR, LIBOR or cost of fund rate.

40. BORROWINGS – *continued*

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	Year ended 2015/12/31	Year ended 2014/12/31
Effective interest rate:		
Variable-rate borrowings	**HIBOR + 1.5% to HIBOR + 2.2% or Cost of fund rate of lending banks + 1.5%**	HIBOR + 1% to HIBOR + 2.4% or LIBOR + 1%

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	HKD
	RMB'000
As at 31 December 2015	871,312
As at 31 December 2014	1,285,907

41. SHORT-TERM FINANCING PAYABLES

	2015/12/31 RMB'000	2014/12/31 RMB'000
Unsecured and unguaranteed:		
Short-term financing bill payables (Note 1)	**—**	11,900,000
Short-term bond payables (Note 2)	**15,000,000**	15,492,249
Principals of structured notes (Note 3)	**6,643,800**	2,144,490
	21,643,800	29,536,739

Note 1: Short-term financing bill payables

	2015/12/31 RMB'000	2014/12/31 RMB'000
Analysed as:		
Inter-bank	**—**	11,900,000

As at 31 December 2014, short-term financing bills were debt securities issued in the PRC inter-bank market by the Company bearing interest rates ranging from 4.10% to 6.20% per annum, repayable within one to three months.

41. SHORT-TERM FINANCING PAYABLES – *continued*

Note 2: Short-term bond payables

The details of short-term bond payables as at 31 December 2015 are as follow:

Name	Issue amount RMB'000	Issue date	Maturity date	Coupon rate
GF1501	3,000,000	06/03/2015	08/03/2016	5.30%
GF1503	6,000,000	18/05/2015	19/05/2016	4.30%
GF1505	6,000,000	26/05/2015	22/01/2016	4.34%

Note 3: Principals of structured notes

The amount represents principals received from investors for subscription of structured notes issued by the Company. The structured notes bear fixed rate interest or variable rate linked to certain stock index. The interests are repayable upon maturity within one year. The structured notes with variable rate contain non-closely related embedded derivatives as their returns are linked to the fluctuation of stock index. For those embedded derivatives, they are accounted for in the consolidated financial statements under note 35 after being bifurcated from their respective host contracts.

42. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	2015/12/31 RMB'000	2014/12/31 RMB'000
Due to banks and other financial institutions	**1,750,000**	1,123,000

As at 31 December 2015, the ranges of effective interest rate on due to banks are 2.56% to 3.20% (31 December 2014: 4.85% to 5.20%) per annum. The amount of due to banks were repayable within seven days from the end of the year.

As at 31 December 2014, the effective interest rate on due to other financial institution is 5.8% per annum. The amount of due to other financial institution was repayable within three months.

43. 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 excessive amounts over the required margin deposits and cash collateral stipulated are repayable on demand.

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

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

As at 31 December 2015, included in the Group's accounts payable to brokerage clients were approximately RMB13,980.03 million (31 December 2014: RMB7,433.42 million) of margin deposits and cash collateral received from clients for margin financing and securities lending arrangement.

44. ACCRUED STAFF COSTS

	2015/12/31 RMB'000	2014/12/31 RMB'000
Salaries, bonus and allowances	**7,610,686**	3,001,478
Social welfare[(i)]	**2,237**	2,081
Annuity schemes	**397**	36,817
Early retirement benefits[(ii)]	**143,895**	122,647
Others	**55,250**	38,879
	7,812,465	3,201,902

(i) The social welfare refers to social pension insurance plan, unemployment insurance plan, medical insurance plan and other social welfare required by the government. The Group participates in the plans mentioned above pursuant to pertinent regulations and contributes to the funds set up by the Government on a monthly basis. Except for the amount contributed, the Group will assume no further payment obligation. During the year, the Group has accrued amounts of RMB185.49 million and RMB12.69 million to the social pension insurance plan and the unemployment insurance plan, respectively. (2014: RMB152.61 million and RMB11.32 million, respectively). As at 31 December 2015, the accrual social pension insurance plan and unemployment insurance plan are amounted to RMB0.99 million and RMB0.20 million respectively (31 December 2014: RMB0.85 million and RMB0.17 million, respectively). The amounts accrued have been paid in subsequent periods.

(ii) During the year, the Group recognised RMB35.91 million (2014: RMB10.90 million), as staff costs and paid RMB14.66 million (2014: RMB12.63 million), in respect of the early retirement benefits.

45. OTHER ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS

	2015/12/31 RMB'000	2014/12/31 RMB'000
Other accounts payable		
Current		
Deposits of equity return swaps [(i)]	**355,875**	74,171
Commission payable and related accrued expenses for sales of funds	**277,343**	153,069
Payables for open-ended fund clearing and other clearing	**2,635,463**	681,813
Others	**72,505**	70,985
	3,341,186	980,038

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45. OTHER ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS – *continued*

	2015/12/31 RMB'000	2014/12/31 RMB'000
Other payables and accruals		
Current		
Business taxes and other taxes	**452,930**	355,299
Interest payable	**2,724,477**	756,797
Accrued expenses	**179,578**	77,100
Payables for securities investor protection fund	**61,147**	43,906
Futures risk reserve	**91,215**	77,775
Funds risk reserve	**62,875**	34,923
Project quality deposits (ii)	**40,000**	40,000
Payable to R&F (iii)	**423,955**	233,526
Payable for equipment purchases	**131,167**	56,288
Block trade deposits	**500,000**	—
IPO expenses payable	**361,149**	—
Others (iv)	**58,254**	58,471
	5,086,747	1,734,085
Total	**8,427,933**	2,714,123

(i) Equity return swaps contain non-closely related embedded derivatives as their returns are linked to the fluctuation of certain stock index or specific stock price. In the opinion of the directors, the fair value of certain embedded derivative is insignificant. Therefore, the related embedded derivatives being bifurcated form their respective host contracts are not accounted for. For those embedded derivatives with significant fair values, they are accounted for under note 35 after being bifurcated form their respective host contracts.

(ii) The balances represent the project quality deposits from Guangzhou R & F Properties Corporation Co., Ltd. ("R&F") which is the construction agent of the GF Securities Tower, to ensure the construction quality of the GF Securities Tower.

(iii) The balances represent the construction expenditure of GF Securities Tower which R&F paid on behalf of the Company.

(iv) Others represent primarily accrued operating expenses which are non-interest bearing and are repayable within one year.

46. PROVISIONS

	2015/12/31 RMB'000	2014/12/31 RMB'000
At beginning of the year	**33,360**	47,936
Addition for the year	**27,221**[(i)]	—
Utilisation of provision	**—**	(14,576)
At end of the year	**60,581**	33,360

(i) The Company made the penalty provision according to the Advance Notice of Administrative Penalties from the CSRC.

47. OTHER LIABILITIES

	2015/12/31 RMB'000	2014/12/31 RMB'000
Third-party interests in consolidated collective asset management schemes and funds	**10,515,964**	4,283,311

Third-party interests in consolidated collective asset management schemes and funds consist of third-party unit holders' interests in these consolidated structured entities which are reflected as a liability since they can be put back to the Group for cash.

The realisation of third-party interests in consolidated collective asset management schemes and funds cannot be predicted with accuracy since these represent the interests of third-party unit holders in consolidated collective asset management schemes and funds held to back investment contract liabilities and are subject to market risk and the actions of third-party investors.

For the year ended 31 December 2015, the Group has newly acquired and consolidated 6 of its products, which are not individually significant to the Group, with total assets of RMB347.84 million mainly including RMB225.66 million of financial assets at FVTPL and RMB122.18 million of assets measured at amortised cost and total liabilities of RMB11.66 million mainly including accounts payable and other payables and prepayments on their respective acquisition dates with the proportion of attributable to other schemes/funds unit holders amounted to RMB72.16 million recognised as other liabilities. The resulted cash inflow is amounted RMB68.14 million.

On the other hand, the Group has disposed of and deconsolidated 5 of its products, which are not individually significant to the Group, during the year ended 31 December 2015 with total assets of RMB754.71 million mainly including RMB588.50 million of financial assets at FVTPL and RMB166.21 million of assets measured at amortised cost and total liabilities of RMB138.27 million mainly including accounts payable, financial assets sold under repurchase agreements and other payables and accruals on their respective dates ceased to be controlled by the Group with the proportion of attributable to other schemes/funds unit holders amounted to RMB331.23 million recognised as other liabilities. The resulted cash outflow is amounted RMB108.50 million.

48. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	2015/12/31 RMB'000	2014/12/31 RMB'000
Non-current		
Analysed by collateral type:		
Rights and interests in margin loans	—	4,050,000
Analysed by market:		
Over the counter	—	4,050,000
Current		
Analysed by collateral type:		
Bonds	**65,195,761**	26,282,726
Rights and interests in margin loans	**20,200,000**	24,435,000
	85,395,761	50,717,726
Analysed by market:		
Stock exchanges	**25,447,180**	11,240,909
Interbank bond market	**39,748,581**	15,041,817
Over the counter	**20,200,000**	24,435,000
	85,395,761	50,717,726

Sales and repurchase agreements are transactions in which the Group sell a security and simultaneously agree to repurchase it (or an asset that is substantially the same) at the agreed date and price. The repurchase prices are fixed and the Group are still exposed to substantially all the credit risks, market risks and rewards of those securities sold. These securities are not derecognised from the consolidated financial statements but regarded as "collateral" for the liabilities because the Group retain substantially all the risks and rewards of these securities.

As at 31 December 2015, the Group entered into repurchase agreements with certain counterparties to sell debt securities recognised as financial assets at fair value through profit or loss with carrying amount of RMB9.46 billion (31 December 2014: RMB9.16 billion), as available-for-sale financial assets with carrying amounts of RMB37.91 billion (31 December 2014: RMB11.64 billion), as financial assets held under resale agreements with carrying amounts of RMB0.31 billion (31 December 2014: RMB0.10 billion), and as advances to customers with carrying amount of RMB21.96 billion (2014: RMB30.98 billion), respectively, which are subject to the simultaneous agreements to repurchase these investments at the agreed date and price.

49. 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:

	2015/12/31	2014/12/31
	RMB'000	RMB'000
Registered, issued and fully paid ordinary shares of RMB1 each (in thousands):		
Domestic shares	**5,919,291**	5,919,291
H shares	**1,701,797**	—
	7,621,088	5,919,291
Share capital (in RMB'000)		
Domestic shares	**5,919,291**	5,919,291
H shares	**1,701,797**	—
	7,621,088	5,919,291

In April 2015, the Company completed its initial public offering of 1,479,822,800 H shares on the Main Board of Hong Kong Stock Exchange. In April 2015, the joint global coordinators exercised the over-allotment option and thus the Company had issued additional 221,973,400 H shares which are also listed on the Main Board of Hong Kong Stock Exchange. A total of 1,701,796,200 new shares have been issued by the Company to the public during the period.

50. INVESTMENT REVALUATION RESERVE

The movements of investment revaluation reserve of the Group are set out below:

	2015/12/31	2014/12/31
	RMB'000	RMB'000
At beginning of the year	**1,952,136**	785,634
Available-for-sale financial assets		
Net fair value changes during the year	**4,877,937**	1,781,146
Reclassification adjustment to profit or loss on disposal	**(4,040,589)**	(242,847)
Reclassification adjustment to profit or loss on impairment	**—**	12,063
Income tax impact	**(127,300)**	(402,579)
Share of fair value gain on available-for-sale financial assets of associates and joint ventures	**46,323**	18,719
At end of the year	**2,708,507**	1,952,136

51. GENERAL RESERVES

General reserves comprise of the statutory reserve, discretionary reserve, reserve for general risk and transaction risk reserve.

Pursuant to the Company Law of the PRC, in accordance with the Company's articles of association, 10% of the net profit of the Company, determined in accordance with the relevant accounting rules and financial regulations applicable to enterprises in the PRC ("PRC GAAP"), is required to be transferred to the statutory reserve until such time when this reserve reaches 50% of the share capital of the Company. The reserve appropriated can be used for expansion of business scale and capitalization. If the statutory reserve is capitalized into share capital, the remaining reserve is required to be no less than 25% of the Company's registered capital before capitalization.

The Company may also make appropriations from its net profit to the discretionary reserve provided the appropriation is approved by a resolution of the shareholders.

In accordance with the Financial Rules for Financial Enterprises, the Company is required to appropriate 10% of net profit before distribution, determined in accordance with PRC GAAP, to the reserve for general risk, and in accordance with Interim Measures for the Supervision and Administration of Risk Reserve of the Public Offering of Securities Investment Fund, the Company, as a custodian of securities investment fund, is required to appropriate no less than 2.5% of fund custodian revenue as reserve for general risk.

Pursuant to the Securities Law of the PRC, the Company is required to appropriate 10% of the net profit before distribution, determined in accordance with PRC GAAP, to the transaction risk reserve.

The Company's PRC subsidiaries are also subject to the statutory requirements to appropriate their earnings to the statutory reserve, the reserve for general risk and the transaction risk reserve.

The movements of general reserves of the Group are set out below:

As at 31 December 2015

	Opening RMB'000	Addition RMB'000	Closing RMB'000
Statutory reserve	**2,841,276**	**1,125,512**	**3,966,788**
Discretionary reserve	**169,428**	**—**	**169,428**
Reserve for general risk	**3,346,629**	**1,308,909**	**4,655,538**
Transaction risk reserve	**3,040,390**	**1,197,079**	**4,237,469**
	9,397,723	**3,631,500**	**13,029,223**

51. GENERAL RESERVES – *continued*

As at 31 December 2014

	Opening RMB'000	Addition RMB'000	Closing RMB'000
Statutory reserve	2,409,454	431,822	2,841,276
Discretionary reserve	169,428	—	169,428
Reserve for general risk	2,834,500	512,129	3,346,629
Transaction risk reserve	2,586,650	453,740	3,040,390
	8,000,032	1,397,691	9,397,723

Certain comparative figures in respect of general reserves have been reclassified to conform to the current year's presentation.

52. RETAINED PROFITS

The movements of retained profits of the Group are set out below:

	2015/12/31 RMB'000	2014/12/31 RMB'000
At beginning of the year	**13,847,625**	11,406,606
Profit for the year	**13,201,014**	5,022,568
Appropriation to general reserves	**(3,631,500)**	(1,397,691)
Dividends recognised as distribution	**(1,183,858)**	(1,183,858)
At end of the year	**22,233,281**	13,847,625

Out of the Group's retained profits RMB335.68 million as at 31 December 2015 (31 December 2014: RMB167.59 million) represents the Company's share of its subsidiaries' statutory reserve which cannot be used for profit distribution.

53. BONDS PAYABLE

	2015/12/31 RMB'000	2014/12/31 RMB'000
Unsecured and unguaranteed:		
Non-current		
Listed non-convertible corporate bonds (Note 1)	**10,486,509**	11,982,457
Subordinated bonds (Note 1)	**49,470,704**	12,178,367
Structured notes (Note 2)	**12,312,973**	1,869,840
	72,270,186	26,030,664
Current		
Listed non-convertible corporate bonds(Note 1)	**1,498,665**	—
Structured notes (Note 2)	**5,478,016**	—
	6,976,681	—

Note 1: Details of bonds as of 31 December 2015 are as follow:

Name	Issue amount RMB'000	Value date	Maturity date	Coupon rate
13GF01(i)	1,500,000	17/06/2013	17/06/2018	4.50%
13GF02	1,500,000	17/06/2013	17/06/2018	4.75%
13GF03	9,000,000	17/06/2013	17/06/2023	5.10%
14GF01	3,000,000	24/07/2014	24/07/2018	5.70%
14GF02	3,000,000	24/07/2014	24/07/2019	5.90%
15GF01	3,000,000	30/01/2015	30/01/2018	5.55%
15GF02	3,500,000	30/03/2015	30/03/2018	5.40%
15GF03	9,000,000	29/04/2015	29/04/2018	5.40%
15GF04	6,000,000	29/05/2015	29/05/2018	5.00%
15GF05	9,000,000	29/05/2015	29/05/2017	5.35%
15GF06	5,000,000	08/06/2015	08/06/2018	5.00%
15GF07	8,000,000	15/06/2015	15/06/2018	5.40%
Total	61,500,000			

(i) Pursuant to the approval from the CSRC and shareholders of the Company, the Company issued a 5-year bond with face value of RMB1.5 billion from June 17 to 19 June 2013. The issuer can choose whether to increase coupon rate within thirtieth working day before 17 June 2016, and the bond holders can choose whether to sell back at face value on 17 June 2016. Therefore, "13GF01" is classified under current liability.

Note 2: Structured notes

The amount represent principals received from investors for subscription of structured notes issued by the Company. The structured notes bearing fixed rate interest ranging from 3.50% to 6.97% per annum (31 December 2014: 6.30% to 6.97%). Structured notes maturing within one year as at 31 December 2015 are classified under current liability.

54. LONG-TERM LOANS

	2015/12/31 RMB'000	2014/12/31 RMB'000
Long-term loans	**3,469,168**	3,000,000

On 14 December 2015, the Group obtained a new long-term unsecured and unguaranteed loan from a bank amounting to RMB469.17 million. The loan carries interest at flexible market rate of HIBOR + 2.4% per annum, and the interest is repayable monthly. The principal is repayable in full in 2017.

On 27 June 2014, the Group obtained a long-term unsecured and unguaranteed loan from a financial institution amounting to RMB1,000 million. The loan carries interest at fixed market rate of 7% per annum, and the interest is repayable quarterly. The principal is repayable in full in 2017, the Group can choose whether to repay RMB1,000 million or part of the principal from 16 May 2016 to 13 June 2016.

On 25 November 2014, the Group obtained a long-term unsecured and unguaranteed loan from a financial institution amounting to RMB2,000 million. The loan carries interest at fixed market rate of 7% per annum, and the interest is repayable quarterly. The principal is repayable in full in 2017, the Group can choose whether to repay RMB2,000 million or part of the principal from 17 October 2016 to 11 November 2016.

55. DIVIDENDS

	2015/12/31 RMB'000	2014/12/31 RMB'000
Dividend recognised as distribution	**1,183,858**	1,183,858

Pursuant to the resolution of the shareholders meeting held on 9 March 2015, the Company distributed cash dividends of RMB2.00 for every 10 shares (tax included) based on 5.92 billion shares held amounting to RMB1.18 billion in total for the year ended 31 December 2014.

Pursuant to the resolution of the shareholders meeting held on 12 May 2014, the Company distributed cash dividends of RMB2.00 for every 10 shares (tax included) based on 5.92 billion shares held amounting to RMB1.18 billion in total for the year ended 31 December 2013.

56. TRANSFER OF FINANCIAL ASSETS

Repurchase agreements

As at 31 December 2015, the Group entered into repurchase agreements with certain counterparties to sell the Group's debt securities classified as available-for-sale financial assets, with carrying amount of RMB37.91 billion (31 December 2014: RMB11.64 billion); the Group's debt securities classified as financial assets at fair value through profit or loss with the carrying amount of RMB9.46 billion (31 December 2014: RMB9.16 billion); the Group's financial assets held under resale agreements with the carrying amount of RMB0.31 billion (31 December 2014: RMB0.10 billion); and rights and interests in margin loans classified as advances to customers with the carrying amount of RMB21.96 (31 December 2014: RMB30.98 billion).

Sales and repurchase agreements are transactions in which the Group sells a security or rights and interests in a margin loan and simultaneously agrees to repurchase it (or an asset that is substantially the same) at the agreed date and price. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of those securities and rights and interests in margin loans sold. These securities and margin loans are not derecognised from the financial statements but regarded as "collateral" for the liabilities because the Group retain substantially all the risks and rewards of these securities and rights and interests in margin loans.

The proceeds from selling such securities are presented as financial assets sold under repurchase agreements. Because the Group sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred securities during the term of the arrangements and transferred rights and interests in margin loans.

The following tables provide a summary of carrying amounts and fair values related to transferred financial assets that are not derecognised in their entirety and the associated liabilities:

As at 31 December 2015

	Financial asset at fair value through profit or loss RMB'000	Available-for-sale financial assets RMB'000	Securities lending arrangements RMB'000	Financial assets held under resale arrangements RMB'000	Advances to customers RMB'000	Total RMB'000
Carrying amount of transferred assets	9,458,620	37,905,205	18,611,023	313,625	21,956,565	88,245,038
Carrying amount of associated liabilities	(9,259,076)	(37,625,491)	(18,009,289)	(301,905)	(20,200,000)	(85,395,761)
Net position	199,544	279,714	601,734	11,720	1,756,565	2,849,277

56. TRANSFER OF FINANCIAL ASSETS – *continued*

Repurchase agreements – *continued*

As at 31 December 2014

	Financial asset at fair value through profit or loss RMB'000	Available-for-sale financial assets RMB'000	Securities lending arrangements RMB'000	Financial assets held under resale arrangements RMB'000	Advances to customers RMB'000	Total RMB'000
Carrying amount of transferred assets	9,161,739	11,635,038	7,057,542	99,365	30,984,196	58,937,880
Carrying amount of associated liabilities	(8,492,154)	(10,517,739)	(7,172,748)	(100,085)	(28,485,000)	(54,767,726)
Net position	669,585	1,117,299	(115,206)	(720)	2,499,196	4,170,154

Securities lending arrangements

The Group entered into securities lending agreements with clients to lend out its equity securities and exchange-traded funds classified as financial assets at fair value through profit or loss RMB503.78 million as at 31 December 2015 (31 December 2014: nil), as available-for-sale financial assets of carrying amount totalling RMB20.05 million as at 31 December 2015 (31 December 2014: RMB580.59 million), which are secured by client's securities and deposits held as collateral. As stipulated in the securities lending agreements, the legal ownership of these equity securities and exchange-traded funds is transferred to the clients. Although the clients are allowed to sell these securities during the covered period, they have obligations to return these securities to the Group at specified future dates and the maximum covered period is 180 days. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore have not derecognised these securities in the consolidated financial statements.

56. TRANSFER OF FINANCIAL ASSETS – *continued*

Securities borrowing from banks

As at 31 December 2015 and 2014, the type and fair values of securities borrowed from banks through inter-bank securities market trading platform are as follows:

	2015/12/31	2014/12/31
	RMB'000	RMB'000
Type of Securities		
Government bonds	**18,558,408**	7,058,691
Financial bonds	**1,300,522**	391,074
	19,858,930	7,449,765

As at 31 December 2015 and 2014, the above securities are due before 15 February 2016 and 29 January 2015, respectively.

In order to borrow the securities mentioned above from banks, the Group has pledged its assets to banks, the type and fair values of assets pledged to banks as at 31 December 2015 and 2014 are as follows:

	2015/12/31	2014/12/31
	RMB'000	RMB'000
Type of Assets		
Financial assets at fair value through profit or loss	**1,881,915**	1,559,063
Available-for-sale financial assets	**10,447,239**	3,839,344
Financial assets held under resale agreements	**2,684,886**	—
	15,014,040	5,398,407

57. CAPITAL COMMITMENTS

	2015/12/31	2014/12/31
	RMB'000	RMB'000
Capital expenditure in respect of acquisition of property and equipment:		
- Contracted but not provided for	**420,489**	609,222

58. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2015/12/31	2014/12/31
	RMB'000	RMB'000
Within one year	**205,983**	199,285
In the second to fifth years inclusive	**297,320**	324,893
Over five years	**29,147**	43,510
Total	**532,450**	567,688

Operating lease payments represent rentals payable by the Group for certain of its office properties. Lease of rented premises are negotiated with fixed lease term for 1 to 20 years.

The Group as lessor

During the year, the Group did not have material lease commitment as lessor.

59. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Companies Ordinance, is as follows:

For the year ended 31 December 2015

Name	**Director fee RMB'000**	**Salary and allowances RMB'000**	**Employer's contribution to pension schemes RMB'000**	**Bonuses RMB'000**	**Total[(i)] RMB'000**
A) EXECUTIVE DIRECTORS:					
Sun Shuming	**—**	**1,395**	**95**	**15,508**	**16,998**
Lin Zhihai	**—**	**2,341**	**126**	**14,506**	**16,973**
Qin Li	**—**	**1,279**	**132**	**12,493**	**13,904**
Sun Xiaoyan[(ii)]	**—**	**1,090**	**131**	**11,763**	**12,984**
Subtotal	**—**	**6,105**	**484**	**54,270**	**60,859**

59. DIRECTORS' AND SUPERVISORS' EMOLUMENTS – *continued*

For the year ended 31 December 2015 – *continued*

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

Name	Director fee RMB'000	Salary and allowances RMB'000	Employer's contribution to pension schemes RMB'000	Bonuses RMB'000	Total RMB'000
B) NON-EXECUTIVE DIRECTORS:					
Shang Shuzhi	**120**	**—**	**—**	**—**	**120**
Li Xiulin	**120**	**—**	**—**	**—**	**120**
Chen Aixue	**120**	**—**	**—**	**—**	**120**
Subtotal	**360**	**—**	**—**	**—**	**360**

The non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

Name	Director fee RMB'000	Salary and allowances RMB'000	Employer's contribution to pension schemes RMB'000	Bonuses RMB'000	Total[(i)] RMB'000
C) INDEPENDENT NON-EXECUTIVE DIRECTORS:					
Liu Jiwei	**180**	**—**	**—**	**—**	**180**
Yang Xiong	**180**	**—**	**—**	**—**	**180**
Tang Xin	**180**	**—**	**—**	**—**	**180**
Chan Kalok[(iii)]	**120**	**—**	**—**	**—**	**120**
Subtotal	**660**	**—**	**—**	**—**	**660**

59. DIRECTORS' AND SUPERVISORS' EMOLUMENTS – *continued*

For the year ended 31 December 2015 – *continued*

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

Name	Supervisor fee RMB'000	Salary and allowances RMB'000	Employer's contribution to pension schemes RMB'000	Bonuses RMB'000	Total[(i)] RMB'000
D) SUPERVISOR:					
Wu Zhaoming	—	1,084	133	9,559	10,776
Cheng Huaiyuan	—	698	107	3,134	3,939
Zhan Lingzhi	100	—	—	—	100
Chak Mei Hing[(iv)]	33	—	—	—	33
Zhao Jin[(v)]	66	—	—	—	66
Xu Xinzhong[(vi)]	—	—	—	—	—
Subtotal	199	1,782	240	12,693	14,914

The supervisors' emoluments shown above were mainly for their services as supervisors of the Company.

For the year ended 31 December 2014

Name	Director fee RMB'000	Salary and allowances RMB'000	Employer's contribution to pension schemes RMB'000	Bonuses RMB'000	Total[(i)] RMB'000
A) EXECUTIVE DIRECTORS:					
Sun Shuming	—	1,294	56	6,007	7,357
Lin Zhihai	—	1,238	77	5,496	6,811
Qin Li	—	1,186	81	4,823	6,090
Subtotal	—	3,718	214	16,326	20,258

59. DIRECTORS' AND SUPERVISORS' EMOLUMENTS – *continued*

For the year ended 31 December 2014 – *continued*

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

Name	Director fee RMB'000	Salary and allowances RMB'000	Employer's contribution to pension schemes RMB'000	Bonuses RMB'000	Total[(i)] RMB'000
B) NON-EXECUTIVE DIRECTORS:					
Shang Shuzhi	120	—	—	—	120
Chen Aixue	120	—	—	—	120
Ying Gang[(vii)]	60	—	—	—	60
Li Xiulin	70	—	—	—	70
Subtotal	370	—	—	—	370

The non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

Name	Director fee RMB'000	Salary and allowances RMB'000	Employer's contribution to pension schemes RMB'000	Bonuses RMB'000	Total[(i)] RMB'000
C) INDEPENDENT NON-EXECUTIVE DIRECTORS:					
Wang Fushan[(viii)]	105	—	—	—	105
Zuo Xingping[(ix)]	105	—	—	—	105
Liu Jiwei	180	—	—	—	180
Yang Xiong	105	—	—	—	105
Tang Xin	105	—	—	—	105
Subtotal	600	—	—	—	600

59. DIRECTORS' AND SUPERVISORS' EMOLUMENTS – *continued*

For the year ended 31 December 2014 – *continued*

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

Name		Supervisor fee RMB'000	Salary and allowances RMB'000	Employer's contribution to pension schemes RMB'000	Bonuses RMB'000	Total[(i)] RMB'000
D)	**SUPERVISOR:**					
	Wu Zhaoming	—	1,079	81	4,248	5,408
	Cheng Huaiyuan	—	641	65	1,501	2,207
	Zhao Jin	100	—	—	—	100
	Zhan Lingzhi	100	—	—	—	100
	Chak Mei Hing	100	—	—	—	100
Subtotal		300	1,720	146	5,749	7,915

The supervisors' emoluments shown above were mainly for their services as supervisors of the Company.

During the years ended 31 December 2015 and 31 December 2014, no directors or supervisors of the Company waived any emoluments and no emoluments were paid by the Company to any of the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

(i) The Company did not operate any share option scheme during the years ended 31 December 2015 and 31 December 2014.

(ii) Sun Xiaoyan was appointed as executive director in April 2015.

(iii) Chan Kalok was appointed as independent non-executive director in April 2015.

(iv) Chak Mei Hing resigned as supervisor in March 2015.

(v) Zhao Jin resigned as supervisor in August 2015.

(vi) Xu Xinzhong was appointed as supervisor in July 2015, but resigned in February 2016 for personal matters. No remuneration was paid to him for the year 2015.

(vii) Ying Gang resigned as non-executive director in May 2014.

(viii) Wang Fushan resigned as independent non-executive director in May 2014.

(ix) Zuo Xingping resigned as independent non-executive director in May 2014.

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60. HIGHEST PAID INDIVIDUALS

The five highest paid employees of the Group during the year include three directors (2014: two directors), details of whose remuneration are set in note 59 above. Details of the remuneration for the year of the remaining two (2014: three) highest paid employees who are neither directors nor supervisors of the Company are as follows:

	2015	2014
	RMB'000	RMB'000
Basic salaries and allowances	**2,062**	3,001
Bonuses	**25,701**	19,544
Employer's contribution to pension schemes	**223**	183
	27,986	22,728

Bonuses are discretionary and determined with reference to the Group's and the individuals' performance. No emoluments have been paid to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2015 and 31 December 2014.

The number of the highest paid employees who are not the directors nor supervisors of the Company whose remuneration fell within the following bands is as follows:

	Year ended 31 December	
	2015	2014
	No. of employees	No. of employees
– HKD7,500,001 to HKD8,000,000	**—**	1
– HKD10,000,001 to HKD10,500,000	**—**	1
– HKD10,500,001 to HKD11,000,000	**—**	1
– HKD16,000,001 to HKD16,500,000	**1**	—
– HKD18,000,001 to HKD18,500,000	**1**	—
	2	3

61. RELATED PARTY TRANSACTIONS

(1) Shareholders

The Group had the following material transactions and balances with shareholders:

Transactions with shareholders

	2015	2014
	RMB'000	RMB'000
Commission and fee income		
－中山公用事業集團股份有限公司		
Zhongshan Public Utilities Group Co., Ltd.*	**21,873**	7,120

Balances with shareholders

	2015/12/31	2014/12/31
	RMB'000	RMB'000
Available-for-sale financial assets-stocks		
－吉林敖東藥業集團股份有限公司		
Jilin Aodong Pharmaceutical Group Co., Ltd.*	**1,031,171**	1,163,576
－遼寧成大股份有限公司		
Liaoning Cheng Da Co., Ltd.*	**—**	4,372
Available-for-sale financial assets-bonds		
－中山公用事業集團股份有限公司		
Zhongshan Public Utilities Group Co., Ltd.*	**84,160**	78,080
Financial assets as FVTPL-financial assets held for trading - stocks		
－吉林敖東藥業集團股份有限公司		
Jilin Aodong Pharmaceutical Group Co., Ltd.*	**2,809**	824
－遼寧成大股份有限公司		
Liaoning Cheng Da Co., Ltd.*	**1,650**	1,016
	1,119,790	1,247,868

* English translated name is for identification purpose only.

Notes to the Consolidated Financial Statements

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61. RELATED PARTY TRANSACTIONS – *continued*

(2) Other related parties

The Group had the following material transactions and balances with associates during the year:

Transactions with associates

	2015	2014
	RMB'000	RMB'000
Commission and fee income		
Funds under the management of GF Fund (Note 1)	**Note 1**	25,467
Funds under the management of E Fund	**78,193**	20,261
	78,193	45,728

Note 1: The GF Fund has been reclassified from an associate to a subsidiary and consolidated in the Group's financial statements on 31 July 2014.

	2015	2014
	RMB'000	RMB'000
Interest expense		
Guangdong GF Internet Microfinance Co., Ltd	**205**	—

Balances with associates

	2015/12/31	2014/12/31
	RMB'000	RMB'000
Commission receivable from exchange trading units and distributing financial products		
E Fund	**12,194**	8,292
Short-term financing payables (Note 1)		
Guangdong GF Internet Microfinance Co., Ltd.	**11,000**	—
Other accounts payable, other payables and accruals (Note 2)		
Guangdong GF Internet Microfinance Co., Ltd.	**159**	—

Note 1: As at 31 December 2015, the amount represents principles received from Guangdong GF Internet Microfinance Co., Ltd. for subscription of structured notes issued by the Company. The structured notes bear fixed interest rate of 4.6% per annum or variable rates linked to certain stock index, and are repayable within one to three months.

Note 2: As at 31 December 2015, the amount represents the interest payable arising from the structured notes subscribed by Guangdong GF Internet Microfinance Co., Ltd. and is repayable upon maturity within one to three months.

61. RELATED PARTY TRANSACTIONS – *continued*

(3) Key management personnel

The remuneration of the key management personnel of the Group was as below:

	2015	2014
	RMB'000	RMB'000
Short-term benefits:		
– Salaries, allowance and bonuses	**391,322**	131,951
Post-employment benefits:		
– Employer's contribution to pension schemes/annuity plans	**1,054**	677
Total	**392,376**	132,628

(4) Other transactions entered with shareholders

The Company's wholly-owned subsidiary GF Xinde Investment Management Co., Ltd. entered into an agreement with Zhongshan Public Utilities Environment Protection Industry Investment Co., Ltd.*(中山公用環保產業投資有限公司), a wholly-owned subsidiary of Zhongshan Public Utilities Group Co., Ltd, a shareholder of the Company, to establish Shenzhen Qianhai GF Xinde Zhongshan Public Utilities M&A Fund Management Co., Ltd.*(深圳前海廣發信德中山公用併購基金管理有限公司) as well as Zhuhai GF Xinde Environment Protection Industry Investment Partnership L.P. *(珠海廣發信德環保產業投資基金合夥企業(有限合夥)).

Details of the aforesaid transactions were disclosed in the Company's announcement dated on 13 May 2015.

The Company's wholly-owned subsidiary GF Xinde Investment Management Co., Ltd. entered into an agreement with Jilin Aodong Pharmaceutical Group Co., Ltd., a shareholder of the Company, to establish Zhuhai GF Xinde Aodong Fund Management Co., Ltd.*(珠海廣發信德敖東基金管理有限公司), Zhuhai GF Xinde Aodong Medicine Industry Investment Center L.P.*(珠海廣發信德敖東醫藥產業投資中心(有限合夥)), as well as Jilin Aodong Innovative Industry Development Fund Management Center L.P. *(吉林敖東創新產業基金管理中心(有限合夥)).

Details of the aforesaid transactions were disclosed in the Company's announcement dated on 18 June 2015.

As at 31 December 2015, Shenzhen Qianhai GF Xinde Zhongshan Public Utilities M&A Fund Management Co., Ltd.*(深圳前海廣發信德中山公用併購基金管理有限公司) and Zhuhai GF Xinde Aodong Fund Management Co., Ltd.*(珠海廣發信德敖東基金管理有限公司) were consolidated as subsidiaries in the consolidated financial statements.

* English translated name is for identification purpose only

62. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group offsets the following financial assets and financial liabilities since the Group currently has a legally enforceable right to set off the balances, and intends either to settle on a net basis, or to realise the balances simultaneously.

Under the agreement signed between the Group and the customers, money obligations receivable and payable with the same customers on the same settlement date are settled on net basis.

Under the continuous net settlement, money obligations receivable and payable with Hong Kong Securities Clearing Company Limited and other brokers on the same settlement date are settled on a net basis.

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

	As at 31 December 2015					
		Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
Type of financial assets	Gross amounts of recognised financial assets RMB'000			Financial instruments RMB'000	Cash collateral RMB'000	Net amount RMB'000
Advances to customers	2,617,619	(104,729)	2,512,890	(2,512,890)	—	—
Accounts receivable from clearing house, brokers and cash clients	814,790	(201,663)	613,127	—	(7,914)	605,213
Total	3,432,409	(306,392)	3,126,017	(2,512,890)	(7,914)	605,213

62. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES – *continued*

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements – *continued*

	As at 31 December 2015					
		Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
Type of financial liabilities	Gross amounts of recognised financial liabilities RMB'000			Financial instruments RMB'000	Cash collateral RMB'000	Net amount RMB'000
Accounts payable to margin clients, clearing house, brokers and cash clients	5,639,954	(306,392)	5,333,562	—	(26,445)	5,307,117

62. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES – *continued*

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements – *continued*

	As at 31 December 2014					
		Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
Type of financial assets	Gross amounts of recognised financial assets RMB'000			Financial instruments RMB'000	Cash collateral RMB'000	Net amount RMB'000
Advances to customers	1,164,349	(123,731)	1,040,618	(1,040,618)	—	—
Accounts receivable from clearing house, brokers and cash clients	520,480	(204,594)	315,886	—	(1,325)	314,561
Total	1,684,829	(328,325)	1,356,504	(1,040,618)	(1,325)	314,561

	As at 31 December 2014					
		Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
Type of financial liabilities	Gross amounts of recognised financial liabilities RMB'000			Financial instruments RMB'000	Cash collateral RMB'000	Net amount RMB'000
Accounts payable to margin clients, clearing house, brokers and cash clients	1,686,031	(328,325)	1,357,706	—	(29,197)	1,328,509

The tables below reconcile the "Net amount of financial assets and financial liabilities presented in the consolidated statement of financial position" as set out above, to the line items presented in the consolidated statement of financial position.

62. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES – *continued*

Advances to customers

	2015/12/31	2014/12/31
	RMB'000	RMB'000
Net amount of advances to customers as stated above	**2,512,890**	1,040,618
Amount not in scope of offsetting disclosures	**66,677,653**	63,655,226
Total amount of advances to customers as stated in note 29	**69,190,543**	64,695,844

Accounts receivable

	2015/12/31	2014/12/31
	RMB'000	RMB'000
Net amount of accounts receivable as stated above	**613,127**	315,886
Amount not in scope of offsetting disclosures	**1,906,014**	951,485
Total amount of accounts receivable as stated in note 30	**2,519,141**	1,267,371

Accounts payable to brokerage clients

	2015/12/31	2014/12/31
	RMB'000	RMB'000
Net amount of accounts payable to brokerage clients as stated above	**5,333,562**	1,357,706
Amount not in scope of offsetting disclosures	**112,803,523**	70,107,857
Total amount of accounts payable to brokerage clients as stated in note 43	**118,137,085**	71,465,563

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63. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2015/12/31 RMB'000	2014/12/31 RMB'000
Financial assets		
Loans and receivables	**232,510,279**	174,990,045
Available-for-sale financial assets	**96,582,578**	34,410,116
Financial assets at fair value through profit or loss	**84,182,819**	27,027,955
Investment in an associate at fair value through profit or loss	**—**	59,840
	413,275,676	236,487,956
Financial liabilities		
Derivative financial liabilities	**309,454**	87,304
Financial liabilities at amortised cost	**329,194,147**	193,774,634
	329,503,601	193,861,938

64. FINANCIAL RISK MANAGEMENT

Risk management policies and organisation structure

(1) Risk management policies

The objective of risk management of the Group is to strike for an appropriate balance between risks and revenue and to minimize the negative effect of the risks on the operating results to the lowest level, so as to ensure that the risks borne by the Group match well with the regulatory standards, development strategies, capital capability and its risk tolerance and to maximize yields for shareholders and other equity investors. In pursuit of such objective of risk management, the basic strategies of the Group are to identify and analyze the risks with which the Group are facing, to implement risk management within the range of risk tolerance setting and to measure, monitor, report and address the risks reliably and in a timely manner with a view to control the risks to a limited range. The Group has adhered to the Three Ideas about Risk Management, "to manage risks cautiously; the three departments cooperate with each other and each focus on specific aspects; be people-oriented", and follow the Five Basic Principles, "comprehensive management; objectiveness and fairness; checks and balance; separate and clear duties and power; openness and transparency".

The risks the Group's expose to in daily operating activities mainly include market risk, credit risk and liquidity risk. The Group has established policies and procedures accordingly to identify and analyse the risks. The Group has set up appropriate risk indicator, risk limits, risk policies and internal control process. The Group also manages risks with information system on a continuous monitoring basis.

64. FINANCIAL RISK MANAGEMENT – *continued*

Risk management policies and organisation structure – *continued*

(2) Structure of the risk-management organisation:

The Group adopts a four-level risk management organisation structure system, namely "board of directors and its subordinated risk management committee, management executives and risk control committee and asset allocation committee, various control and supporting departments, and business departments". First-line risk manage organizations have been set up in all major business departments of the Company. Organizations and staff of all levels are required to perform their authorized risk management duties with clear segregation of duties and emphasis on mutual collaboration. The Group's main risk management departments comprise business departments, risk management department, compliance and legal affairs department and internal auditing department. These departments cooperate with each other and each focused on specific aspects, perform risk assessment before the projects implement, on-going control, investigation and evaluation after completion, and contribute to the sustainable development of the business for the Group.

Risk management department is a standing body of the Risk Management Committee of the Group, primarily responsible for conducting independent evaluation and monitoring of market risk, credit risk and liquidity risk of the Group and coordinating with other departments to manage model risk, operational risk and reputation risk; supervising the implementation of risk policies such as risk limits; evaluating, monitoring and reporting on risk capitals of the Company; organizing and conducting comprehensive and specific stress tests; handling daily routine of the Risk Control Committee of the Group, and operates as a standing body of the internal review committee and its internal review group in respect of the Company's investment banking business with corresponding duties and responsibilities of risk management. Compliance and legal department is a core function department for compliance and management, primarily responsible for formulating risk management policies in respect of compliance and laws; conducting independent evaluation and monitoring of compliance and legal risks and coordinating with other departments to manage operational risk, performing compliance management on operational administration activities and code of conduct of the employees of the Group, as well as managing legal affairs of the Group. Audit department is responsible for conducting independent examination, supervision and evaluation on the performance on risk management, internal control and operational management of different departments of the Group, and urging for improvement.

Credit risk

(1) Credit risk exposure during the year

Credit risk is the risk of loss due to a company's failures or inabilities to fulfil its obligations, or the downgrade of credit rating of it. The credit risk the Group exposed to mainly relates to the following businesses: (i) fixed income financial assets; (ii) financing businesses such as margin financing and financial assets held under resale agreements (mainly refer to security transaction with repurchase agreement and stock-pledged repo).

Fixed income financial assets include bank balances, clearing settlement funds, loan investment and bonds. Credit risk mainly includes the risk caused by its counterparties and securities issuer's default risk.

64. FINANCIAL RISK MANAGEMENT – *continued*

Credit risk management

In terms of the financing business, the credit risk exposure of margin financing and securities lending, security transaction with repurchase agreement and stock-pledged repo is derived from the default risk of counterparties due to their failure to repay the principal and interest of debts when due. As at 31 December 2015 and 2014, the average ratio of guarantee maintained by the Group for all the clients who have liabilities in margin financing and securities lending of the Group is over 282.84% and 263.80%, respectively; As at 31 December 2015 and 2014, the average coverage ratio of contract performance for clients of security transactions with repurchase agreement is 285.74% and 289.33%, respectively, and the average coverage ratio of contract performance security for clients of stock-pledged repo is 469.98% and 316.08%, respectively. The guarantees provided are sufficient and the credit risk of financing business is managed at an acceptable level.

The credit risk of bond investments is mainly mitigated by means of credit rating management, transaction limits, position limits, exposure limits on issuers, etc.

In terms of managing counterparty credit risks of derivative transactions, the Group applies measures such as using Delivery Versus Payment (DVP) settlement, collaterals, guarantees, netting agreements, credit derivatives and etc. to mitigate or even eliminate counterparty risks, and adopts the credit rating management, establishment of client admission criteria, credit limit control, authorization setting for a single transaction, investment limit control and other measures to manage related counterparty credit risks.

The credit risk of financing business of the Group is mainly managed through the following measures: 1) the establishment of a strict business due diligence requirements, credit facilities management, the development of business admission criteria, the review on the creditworthiness and business qualification of counterparties prior to the conducting of business, and the preliminary identification and assessment of business credit risks; 2) the research and development of business review process, guarantees and other elements of transactions, and the adoption of tailored risk mitigating measures; 3) the continuous post-transaction tracking and management on counterparties, guarantees and the actual performance of transaction agreements, the collection of transaction-related information on a regular basis and assessment of risks, as well as timely actions adopted upon the occurrence of risk events.

64. FINANCIAL RISK MANAGEMENT – *continued*

Credit risk management – *continued*

Taking no account of collateral or other credit enhancements, the maximum credit exposure is the carrying amount of financial assets, which is net of impairment allowance. The maximum credit risk exposure of the Group is as follows:

	2015/12/31	2014/12/31
	RMB'000	RMB'000
Advances to customers	**69,190,543**	64,695,844
Accounts receivable	**2,519,141**	1,267,371
Other accounts receivable and other receivables	**3,370,573**	1,761,211
Amounts due from associates	**12,194**	8,292
Loan and receivable investments	**599,593**	608,692
Available-for-sale financial assets (i)	**64,497,368**	23,702,540
Including: monetary funds	**139,233**	—
Including: securities lent to customers	**20,052**	580,586
Financial assets held under resale agreements	**13,745,917**	12,232,554
Financial assets at fair value through profit or loss (i)	**47,586,694**	18,440,209
Including: monetary funds	**19,274,114**	—
Including: securities lent to customers	**503,778**	—
Derivative financial assets	**270,579**	91,293
Deposits with exchanges and non-bank financial institutions	**5,277,796**	3,029,862
Due from banks	**—**	1,000,000
Clearing settlement funds	**31,222,061**	22,624,796
Pledged/restricted bank deposits	**322,008**	481,148
Bank balances	**106,250,453**	67,199,352
	344,864,920	217,143,164

(i) Financial assets at fair value through profit or loss contain only debt securities, monetary funds managed by third parties and securities lent to customers. Available-for-sale financial assets contain only debt securities, monetary funds managed by third parties and securities lent to customers. Securities lent to customers are mainly equity securities, therefore listed above separately to show the credit risk exposure.

Overall, the Group monitors and manages credit risk at all times, and takes every possible measure to mitigate and control credit risk exposure to an acceptable level.

64. FINANCIAL RISK MANAGEMENT – *continued*

Market risk

Market risks refer to the financial loss risk caused by the unfavourable volatility of the fair values or future cash flows of the financial instruments, which are subjected to interest rate risk, exchange risk and other price risk.

The management of the Group determines the policy for the maximum market exposure the Group is willing to assume, the measurement and monitoring of such exposure are determined based on the risk preference, capital position, risk tolerance, and size of business of the Group. The Group develops relevant investment size limits and risk limits based on the risk exposure and disaggregates them into different investment departments, while manages market risks through the combination of investment transaction control, Value at Risk (VaR), sensitivity analysis, stress testing, risk assessment and monitoring of profit and loss, concentration and liquidity.

The risk management department of the Group ("Risk Management Department"), which is independent from business departments, performs comprehensive assessment, monitoring and management on the overall market risk of the Group, and reports the assessment and monitoring results to each business department, the Group's management and the risk management committee. When concretely implementing the market risk management process, the front desk serves as the first line management directly responsible for market risks, which dynamically manages the market risks resulted from the portion of positions held and actively takes measures to reduce risk exposure or performs risk hedging when the risk exposure is high; the Risk Management Department continuously and directly communicate risk information with teams of business departments to discuss risk status and extreme loss scenarios. Meanwhile, market risk conditions and their changes of the Group as a whole and each business department are timely reported to the Group's management through regular risk reporting.

The Risk Management Department uses a series of quantitative methods to estimate possible losses resulted from market risks, including possible losses arising from normal market fluctuations and extreme market movements. The Risk Management Department measures possible short-term losses from normal fluctuations mainly by means of VaR and sensitivity analysis; while possible losses in extreme case are estimated through stress testing.

Interest rate risk

Interest rate risk is the risk of fluctuation in the fair value or future cash flows arising from adverse movements in interest rates. The Group's interest-bearing assets mainly include bank deposits, clearing settlement funds, refundable deposits, and debenture investments. Fixed-income investments of the Group are mainly central bank bills, government bonds, medium-term notes, high-quality short-term papers, corporate bonds, treasury bond futures and interest rate swaps. In order to manage interest rate risks, the Group uses VaR, stress test and sensitivity analysis to monitor indicators such as the duration, convexity and DV01(dollar value of an 01) of the fixed income investment portfolio on a daily basis.

The tables below summarise the Group's interest-bearing financial assets and liabilities by their remaining terms to repricing or contractual maturity date, whichever is earlier. Other financial assets and liabilities not included below are not exposed to significant interest rate risk.

64. FINANCIAL RISK MANAGEMENT – *continued*

Market risk – *continued*

Interest rate risk – continued

	As at 31 December 2015						
	Less than 1 month RMB'000	More than 1 month but less than 3 months RMB'000	More than 3 months but less than 1 year RMB'000	More than 1 year but less than 5 years RMB'000	More than 5 years RMB'000	Non interest-bearing RMB'000	Total RMB'000
Financial assets							
Advances to customers	4,953,766	5,132,408	58,804,403	220,837	—	79,129	69,190,543
Available-for-sale financial assets	2,495,405	8,200,901	16,055,351	38,698,685	4,623,905	26,508,331	96,582,578
Loan and receivable investments	50,268	22,685	27,000	499,640	—	—	599,593
Other accounts receivable, other receivables and prepayments	—	—	30,000	—	—	3,340,573	3,370,573
Financial assets held under resale agreements	5,537,290	488,975	5,884,420	1,835,232	—	—	13,745,917
Financial assets at fair value through profit and loss	1,916,825	2,300,624	50,369,391	15,740,348	3,555,755	10,029,297	83,912,240
Derivative financial assets	—	—	—	—	—	270,579	270,579
Deposits with exchanges and non-bank financial institutions	1,419,802	—	—	—	—	3,857,994	5,277,796
Due from banks	—	—	—	—	—	—	—
Clearing settlement funds	31,222,061	—	—	—	—	—	31,222,061
Pledged/restricted bank deposits	322,008	—	—	—	—	—	322,008
Bank balances	96,669,819	7,211,634	1,893,390	—	—	475,610	106,250,453
Accounts receivable	6,521	—	—	—	—	2,512,620	2,519,141
Amounts due from associates	—	—	—	—	—	12,194	12,194
Subtotal	144,593,765	23,357,227	133,063,955	56,994,742	8,179,660	47,086,327	413,275,676
Financial liabilities							
Borrowings	477,110	—	418,900	—	—	—	896,010
Short-term financing payables	6,767,750	7,164,480	7,310,360	—	—	401,210	21,643,800
Due to banks and other financial institutions	1,750,000	—	—	—	—	—	1,750,000
Accounts payable to brokerage clients	110,119,503	—	—	—	—	8,017,582	118,137,085
Other accounts payable, other payables and accruals	—	—	—	—	—	7,789,492	7,789,492
Other liabilities	—	9,891,778	—	—	—	624,186	10,515,964
Derivative financial liabilities	—	—	—	—	—	309,454	309,454
Financial assets sold under repurchase agreement	65,709,830	883,927	18,802,004	—	—	—	85,395,761
Bonds payable	10,973,449	4,519,721	33,212,179	21,553,674	8,987,844	—	79,246,867
Long-term loans	—	—	3,000,000	469,168	—	—	3,469,168
Accounts payable to underwriting clients	—	—	—	—	—	350,000	350,000
Subtotal	195,797,642	22,459,906	62,743,443	22,022,842	8,987,844	17,491,924	329,503,601
Net interest-bearing position	(51,203,877)	897,321	70,320,512	34,971,900	(808,184)	29,594,403	83,772,075

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64. FINANCIAL RISK MANAGEMENT – *continued*

Market risk – *continued*

Interest rate risk – continued

	As at 31 December 2014						
	Less than 1 month RMB'000	More than 1 month but less than 3 months RMB'000	More than 3 months but less than 1 year RMB'000	More than 1 year but less than 5 years RMB'000	More than 5 years RMB'000	Non interest-bearing RMB'000	Total RMB'000
Financial assets							
Advances to customers	2,125,279	5,549,570	57,020,995	—	—	—	64,695,844
Available-for-sale financial assets	1,864,296	1,596,851	3,548,750	15,789,546	3,342,958	8,267,715	34,410,116
Loan and receivable investments	—	170,000	232,692	206,000	—	—	608,692
Financial assets held under resale agreements	5,822,295	808,220	5,170,175	431,864	—	—	12,232,554
Financial assets at fair value through profit and loss	92,819	2,127,746	3,178,206	8,115,268	4,937,101	8,485,522	26,936,662
Derivative financial assets	—	—	—	—	—	91,293	91,293
Deposits with exchanges and non-bank financial institutions	320,711	—	—	—	—	2,709,151	3,029,862
Due from banks	1,000,000	—	—	—	—	—	1,000,000
Clearing settlement funds	22,624,796	—	—	—	—	—	22,624,796
Pledged/restricted bank deposits	481,148	—	—	—	—	—	481,148
Bank balances	61,134,895	5,173,876	890,120	—	—	461	67,199,352
Subtotal	95,466,239	15,426,263	70,040,938	24,542,678	8,280,059	19,554,142	233,310,319
Financial liabilities							
Borrowings	1,285,907	—	—	—	—	—	1,285,907
Short-term financing payables	7,145,340	5,866,350	16,509,969	—	—	15,080	29,536,739
Due to banks and other financial institutions	800,000	323,000	—	—	—	—	1,123,000
Accounts payable to brokerage clients	64,352,487	—	—	—	—	7,113,076	71,465,563
Other accounts payable, other payables and accruals	—	—	—	—	—	2,714,123	2,714,123
Other liabilities	3,217,154	200,004	67,141	—	—	799,012	4,283,311
Derivative financial liabilities	—	—	—	—	—	87,304	87,304
Financial assets sold under repurchase agreement	26,249,232	7,453,254	17,015,240	4,050,000	—	—	54,767,726
Bonds payable	—	—	—	17,044,450	8,986,214	—	26,030,664
Long-term loans	—	—	—	3,000,000	—	—	3,000,000
Subtotal	103,050,120	13,842,608	33,592,350	24,094,450	8,986,214	10,728,595	194,294,337
Net interest-bearing position	(7,583,881)	1,583,655	36,448,588	448,228	(706,155)	8,825,547	39,015,982

64. FINANCIAL RISK MANAGEMENT – *continued*

Market risk – *continued*

Interest rate risk – continued

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for interest-bearing assets and liabilities. The analysis is prepared assuming interest-bearing assets and liabilities outstanding at the end of respective reporting period were outstanding for the whole year. When reporting to the management on the interest rate risk, a 100 basis points increase or decrease in the relevant interest rates will be adopted for sensitivity analysis, assuming all other variables were held constant, which represents a reasonably possible change in interest rates. A positive number below indicates an increase in profit before income tax and other comprehensive income before income tax or vice versa.

	2015	2014
	RMB'000	RMB'000
Profit before income tax for the year		
Increase by 100bps	**(219,524)**	77,200
Decrease by 100bps	**219,524**	(77,200)
Other comprehensive income before income tax		
Increase by 100bps	**(1,032,419)**	(448,197)
Decrease by 100bps	**1,091,472**	471,123

Currency risk

Currency risk refers to the unfavourable volatilities of the Group's financial condition and cash flows due to the fluctuation of the foreign exchange rates. Except for overseas subsidiaries which hold financial assets that are denominated in foreign currencies different from the relevant Group entity's functional currency, the Group only holds a small amount of foreign currency denominated investment. The management considers the foreign exchange rate risk of the Group is not material as the ratio of the Group's foreign currency assets and liabilities is minimal.

Price risk

Price risk is primarily about the unfavourable changes of share price, financial derivative instruments prices and commodity price that cause financial loss during the Group's on-balance and off-balance business. Quantitatively, price risk the Group facing is mainly the proportionate fluctuation in the Group's profits due to the price fluctuation of the trading financial instrument and the proportionate fluctuation in the Group's equity due to the price fluctuation of the available-for-sale financial instrument. Other than daily monitoring the investment position, trading and earnings indictors, the Group mainly uses VaR, risk sensitivity indicators, stress testing indicators calculated by Risk Management Department in daily risk monitoring.

64. FINANCIAL RISK MANAGEMENT – *continued*

Market risk – *continued*

Price risk – continued

Sensitivity analysis

The analysis below is performed to show the impact on profit before income tax and other comprehensive income before income tax due to change in the prices of equity securities, funds, derivatives and collective asset management schemes by 10% with all other variables held constant. A positive number below indicates an increase in profit before income tax and other comprehensive income before income tax or vice versa.

	2015	2014
	RMB'000	RMB'000
Profit before income tax for the year		
Increase by 10%	**885,506**	559,931
Decrease by 10%	**(886,155)**	(559,535)
Other comprehensive income before income tax		
Increase by 10%	**2,401,664**	650,918
Decrease by 10%	**(2,401,664)**	(650,918)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficultly in meeting obligations associated with financial liabilities due to shortages of capital or funds. During the normal course of business, the Group may face liquidity risk caused by macroeconomic policy change, market fluctuation, poor operations, credit downgrades, mismatch of assets and liabilities, low turnover rate of assets, early redemption of exchange-quoted bond repurchase product by customers, large underwriting on a firm commitment basis, significant proprietary trading position, or high ratio of long term investment. If the Group fail to address any liquidity risk by adjusting the asset structure, the consequences of such non-compliance with regulatory requirements on risk indicators could be costly. The regulatory body could penalise the Group by imposing restrictions on the Group's business operation. In severe cases, the Group could lose one or more business qualifications, leading an adverse impact on the Group's operation and reputation.

64. FINANCIAL RISK MANAGEMENT – *continued*

Liquidity risk – *continued*

As at 31 December 2015 and 2014, cash and bank deposits held by the Group amounting to RMB106.25 billion and RMB67.67 billion, respectively; and financial assets such as monetary funds, government bonds and short-term financing bills amounting to RMB56.18 billion and RMB5.00 billion, respectively, providing a strong capability of quick liquidation to meet foreseeable financing commitments or clients' withdrawal demands on maturity. Therefore, the Group considers the exposure to liquidity risk as insignificant.

The Group adopts the following measures to prevent liquidity risks: the Group established a frame for liquidity risk management with liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) as the core indicator strictly according to the requirements of Guidelines for the Liquidity Risk Management of Listed Companies 《證券公司流動性風險管理指引》, and based on the control and projection of LCR and NSFR, each of the operational activities is assured to be complied with the requirements of liquidity risk as stated in the regulatory requirements; assets allocation and arrangement of structure of assets and liabilities based on flexible adjustments to prevent the Company from risk of maturity mismatch; established a multiple system of quality assets with on-going control and maintained an adequate liquidity reserve; constructed a system for risk limits, which includes capital leverage, maturity structure and concentration of financial liabilities and liquidity investment profiles, and performed routine monitoring and control on indicators. Currently, the Group has set up two departments for liquidity risk management, namely treasury department and risk management department. The treasury department is mainly responsible for coordinating sources of funds, addressing capital needs, formulating and optimizing financial strategies, implementing liquidity management during daytime and taking initiative to prevent liquidity risks. The risk management department is responsible for performing independent identification, evaluation, measuring and monitoring of liquidity risks of the Group together with management of market risks and credit risks, and paying attention on an on-going basis to the conversion of other types of risk to liquidity risk. The Group uses concentration control, trading limit control and monitoring the market liquidity of financial instruments held by Group to address the liquidity risk of financial instruments. In order to meet the regulatory requirements, the Group has set up a multi-level, omni-directional and information-based management system to monitor and control the overall liquidity risk.

Undiscounted cash flows by contractual maturities

The tables below present the cash flows payable by the Group within the remaining contractual maturities at the end of the reporting period. The amounts disclosed in the tables are the contractual undiscounted cash flows. The tables include both interest and principal cash flows. To the extent that interest rates are floating, the undiscounted amount is derived from interest rate at the end of the reporting period.

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64. FINANCIAL RISK MANAGEMENT – *continued*

Liquidity risk – *continued*

Undiscounted cash flows by contractual maturities – continued

As at 31 December 2015

	On demand RMB'000	Less than 3 months RMB'000	3 months to 1 year RMB'000	1 year to 5 years RMB'000	5 years and above RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
Borrowings	—	479,818	421,906	—	—	901,724	896,010
Short-term financing payables	—	14,376,422	7,626,984	—	—	22,003,406	21,643,800
Due to banks and other financial institutions	—	1,750,821	—	—	—	1,750,821	1,750,000
Accounts payable to brokerage clients	118,137,085	—	—	—	—	118,137,085	118,137,085
Other financial liabilities	3,892,144	801,320	331,552	40,000	—	5,065,016	5,065,016
Other liabilities	624,186	9,891,778	—	—	—	10,515,964	10,515,964
Financial assets sold under repurchase agreement	—	66,959,282	19,226,707	—	—	86,185,989	85,395,761
Bonds Payable	—	3,117,955	7,183,008	71,001,054	10,377,000	91,679,017	79,246,867
Long-term loans	—	55,427	167,499	3,639,661	—	3,862,587	3,469,168
Accounts payable to underwriting clients	—	350,000	—	—	—	350,000	350,000
	122,653,415	97,782,823	34,957,656	74,680,715	10,377,000	340,451,609	326,469,671
Derivative financial liabilities	11	151,461	86,405	98,723	—	336,600	309,454

64. FINANCIAL RISK MANAGEMENT – *continued*

Liquidity risk – *continued*

Undiscounted cash flows by contractual maturities – continued

As at 31 December 2014

	On demand RMB'000	Less than 3 months RMB'000	3 months to 1 year RMB'000	1 year to 5 years RMB'000	5 years and above RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
Borrowings	—	1,287,672	—	—	—	1,287,672	1,285,907
Short-term financing payables	—	13,173,359	16,963,410	—	—	30,136,769	29,536,739
Due to banks and other financial institutions	—	1,133,111	—	—	—	1,133,111	1,123,000
Accounts payable to brokerage clients	71,465,563	—	—	—	—	71,465,563	71,465,563
Other financial liabilities	1,206,386	167,953	75,984	40,000	—	1,490,323	1,490,323
Other liabilities	764,409	3,451,761	67,141	—	—	4,283,311	4,283,311
Financial assets sold under repurchase agreement	—	33,896,465	17,811,744	4,426,692	—	56,134,901	54,767,726
Bonds Payable	—	—	1,317,750	21,728,817	10,836,000	33,882,567	26,030,664
Long-term loans	—	51,781	158,219	3,373,205	—	3,583,205	3,000,000
	73,436,358	53,162,102	36,394,248	29,568,714	10,836,000	203,397,422	192,983,233
Derivative financial liabilities	86	50,151	12,751	44,068	—	107,056	87,304

Capital management

The Group's objectives of capital management are:

To safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders;

To support the Group's stability and growth;

To maintain a strong capital base to support the development of their business; and

To comply with the capital requirements under the PRC and Hong Kong regulations.

64. FINANCIAL RISK MANAGEMENT – *continued*

Capital management – *continued*

The Group's objectives of capital management are:

In accordance with Administrative Measures for Risk Control Indicators of Securities Companies (Revision 2008) (the "Administrative Measures") issued by the CSRC, the Company is required to meet the following standards for risk indicators on a continual basis:

1. The ratio of net capital divided by the sum of its various risk capital provisions shall be no less than 100% ("Ratio 1");
2. The ratio of net capital divided by net assets shall be no less than 40% ("Ratio 2");
3. The ratio of net capital divided by liabilities shall be no less than 8% ("Ratio 3");
4. The ratio of net assets divided by liabilities shall be no less than 20% ("Ratio 4");
5. The ratio of the value of equity securities and derivatives held divided by net capital shall not exceed 100% ("Ratio 5"); and
6. The ratio of the value of fixed income securities held divided by net capital shall not exceed 500% ("Ratio 6").

Net capital refers to net assets minus risk adjustments on certain types of assets as defined in the Administrative Measures.

As at 31 December 2015 and 2014, the Company maintained the above ratios as follows:

	2015/12/31	2014/12/31
Net capital (RMB'000)	**64,346,277**	32,664,124
Ratio 1	**888%**	816%
Ratio 2	**89%**	87%
Ratio 3	**32%**	27%
Ratio 4	**35%**	31%
Ratio 5	**48%**	43%
Ratio 6	**196%**	123%

The above ratios are calculated based on the consolidated financial statements prepared in accordance with the relevant accounting rules and financial regulations applicable to enterprises in the PRC.

Certain subsidiaries of the Group are also subject to capital requirements under the PRC and Hong Kong regulations, imposed by the CSRC and the Hong Kong Securities and Futures Commission, respectively.

The capital of the Group mainly comprises its total equity.

65. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Level 1: Inputs are quoted prices (unadjusted) in active market for identical assets or liabilities than 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;

Level 3: Inputs are unobservable inputs for the asset or liability.

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 estimated using discounted cash flow method.

Expect for the financial liabilities disclosed below, the carrying amounts of the financial assets and financial liabilities not measured at fair value on a recurring basis approximate their fair values as at 31 December 2015 and 2014.

	As at 31 December 2015			Fair value hierarchy
	Carrying amount RMB'000	Fair value RMB'000	Difference RMB'000	
Current				
Bonds Payable – corporate bonds	**1,498,665**	**1,504,830**	**6,165**	**Level 2**
Non-Current				
Bonds Payable – subordinated bonds	**10,486,509**	**10,886,142**	**399,633**	**Level 2**
Bonds Payable – corporate bonds	**49,470,704**	**49,675,665**	**204,961**	**Level 2**

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65. 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 periods. The following table gives 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 inputs use.

Financial assets/ financial liabilities	Fair value as at 31 December		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
	2015 RMB'000	2014 RMB'000				
1) Financial assets at fair value through profit or loss						
Debt securities						
- Traded on stock exchanges	**11,436,106**	6,168,987	Level 1	Quoted bid prices in an active market.	N/A	N/A
- Traded on stock exchanges (inactive)	**—**	777,795	Level 2	Recent transaction prices.	N/A	N/A
- Unlisted	**209,450**	—	Level 2	Recent transaction prices.	N/A	N/A
- Traded on inter-bank market	**16,163,246**	11,493,427	Level 2	Discounted cash flows with future cash flows that are estimated based on contractual amounts and coupon rates, discounted at a rate that reflects the credit risk of counterparty.	N/A	N/A
Equity securities						
- Traded on stock exchanges	**2,535,909**	4,466,310	Level 1	Quoted bid prices in an active market.	N/A	N/A
- Traded on stock exchanges (inactive)	**262,423**	86,726	Level 2	Adjusted quoted prices for stocks suspended for trading.	N/A	N/A
- Traded on national equities exchange and quotations	**1,124,980**	53,544	Level 2	Quoted bid prices in an active market. (Quoted from market makers)	N/A	N/A
- Traded on national equities exchange and quotations	**154,246**	—	Level 3	Adjusted quoted prices.	Discount for lack of marketability.	The higher the discount, the lower the fair value.
- Equity Investment	**212,337**	—	Level 3	Adjusted quoted price.	Discount for lack of marketability	The higher the discount, the lower the fair value.

65. 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 – *continued*

Financial assets/ financial liabilities	Fair value as at 31 December		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
	2015 RMB'000	2014 RMB'000				
Funds						
- Funds with quoted bid prices	**45,648,010**	1,725,876	Level 1	Quoted bid prices in an active market.	N/A	N/A
- Other funds	**44,482**	—	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 asset management schemes issued by financial institutions	**2,862,226**	33,202	Level 2	Calculated based on the fair value of the underlying investments which are debt securities and equity securities (included listed in exchanges and listed in Interbank Bond Market) in each portfolio.	N/A	N/A
- Other asset management products/ wealth management products	**3,064,295**	—	Level 2	Calculated based on the fair value of the underlying investments which are debt securities and equity securities (included listed in exchanges and listed in Interbank Bond Market) in each portfolio.	N/A	N/A
- Collective asset management schemes issued by financial institutions	**—**	11,952	Level 3	Calculated based on the fair value of the underlying investments which mainly invest in loan and the fair value of loan and receivables is determined with an adjustment of discount of lack of marketability and the loan interest rate under the same conditions.	Discount for lack of marketability	The higher the discount, the lower the fair value.
- Other asset management products/ wealth management products	**194,530**	2,118,843	Level 3	Based on the net asset values of the investment, determined with reference to third party valuation of underlying investment portfolio and adjustments of related expenses.	Third party valuation of underlying investment portfolio.	The higher the third party valuation, the higher the fair value.
	83,912,240	26,936,662				

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65. 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 – *continued*

Financial assets/ financial liabilities	Fair value as at 31 December		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
	2015 RMB'000	2014 RMB'000				
2) Available-for-sale financial assets						
Debt securities						
- Traded on stock exchanges	**15,490,822**	7,081,836	Level 1	Quoted bid prices in an active market.	N/A	N/A
- Traded on stock exchanges (inactive)	**—**	520,395	Level 2	Recent transaction prices.	N/A	N/A
- Traded on inter-bank market	**48,847,261**	15,519,723	Level 2	Discounted cash flows with future cash flows that are estimated based on contractual amounts and coupon rates, discounted at a rate that reflects the credit risk of counterparty.	N/A	N/A
Equity securities						
- Traded on stock exchanges	**4,332,714**	3,261,184	Level 1	Quoted bid prices in an active market.	N/A	N/A
- Traded on stock exchanges (inactive)	**65,547**	16,524	Level 2	Adjusted quoted prices for stocks suspended for trading.	N/A	N/A
- Traded on national equities exchange and quotations	**35,675**	—	Level 2	Quoted bid prices in an inactive market. (Quoted from market makers)	N/A	N/A
- Restricted shares	**1,881,933**	510,410	Level 3	Discounted cash flows. The fair value is determined with reference to the quoted market prices with an adjustment of discount for lack of marketability.	Discount for lack of marketability.	The higher the discount, the lower the fair value.
Funds						
- Funds with quoted bid prices	**3,378,619**	1,946,121	Level 1	Quoted bid prices in an active market.	N/A	N/A
- Other funds	**1,503,625**	—	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						
- Wealth management products issued by banks	**—**	11,000	Level 1	Quoted bid prices in an active market.	N/A	N/A

65. 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 – *continued*

Financial assets/ financial liabilities	Fair value as at 31 December		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
	2015 RMB'000	2014 RMB'000				
- Collective asset management schemes issued by financial institutions	**1,223,862**	744,031	Level 2	Calculated based on the fair value of the underlying investments which are debt securities and equity securities (included listed in exchanges and listed in adjustments of related expenses. Interbank Bond Market) in each portfolio.	N/A	N/A
- Other asset management products/ wealth management products	**13,843,714**	—	Level 2	Calculated based on the fair value of the underlying investments which are debt securities and equity securities (included listed in exchanges and listed in adjustments of related expenses. Interbank Bond Market) in each portfolio.	N/A	N/A
- Trading seats	**6,558**	8,138	Level 2	Recent transaction prices.	N/A	N/A
- Collective asset management schemes issued by financial institutions	**—**	182,773	Level 3	Calculated based on the fair value of the underlying investments which mainly invest in loan and the fair value of loan and receivables is determined with an adjustment of discount of lack of marketability and the loan interest rate under the same conditions.	Discount for lack of marketability.	The higher the discount, the lower the fair value.
- Other asset management products/ wealth management products	**3,480,556**	2,849,446	Level 3	Based on the net asset values of the investment, determined with reference to third party valuation of underlying investment portfolio and adjustments of related expenses.	Third party valuation of underlying investment portfolio.	The higher the third party valuation, the higher the fair value.
	94,090,886	32,651,581				

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

65. 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 – *continued*

Financial assets/ financial liabilities	Fair value as at 31 December		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
	2015 RMB'000	2014 RMB'000				
3) Derivative financial instruments						
Equity return swaps - assets	**1,873**	6,614	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
Equity return swaps - liabilities	**(47,724)**	(12,107)	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
Structured notes - liabilities	**(4,350)**	(65)	Level 2	Calculated based on the interest expense of underlying stock indexes from stock exchanges in the PRC.	N/A	N/A
Interest rate swaps - assets	**263,395**	51,597	Level 2	Discounted cash flows. Future cash flows are estimated based on 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
Interest rate swaps - liabilities	**(253,074)**	(42,099)	Level 2	Discounted cash flows. Future cash flows are estimated based on 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

65. 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 – *continued*

Financial assets/ financial liabilities	Fair value as at 31 December		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input to fair value
	2015 RMB'000	2014 RMB'000				
Interest rate swaps - assets	**—**	33,082	Level 1	Quoted bid prices in an active market.	N/A	N/A
Interest rate swaps - liabilities	**—**	(32,947)	Level 1	Quoted bid prices in an active market.	N/A	N/A
Stock index futures - assets	**—**	—	Level 1	Quoted bid prices in an active market.	N/A	N/A
Stock index futures - liabilities	**(11)**	(86)	Level 1	Quoted bid prices in an active market.	N/A	N/A
Stock options - assets	**5,311**	—	Level 1	Quoted bid prices in an active market.	N/A	N/A
Stock options - liabilities	**(4,295)**	—	Level 1	Quoted bid prices in an active market.	N/A	N/A
Treasury bond futures -	—	—	Level 1	Quoted bid prices in an active market.	N/A	N/A
Commodity futures	—	—	Level 1	Quoted bid prices in an active market.	N/A	N/A
4) Designated at fair value through profit or loss						
Investment in an associate	**—**	59,840	Level 2	Recent transaction prices.	N/A	N/A

Note: Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in stock index futures, treasury bond futures and commodity futures in PRC were settled daily and the corresponding receipts and payments were included in "clearing settlement funds" as at 31 December 2015 and 2014. Accordingly, the net position of the stock index futures, treasury bond futures and commodity futures contracts in PRC was nil at the end of reporting period.

There were no significant transfers between Level 1 and 2 as at 31 December 2015 and 2014.

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For the year ended 31 December 2015

65. 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 – *continued*

As at 31 December 2015

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Available-for-sale financial assets				
– Debt securities	**15,490,822**	**48,847,261**	**—**	**64,338,083**
– Equity investments	**4,332,714**	**101,222**	**1,881,933**	**6,315,869**
– Funds	**3,378,619**	**1,503,625**	**—**	**4,882,244**
– Others	**—**	**15,074,134**	**3,480,556**	**18,554,690**
Financial assets at fair value through profit or loss				
– Debt securities	**11,436,106**	**16,372,696**	**—**	**27,808,802**
– Equity investments	**2,535,909**	**1,387,403**	**366,583**	**4,289,895**
– Funds	**45,648,010**	**44,482**	**—**	**45,692,492**
– Others	**—**	**5,926,521**	**194,530**	**6,121,051**
Derivative financial assets	**5,311**	**265,268**	**—**	**270,579**
Total	**82,827,491**	**89,522,612**	**5,923,602**	**178,273,705**
Financial liabilities				
Derivative financial liabilities	**(4,306)**	**(305,148)**	**—**	**(309,454)**

65. 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 – *continued*

As at 31 December 2014

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Available-for-sale financial assets				
– Debt securities	7,081,836	16,040,118	—	23,121,954
– Equity investments	3,261,184	16,524	510,410	3,788,118
– Funds	1,946,121	—	—	1,946,121
– Others	11,000	752,169	3,032,219	3,795,388
Financial assets at fair value through profit or loss				
– Debt securities	6,168,987	12,271,222	—	18,440,209
– Equity investments	4,466,310	140,270	—	4,606,580
– Funds	1,725,876	—	—	1,725,876
– Others	—	33,202	2,130,795	2,163,997
Unlisted investment in an associate at fair value through profit of loss	—	—	59,840	59,840
Derivative financial assets	33,082	58,211	—	91,293
Total	24,694,396	29,311,716	5,733,264	59,739,376
Financial liabilities				
Derivative financial liabilities	(33,033)	(54,271)	—	(87,304)

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65. FAIR VALUE OF FINANCIAL INSTRUMENTS – *continued*

Reconciliation of Level 3 fair value measurements

	2015		2014	
	Financial assets at fair value through profit or loss RMB'000	**Available-for-sale financial assets RMB'000**	Financial assets at fair value through profit or loss RMB'000	Available-for-sale financial assets RMB'000
At 1 January	**2,190,635**	**3,542,629**	—	2,703,012
Total gains/losses				
Profit or loss	**82,912**	**74,574**	88,822	—
Other comprehensive income	**—**	**1,133,764**	—	124,812
Purchases	**1,308,877**	**11,614,152**	2,101,813	3,272,441
Settlements/disposal	**(89,072)**	**(10,532,931)**	—	(2,397,467)
Transfers out of level 3 (Note)	**(2,932,239)**	**(469,699)**	—	(160,169)
As at end of the year	**561,113**	**5,362,489**	2,190,635	3,542,629
Total gains for the year for assets/liabilities held as at end of the year – included in investment income	**9,430**	**—**	88,822	—

Note: The equity securities traded on stock exchanges with lock-up periods and targeted asset management plans holding listed shares with lock-up periods were transferred from Level 3 to Level 1 when the lock-up periods lapsed and they became unrestricted.

The Group has a team headed by the finance manager performing valuations for the financial instruments, including unlisted available-for-sale equity securities which are categorized into Level 3 of the fair value hierarchy.

66. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

General information of subsidiaries

Details of the Group's principal subsidiaries at the end of the year is set out below:

Name of principal subsidiary	Type of legal entity registered	Place and date of incorporation	Effective equity interest held by the Group as at 31 December		Share capital/ registered and paid-up capital as at 31 December 2015	Principal activities
			2015	2014		
廣發期貨有限公司 GF Futures Co., Ltd. (1)	有限責任公司 Limited liability company	PRC 23 March 1993	**100%**	100%	RMB1,300,000,000	Commodity futures brokerage, financial futures brokerage, investment consulting and asset management
廣發商貿有限公司 GF Commodity Markets Co., Ltd.	有限責任公司 Limited liability company	PRC 3 April 2013	**100%**	100%	RMB200,000,000	Trading and trading agent
廣發期貨(香港)有限公司 GF Futures (Hong Kong) Co., Limited	有限責任公司 Limited liability company	Hong Kong 8 May 2006	**100%**	100%	HKD435,000,000	Futures brokerage
GF Financial Markets (UK) Limited (formerly known as "Natixis Commodity Markets Limited")	有限責任公司 Limited liability company	UK 2 February 1976	**100%**	100%	GBP30,000,000	Dealing in commodities and futures brokerage
廣發乾和投資有限公司 GF Qianhe Investment Co., Ltd. (1)	有限責任公司 Limited liability company	PRC 11 May 2012	**100%**	100%	RMB2,900,000,000	Project investment, investment management and financial advisory
珠海乾亨投資管理有限公司 Zhuhai Qianheng Investment Management Co., Ltd	有限責任公司 Limited liability company	PRC 26 March 2015	**100%**	—	RMB700,000,000	Investment management
廣發合信產業投資管理有限公司 GF Hexin Industry Investment Management Co., Ltd	有限責任公司 Limited liability company	PRC 27 August 2015	**100%**	—	RMB50,000,000	Project investment
珠海乾鑫投資合夥企業（有限合夥） Zhuhai Qianxin Investment Partnership Enterprise L.P.	有限合夥企業 Limited partnership	PRC 16 April 2015	**66.67%**	—	RMB30,000,000	Project investment

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66. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY – *continued*

General information of subsidiaries – *continued*

Name of principal subsidiary	Type of legal entity registered	Place and date of incorporation	Effective equity interest held by the Group as at 31 December		Share capital/ registered and paid-up capital as at 31 December 2015	Principal activities
			2015	2014		
珠海乾明投資合夥企業（有限合夥） Zhuhai Qianming Investment Partnership Enterprise L.P.	有限合夥企業 Limited partnership	PRC 20 April 2015	**80%**	—	RMB25,000,000	Project investment
珠海乾貞投資管理有限公司 Zhuhai Qianzhen Investment Management Co., Ltd	有限責任公司 Limited liability company	PRC 24 April 2015	**100%**	—	RMB10,000,000	Project investment, investment management
廣發控股（香港）有限公司 GF Holdings (Hong Kong) Corporation Limited [1] (Note 1)	有限責任公司 Limited liability company	Hong Kong 14 June 2006	**100%**	100%	HKD5,600,000,000	Investment holding
廣發投資（香港）有限公司 GF Investments (Hong Kong) Company Limited (Note 2)	有限責任公司 Limited liability company	Hong Kong 21 September 2011	**100%**	100%	HKD5,000,000	Investment holding
廣發融資（香港）有限公司 GF Capital (Hong Kong) Limited	有限責任公司 Limited liability company	Hong Kong 14 July 2006	**100%**	100%	HKD130,000,000	Advisory services
廣發資產管理(香港)有限公司 GF Asset Management (Hong Kong) Limited	有限責任公司 Limited liability company	Hong Kong 14 July 2006	**100%**	100%	HKD325,000,000	Asset management
廣發証券（香港）經紀有限公司 GF Securities (Hong Kong) Brokerage Limited	有限責任公司 Limited liability company	Hong Kong 14 July 2006	**100%**	100%	HKD2,800,000,000	Securities brokerage
廣發証券（加拿大）有限公司 GF Securities (Canada) Co., Ltd.	有限責任公司 Limited liability company	Canada 10 March 2014	**100%**	100%	CAD10,000,000	Financial management
廣發金控（深圳）投資管理有限公司 GF Jinkong (Shenzhen) Investment Management Co., Ltd.*	有限責任公司 Limited liability company	PRC 1 April 2014	**100%**	100%	RMB10,000,000	Investment advisory

66. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY – *continued*

General information of subsidiaries – *continued*

Name of principal subsidiary	Type of legal entity registered	Place and date of incorporation	Effective equity interest held by the Group as at 31 December		Share capital/ registered and paid-up capital as at 31 December 2015	Principal activities
			2015	2014		
廣發信德資本管理有限公司 GF Xinde Capital Management Limited	有限責任公司 Limited liability company	British Virgin Islands 3 September 2014	**100%**	100%	USD100	Investment management
廣發財富管理（香港）有限公司 GF Wealth Management (Hong Kong) Limited	有限責任公司 Limited liability company	Hong Kong 20 November 2014	**100%**	100%	HKD3,000,000	Financial management
GF Bright Investment Limited [3]	有限責任公司 Limited liability company	British Virgin Islands 21 August 2015	**100%**	—	USD0	Equity Investment
GF Energy Investment Limited	有限責任公司 Limited liability company	British Virgin Islands 6 August 2015	**91.85%**	—	USD1	Equity Investment
GF Tarena Limited (formerly known as "GF China Advantage CAS Polymetallic Limited")	有限責任公司 Limited liability company	British Virgin Islands 9 August 2012	**62.99%**	63%	—	Investment trading
廣發投資（開曼）有限公司 GF Investments (Cayman) Company Limited	有限責任公司 Limited liability company	Cayman Islands 8 September 2011	**100%**	100%	USD600,000	Advisory services
廣發合夥有限公司 GF Partners Ltd. (Note 2)	有限責任公司 Limited liability company	Cayman Islands 26 May 2011	**51%**	51%	USD1	Investment trading
廣發中國優勢基金（有限合夥） GF China Advantage Fund L.P. (Note 2)	有限合夥企業 Limited partnership	Cayman Islands 2 June 2011	**57.12%**	57.12%	USD20,004,400	Investment trading
廣發投資管理（香港）有限公司 GF Investment Management (Hong Kong) Co., Limited	有限責任公司 Limited liability company	Hong Kong 7 October 2011	**100%**	100%	HKD3,800,000	Advisory services
廣發信德投資管理有限公司 GF Xinde Investment Management Co., Ltd. [1]	有限責任公司 Limited liability company	PRC 3 December 2008	**100%**	100%	RMB2,800,000,000	Equity investment, equity investment management and advisory

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66. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY – *continued*

General information of subsidiaries – *continued*

Name of principal subsidiary	Type of legal entity registered	Place and date of incorporation	Effective equity interest held by the Group as at 31 December		Share capital/ registered and paid-up capital as at 31 December 2015	Principal activities
			2015	2014		
新疆廣發信德穩勝投資管理有限公司 Xinjiang GF Xinde Wensheng Investment Management Co., Ltd.*(Note 2)	有限責任公司 Limited liability company	PRC 25 March 2013	**100%**	100%	RMB20,500,000	Equity investment
深圳前海廣發信德中山公用併購基金管理有限公司 Shenzhen Qianhai GF Xinde Zhongshan Public Utilities M&A Fund Management Co., Ltd. (3)	有限責任公司 Limited liability company	PRC 11 July 2015	**60%**	—	—	Equity investment investment management
珠海廣發信德敖東基金管理有限公司 Zhuhai GF Xinde Aodong Fund Management Co., Ltd.	有限責任公司 Limited liability company	PRC 21 July 2015	**60%**	—	RMB20,000,000	Equity investment investment management
上海廣發永胥股權投資管理有限公司 Shanghai GF Yong Capital Investment Management Co., Ltd.	有限責任公司 Limited liability company	PRC 20 August 2015	**51%**	—	RMB2,250,000	Equity investment investment management
珠海廣發信德厚源投資企業（普通合夥） Zhuhai GF Xinde Hou Yuan Investment Enterprise G.P.*(Note 2)	普通合夥企業 General partnership	PRC 27 November 2014	**65.17%**	65.67%	RMB90,569,621	Equity investment, equity investment management and advisory
珠海廣發信德新界泵業產業投資基金（有限合夥） GFXD Shimage Pump Industry Fund	有限合夥企業 Limited partnership	PRC 17 July 2015	**40%**	—	RMB40,000,000	Equity investment
上海廣發信德資產管理有限公司 Shanghai GF Xinde Asset Management Co., Ltd. (3)	有限責任公司 Limited liability company	British Virgin Islands 5 June 2015	**100%**	—	USD0	Investment

66. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY – *continued*

General information of subsidiaries – *continued*

Name of principal subsidiary	Type of legal entity registered	Place and date of incorporation	Effective equity interest held by the Group as at 31 December		Share capital/ registered and paid-up capital as at 31 December 2015	Principal activities
			2015	2014		
上海廣發信德資產管理中心（有限合夥） Shanghai GF Xinde Asset Management Center L.P. [3]	有限合夥企業 Limited partnership	PRC 27 April 2015	**100%**	—	—	Investment
廣發信德智勝投資管理有限公司 GF Xinde Zhisheng Investment Management Co., Ltd.*	有限責任公司 Limited liability company	PRC 18 November 2014	**100%**	100%	RMB5,000,000	Equity investment and trust management
廣發信德醫療資本管理有限公司 GF Xinde Healthcare Capital Management Co., Ltd.*	有限責任公司 Limited liability company	PRC 12 September 2013	**55%**	55%	RMB30,000,000	Investment management
廣發証券資產管理（廣東）有限公司 GF Securities Asset Management (Guangdong) Co., Ltd. (1)*(Note 4)	有限責任公司 Limited liability company	PRC 2 January 2014	**100%**	100%	RMB1,000,000,000	Asset management
廣發基金管理有限公司 GF Fund Management Co., Ltd. (1) (Note 3)	有限責任公司 Limited liability company	PRC 5 August 2003	**51.13%**	51.13%	RMB126,880,000	Fund raising, fund sales and fund management
廣發國際資產管理有限公司 GF International Investment Management Limited(2) (Note 1)	有限責任公司 Limited liability company	Hong Kong 10 December 2010	**51.13%**	51.13%	HKD300,000,000	Asset management
瑞元資本管理有限公司 Ruiyuan Capital Asset Management Co., Ltd. [2]* (Note 2) (Note 3)	有限責任公司 Limited liability company	PRC 4 June 2013	**20.45%**	28.12%	RMB75,000,000	Project investment, investment management, investment advisory

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66. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY – *continued*

General information of subsidiaries – *continued*

Name of principal subsidiary	Type of legal entity registered	Place and date of incorporation	Effective equity interest held by the Group as at 31 December		Share capital/ registered and paid-up capital as at 31 December 2015	Principal activities
			2015	2014		
珠海瑞元祥和股權投資基金合夥企業（有限合夥） Zhuhai Ruiyuan Xianghe Equity Investment Fund Partnership Enterprise L.P. [2]* (Note 2)	有限合夥企業 Limited partnership	PRC 9 April 2014	**8.56%**	10.47%	RMB54,000,000	Non-listed company investment, non-public offering of stock investment
GF International Asset Management(UK) Company Limited.	Limited liability company	London 1 September 2015	**51.13%**	—	GBP2,000,000	Asset Management
珠海好易投互聯網金融服務有限公司 Zhuhai Haoyitou Internet Financial Services Co., Ltd [3]	有限責任公司 Limited liability company	PRC 3 February 2015	**20.45%**	—	RMB1,000,000	Internet Finance
深圳瑞元基金管理有限公司 Shenzhen Ruiyuan Fund Management Co., Ltd [3]	有限責任公司 Limited liability company	PRC 15 December 2015	**20.45%**	—	RMB5,000,000	Fund Management

66. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY – *continued*

General information of subsidiaries – *continued*

Name of principal scheme	Type of legal entity registered	Place and date of incorporation	Effective equity interest held by the Group as at 31 December		Share capital/ registered and paid-up capital as at 31 December 2015	Principal activities
			2015	2014		
廣發金管家睿利債券分級1號集合資產管理計劃 GF Golden Majordomo RUILI No. 1 Debt Obligation Asset Management Scheme* (Note 4)	資產管理計劃 Asset management scheme	PRC 9 April 2013	**7.83%**	10.01%	RMB10,607,769,882	Bond investment
廣發金管家理財•策略2號集合資產管理計劃 GF Golden Majordomo Financial Management Strategy No.2 Collective Asset Management Scheme (Note 4)	資產管理計劃 Asset management scheme	PRC 30 June 2011	**44.06%**	25.03%	RMB13,325,776	Securities investment
廣發金管家理財•策略1號集合資產管理計劃 GF Golden Majordomo Financial Management Strategy No.1 Collective Asset Management Scheme (Note 4)	資產管理計劃 Asset management scheme	PRC 16 February 2011	**55.55%**	19.27%	RMB24,858,025	Securities investment

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

66. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY – *continued*

General information of subsidiaries – *continued*

Name of principal scheme	Type of legal entity registered	Place and date of incorporation	Effective equity interest held by the Group as at 31 December		Share capital/ registered and paid-up capital as at 31 December 2015	Principal activities
			2015	2014		
廣發資管ALPHA+集合資產管理計劃1號 GF Asset Management ALPHA+ Collective Asset Management Scheme (Note 4)	資產管理計劃 Asset management scheme	PRC 24 July 2014	**48.33%**	27.22%	RMB20,694,911	Securities investment
廣發資管璽智陸港通智選2號集合資產管理計劃 GF Asset Management Xizhi Lugangtong Zhixuan No.2 Collective Asset Management Scheme (Note 4)	資產管理計劃 Asset management scheme	PRC 1 June 2015	**53.89%**	—	RMB120,130,424	Securities investment
廣發金管家理財法寶量化對沖集合資產管理計劃1期 GF Golden Majordomo Financial Management Quantitative Hedge Collective Asset Management Scheme Series 1 (Note 4)	資產管理計劃 Asset management scheme	PRC 25 April 2013	**55.51%**	—	RMB10,027,242	Securities investment
廣發金管家法寶量化避險集合資產管理計劃 GF Golden Majordomo Quantitative Hedge Debt Obligation Asset Management Scheme (Note 4)	資產管理計劃 Asset management scheme	PRC 20 September 2012	**40.55%**	20.92%	RMB30,421,560	Securities investment

66. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY – *continued*

General information of subsidiaries – *continued*

Name of principal scheme	Type of legal entity registered	Place and date of incorporation	Effective equity interest held by the Group as at 31 December		Share capital/ registered and paid-up capital as at 31 December 2015	Principal activities
			2015	2014		
廣發二次方資產管理計劃 GF Quadratic Asset Management Scheme (Note 3)	資產管理計劃 Asset management scheme	PRC 25 December 2014	**66.67%**	—	RMB13,185,055	Securities investment
廣發主題投資分類管理計劃13號 GF Subject Structured Asset Management Product No. 13 [(2)*] (Note 3)	資產管理計劃 Asset management scheme	PRC 6 November 2013	**50.00%**	37.78%	RMB4,101,561	Securities investment
廣發量子對沖19號資產管理計劃 GF Quantitative Market Neutral Fund Series 19 [(2)*] (Note 3)	資產管理計劃 Asset management scheme	PRC 21 November 2014	**86.82%**	19.59%	RMB10,859,288	Securities investment
瑞元股票精選對沖1號資產管理計劃 Ruiyuan Selective Stock Market Neutral Series 1 [(2)*] (Note 3)	資產管理計劃 Asset management scheme	PRC 29 September 2014	**41.72%**	16.00%	RMB31,156,460	Securities investment
廣發分級特定多客戶資產管理計劃1號 GF Structure Specific Multiple Client Asset Management Product No. 1 [(2)*](Note 3)	資產管理計劃 Asset management scheme	PRC 31 October 2014	**50%**	10.23%	RMB250,000,000	Securities investment
瑞元資本鑫瑞5號資產管理計劃 Xinrui Asset Management Product No. 5 [(2)*](Note 3)	資產管理計劃 Asset management scheme	PRC 26 February 2014	**84.12%**	30.66%	RMB32,570,838	Securities investment

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For the year ended 31 December 2015

66. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY – *continued*

General information of subsidiaries – *continued*

Name of fund	Type of legal entity registered	Place and date of incorporation	Class of share	Effective equity interest held by the Group as at 31 December		Share capital/ registered and paid-up capital as at 31 December 2015	Principal activities
				2015	2014		
廣發中國成長基金 GF China Growth Fund (Note 1)	投資基金 Investment fund	Cayman Islands 27 July 2009	Participating	**86.97%**	85.28%	Class-A - USD74,820.912 shares Class-B - HKD26,753.741 shares	Investment trading
			Management	**100%**	100%	- USD100 shares	
廣發中國價值基金 GF Investment Series SPC - GF China Value Fund (Segregated Portfolio) (Note 1)	獨立資產組合 Segregated portfolio	Cayman Islands 11 April 2011	Participating	**97.76%**	94.12%	Class-A - USD67,999.364 shares	Investment trading
廣發人民幣聚焦基金 GF Investment Series SPC - GF RMB Focus Fund (Segregated Portfolio) (Note 1)	獨立資產組合 Segregated portfolio	Cayman Islands 11 April 2011	Participating	**100%**	100%	Class-A - RMB204,406.918 shares - USD154.537 shares - HKD121.256 shares	Investment trading
廣發全球投資機會基金 GF Investment Series SPC – GF Global Investment Opportunities Fund (Segregated Portfolio) (Note 1)	獨立資產組合 Segregated portfolio	Cayman Islands 26 June 2015	Participating	**45.31%**	—	USD127,999.950 shares	Investment trading
黃金財富機會基金 Gold Fortune Opportunity Fund(2) (Note 1)	投資基金 Investment fund	Cayman Islands 6 November 2013	Participating Management	**14.86%** **51.13%**	21.60% 51.13%	USD236,667 shares USD100 shares	Investment trading
GFI China Investment Fund (Note 1)	投資基金 Investment fund	Luxembourg 19 June 2015	Participating	**100%**	—	EUR31,000	Investment trading

* These subsidiaries do not have official English names. English translated names are for identification only.

(1) These subsidiaries are directly held by the Company.

(2) Being subsidiaries, principal schemes and a fund held by GF Fund Management Co., Ltd. and consolidated since acquisition by the Group.

(3) The subsidiaries were newly established and the capital injection are still in the process.

66. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY – *continued*

General information of subsidiaries – *continued*

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of others subsidiaries would in the opinion of the directors, result on particulars excessive length. The major operation area of the Group's principal subsidiaries is in PRC.

Note 1: GF Holdings (Hong Kong) Corporation Limited ("GFHK"), a wholly owned subsidiary of the Company, is appointed as investment manager and holds all management shares of the GF China Growth Fund, the GF Investment Series SPC - GF China Value Fund (Segregated Portfolio),the GF Investment Series SPC-GF Global Investment Opportunities Fund (Segregated Portfolio), and the GF Investment Series SPC - GF RMB Focus Fund (Segregated Portfolio). The Company has significant variable interest in the fund and the directors of the Company are of the opinion that the above mentioned funds are regarded as consolidated structured entities of GFHK as GFHK is able to exercise control over their operations.

GF International Investment Management Limited, a wholly owned subsidiary of GF Fund Management Co., Ltd., is appointed as investment manager and undertakes the management of the fund of Gold Fortune Opportunity Fund, and GFI China Investment Fund, and held significant financial interest in these funds. The effective equity interest in the subsidiary represents equity interest held directly or indirectly by the Group.

Note 2: GF Investments (Hong Kong) Company Limited, a wholly owned subsidiary of GFHK, is a limited partner of GF China Advantage Fund L.P. (the "China Advantage Fund"). GF Partners Ltd., a non-wholly owned subsidiary of GFHK, acts as the general partner of the China Advantage Fund. GF Xinde Investment Management Co., Ltd., a wholly owned subsidiary of the Company, acts as the general partner of Zhuhai GF Xinde Hou Yuan Investment Enterprise G.P., and has majority vote rights according to the partnership agreement. Ruiyuan Capital Asset Management Co., Ltd. (the "Ruiyuan Capital"), a non-wholly owned subsidiary of GF Fund Management Co., Ltd., acts as the general partner of Zhuhai Ruiyuan Xianghe Equity Investment Fund Partnership Enterprise L.P. The directors of the Company are of the opinion that the China Advantage Fund, Zhuhai GF Xinde Hou Yuan Investment Enterprise G.P. and Zhuhai Ruiyuan Xianghe Equity Investment Fund Partnership Enterprise L.P. are regarded as consolidated structured entities of the Group as the Group is able to exercise control over their operations. The effective equity interest in the subsidiary represents equity interest held directly or indirectly by the Group.

Note 3: GF International Investment Management Limited is a wholly owned subsidiary of GF Fund Management Co., Ltd. (the "GF Fund"), while Ruiyuan Capital Asset Management Co., Ltd. (the "Ruiyuan Capital") is a non-wholly owned subsidiary of GF Fund, According to the Company Articles of Ruiyuan Capital, GF Fund has majority vote rights in the board of directors, thus the Group is able to exercise control over its operations.

In addition, GF Fund is appointed as investment manager and undertakes the management of the assets of GF Subject Structured Asset Management Product No. 13, GF Quantitative Market Neutral Fund Series 19, GF Quadratic Asset Management Scheme, GF Structure Specific Multiple Client Asset Management Product No. 1 and the Group holds significant financial interest in these schemes. Ruiyuan Capital is appointed as investment manager and undertakes the management of the assets of Ruiyuan Selective Stock Market Neutral Series 1 and Xinrui Asset Management Product No. 5, and the Group holds significant financial interest in these schemes. The effective equity in the subsidiary represents equity interest held directly or indirectly by the Group.

Note 4: The GF Securities Asset Management (Guangdong) Co., Ltd. is appointed as investment manager and undertakes the management of the assets of the GF Golden Majordomo Financial Management Strategy No.2 Collective Asset Management Scheme, GF Golden Majordomo Financial Management Strategy No. 1 Collective Asset Management Scheme, GF Asset Management ALPHA+ Collective Asset Management Scheme, GF Asset Management Xizhi Lugangtong Zhixuan No.2 Collective Asset Management Scheme, GF Golden Majordomo RUILI No.1 Debt Obligation Asset Management Scheme, GF Golden Majordomo Quantitative Hedge Debt Obligation Asset Management, GF Golden Majordomo Financial Management Quantitative Hedge Collective Asset Management Scheme Series 1. The Group has significant variable interest in the above mentioned schemes and the directors of the Group are of the opinion that the above mentioned schemes are regarded as consolidated structured entities of the Group as the Group is able to exercise control over their operations. The effective equity in the subsidiary represents equity interest held directly or indirectly by the Group.

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For the year ended 31 December 2015

66. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY – *continued*

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of a non-wholly-owned subsidiary, GF Fund, which was acquired in 2014, and has material non-controlling interests before certain intragroup adjustments:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	**2015**	2014	**2015**	2014
				RMB'000	RMB'000	**RMB'000**	RMB'000
GF Fund (i)	PRC	**48.87%**	48.87%	**388,246**	120,557	**2,019,337**	1,621,550

(i) GF Fund was accounted for as an associate of the Group prior to its acquisition by the Group in 2014.

Summarised financial information in respect of the GF Fund that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup adjustments.

	2015/12/31	2014/12/31
	RMB'000	RMB'000
Total assets	**6,156,151**	5,076,995
Total liabilities	**1,927,086**	1,651,109
Equity attributable to owners of GF Fund	**4,132,058**	3,251,832
Non-controlling interests of subsidiaries of GF Fund	**97,007**	174,054

66. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY – *continued*

Details of non-wholly owned subsidiaries that have material non-controlling interests – *continued*

	Year ended 31 December 2015 RMB'000	From the date of acquisition to 31 December 2014 RMB'000
Revenue	**2,922,516**	848,564
Expenses	**1,844,981**	55,700
Profit for the year/period	**890,346**	232,004
Profit attributable to owners of GF Fund	**794,446**	217,968
Profit attributable to the non-controlling interests of subsidiaries of GF Fund	**95,900**	14,036
Profit for the year/period	**890,346**	232,004
Other comprehensive income attributable to owners of GF Fund	**146,404**	73,324
Other comprehensive income attributable to the non-controlling interests of subsidiaries of GF Fund	**(214)**	—
Other comprehensive income for the year/period	**146,190**	73,324
Total comprehensive income attributable to owners of GF Fund	**940,850**	291,292
Total comprehensive income attributable to the non-controlling interests of subsidiaries of GF Fund	**95,686**	14,036
Total comprehensive income for the year/period	**1,036,536**	305,328
Dividends paid to non-controlling interests of GF Fund	**62,000**	—
Net cash inflow from operating activities	**1,903,666**	398,978
Net cash outflow from investing activities	**(1,584,334)**	(348,869)
Net cash outflow from financing activities	**(299,612)**	(76,000)
Effect of foreign exchange rate changes	**(6,761)**	394
Net cash inflow (outflow)	**12,959**	(25,497)

67. STATEMENTS OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2015/12/31 RMB'000	2014/12/31 RMB'000
Non-current assets		
Property and equipment	**1,294,349**	1,018,469
Prepaid lease payments	**317,715**	327,342
Investment properties	**25,275**	27,011
Other intangible assets	**171,598**	116,345
Investments in subsidiaries	**13,603,143**	7,060,327
Investments in associates	**1,198,948**	798,948
Available-for-sale financial assets	**13,712,193**	169,333
Financial assets held under resale agreements	**1,835,232**	431,864
Pledged/restricted bank deposits	**80,000**	80,000
Deferred tax assets	**267,491**	229,813
Advances to customers	**220,837**	—
Total non-current assets	**32,726,781**	10,259,452
Current assets		
Advances to customers	**66,456,815**	63,655,226
Due from banks	**—**	1,000,000
Prepaid lease payments	**9,628**	9,628
Accounts receivable	**907,378**	336,144
Other accounts receivables, other receivables and prepayments	**2,850,698**	1,662,567
Amounts due from subsidiaries	**253,165**	331,473
Amounts due from associates	**12,194**	8,292
Available-for-sale financial assets	**71,062,671**	29,173,642
Financial assets held under resale agreements	**10,429,135**	11,349,090
Financial assets at fair value through profit or loss	**68,679,031**	21,034,126
Derivative financial assets	**270,579**	91,293
Deposits with exchanges and non-bank financial institutions	**965,996**	268,504
Clearing settlement funds	**29,649,477**	21,487,640
Pledged/restricted bank deposits	**232,008**	2,000
Bank balances	**92,837,632**	59,857,231
Total current assets	**344,616,407**	210,266,856
Total assets	**377,343,188**	220,526,308

67. STATEMENTS OF FINANCIAL POSITION AND RESERVES OF THE COMPANY – *continued*

	2015/12/31	2014/12/31
	RMB'000	RMB'000
Current liabilities		
Short-term financing payables	**21,643,800**	29,536,739
Due to banks and other financial institutions	**1,750,000**	1,123,000
Accounts payable to brokerage clients	**102,194,207**	63,928,591
Accounts payable to underwriting clients	**350,000**	—
Accrued staff costs	**6,658,737**	2,790,750
Other accounts payable, other payables and accruals	**7,741,185**	2,264,921
Amounts due to subsidiaries	**197,593**	4,327
Provisions	**60,581**	33,360
Current tax liabilities	**616,272**	942,399
Derivative financial liabilities	**309,443**	87,218
Financial assets sold under repurchase agreements	**82,392,860**	49,935,136
Bonds payable	**6,976,681**	—
Total current liabilities	**230,891,359**	150,646,441
Net current assets	**113,725,048**	59,620,415
Total assets less current liabilities	**146,451,829**	69,879,867
Capital and reserves		
Share capital	**7,621,088**	5,919,291
Capital reserve	**31,679,119**	8,587,817
Investment revaluation reserve	**1,244,094**	1,495,533
General reserves	**12,608,882**	9,231,881
Retained profits	**18,028,460**	11,564,681
Total equity	**71,181,643**	36,799,203
Non-current liabilities		
Financial assets sold under repurchase agreements	**—**	4,050,000
Bonds payable	**72,270,186**	26,030,664
Long-term loans	**3,000,000**	3,000,000
Total non-current liabilities	**75,270,186**	33,080,664
Total equity and non-current liabilities	**146,451,829**	69,879,867

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

67. STATEMENTS OF FINANCIAL POSITION AND RESERVES OF THE COMPANY – *continued*

Movement in the Company's reserves

Capital reserve

As at 31 December 2015

	Opening RMB'000	**Addition RMB'000**	**Closing RMB'000**
Capital premium	**8,587,701**	**23,091,302**	**31,679,003**
Others	**116**	**—**	**116**
	8,587,817	**23,091,302**	**31,679,119**

As at 31 December 2014

	Opening RMB'000	Addition RMB'000	Closing RMB'000
Capital premium	8,587,701	—	8,587,701
Others	—	116	116
	8,587,701	116	8,587,817

	2015/12/31 RMB'000	2014/12/31 RMB'000
Investment revaluation reserve		
At beginning of the year	**1,495,533**	315,946
Available-for-sale financial assets		
net fair value changes during the year	**2,700,024**	1,508,632
Reclassification adjustment to profit or loss on disposal	**(3,035,276)**	52,088
Reclassification adjustment to profit or loss on impairment	**—**	12,063
Income tax impact	**83,813**	(393,196)
At end of the year	**1,244,094**	1,495,533

67. STATEMENTS OF FINANCIAL POSITION AND RESERVES OF THE COMPANY – *continued*

Movement in the Company's reserves – *continued*

General reserve

As at 31 December 2015

	Opening RMB'000	**Addition RMB'000**	**Closing RMB'000**
Statutory reserve	**2,825,946**	**1,125,512**	**3,951,458**
Discretionary reserve	**169,428**	**—**	**169,428**
Reserve for general risk	**3,218,035**	**1,125,977**	**4,344,012**
Transaction risk reserve	**3,018,472**	**1,125,512**	**4,143,984**
	9,231,881	**3,377,001**	**12,608,882**

As at 31 December 2014

	Opening RMB'000	Addition RMB'000	Closing RMB'000
Statutory reserve	2,394,124	431,822	2,825,946
Discretionary reserve	169,428	—	169,428
Reserve for general risk	2,786,213	431,822	3,218,035
Transaction risk reserve	2,586,650	431,822	3,018,472
	7,936,415	1,295,466	9,231,881

Retained profits

	2015/12/31 RMB'000	2014/12/31 RMB'000
At beginning of the year	**11,564,681**	9,949,923
Profit for the year	**11,024,638**	4,094,082
Appropriation to general reserves	**(3,377,001)**	(1,295,466)
Dividends recognised as distribution	**(1,183,858)**	(1,183,858)
At end of the year	**18,028,460**	11,564,681

68. OUTSTANDING LITIGATIONS

As at 31 December 2015 and 2014, the Group involved as defendant in certain lawsuit with claim amounts of approximately RMB5.1 million and RMB9.4 million, respectively. Based on the court rulings, advices from legal representatives and management judgement, no provision had been made to the claim amounts. The directors of the Company are of the opinion the final court judgment will not have a significant impact on the Group's financial position or operations.

69. SUBSEQUENT EVENTS

In accordance with the 2015 profit distribution plan approved by the board of directors on 18 March 2016, the Company proposed cash dividends of RMB8.00 per 10 shares (inclusive of tax) to holders of shares who are registered in the Company's register of members on the record date. The proposed profit distribution plan is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.