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国联证券股份有限公司
GUOLIAN SECURITIES CO., LTD.

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

(Stock Code: 01456)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of Guolian Securities Co., Ltd. (the "**Company**") hereby announces the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2015. This announcement, containing the full text of the 2015 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to preliminary announcements of interim results. The printed version of the Company's 2015 interim report will be dispatched to the shareholders of the Company and available for viewing on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the website of the Company at www.glsc.com.cn.

By order of the Board
Guolian Securities Co., Ltd.
Yao Zhiyong
Chairman

Wuxi, Jiangsu Province, the PRC
27 August 2015

As at the date of this announcement, the executive directors of the Company are Mr. Yao Zhiyong and Mr. Lei Jianhui; the non-executive directors of the Company are Mr. Hua Weirong, Mr. Jiang Zhijian, Mr. Liu Hailin and Mr. Liu Gaoyuan; and the independent non-executive directors of the Company are Mr. Wang Wei, Ms. Chen Qingyuan and Mr. Fan, Yan Hok Philip.

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Company Information

COMPANY NAME
Chinese Name: 國聯證券股份有限公司
English Name: Guolian Securities Co., Ltd.

LEGAL REPRESENTATIVE
Mr. Yao Zhiyong

DIRECTORS
Executive Directors
Mr. Yao Zhiyong (Chairman of the Board),
Mr. Lei Jianhui (President)

Non-executive Directors
Mr. Hua Weirong, Mr. Jiang Zhijian,
Mr. Liu Hailin, Mr. Liu Gaoyuan

Independent Non-executive Directors
Mr. Wang Wei, Ms. Chen Qingyuan,
Mr. Fan Yan Hok Philip

SUPERVISORS
Ms. Yin Zhuowei (Chairlady), Mr. Yang Xiaojun,
Mr. Jin Guoxiang, Mr. Zhou Weixing, Mr. Shan Xudong

BOARD COMMITTEES
Strategy Committee
Mr. Yao Zhiyong (Chairman), Mr. Hua Weirong,
Mr. Jiang Zhijian, Mr. Lei Jianhui, Mr. Fan Yan Hok Philip

Remunition and Nomination Committee
Mr. Fan Yan Hok Philip (Chairman), Mr. Hua Weirong,
Ms. Chen Qingyuan

Audit Committee
Ms. Chen Qingyuan (Chairlady), Mr. Jiang Zhijian,
Mr. Wang Wei

Risk Control Committee
Mr. Yao Zhiyong (Chairman), Mr. Hua Weirong,
Mr. Jiang Zhijian, Mr. Liu Hailin, Ms. Chen Qingyuan

SECRETARY OF THE BOARD
Mr. Li Zhengquan

JOINT COMPANY SECRETARIES
Ms. Lin Fanyu, Ms. Leung Wing Han Sharon

AUTHORIZED REPRESENTATIVES
Mr. Yao Zhiyong, Mr. Lei Jianhui

HEADQUARTERS IN THE PRC
Registered address of the Company:
No. 8 Jinrong One Street, Wuxi, Jiangsu Province, the PRC
Office address of the Company:
9th Floor, No. 8 Jinrong One Street, Wuxi, Jiangsu Province, the PRC
Website of the Company: www.glsc.com.cn
E-mail: glsc-ir@glsc.com.cn

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

COMPLIANCE ADVISOR
BOCOM International (Asia) Limited

ACCOUNTANTS
Domestic: Jiangsu Gongzheng Tianye Certified Public Accountants LLP
International: PricewaterhouseCoopers

LEGAL ADVISOR AS TO HONG KONG LAW
Orrick, Herrington & Sutcliffe

STOCK CODE
Hong Kong Stock Exchange
Stock Code of H Shares: 01456

SHARE REGISTRAR
For Domestic Shares:
China Securities Depository and Clearing Corporation Limited
For H Shares:
Computershare Hong Kong Investor Services Limited

Financial Highlights

Accounting data and financial indices set out herein are prepared in accordance with IFRS.

PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICES

Item	Six months ended 30 June 2015	Six months ended 30 June 2014	Variance in comparision with the corresponding period of last year (%)
Operating results (RMB'000)			
Total revenue and other income	2,193,422	729,499	200.68
Profit before income tax	1,283,138	253,976	405.22
Interim profit-attributable to the Company's shareholders	956,680	191,852	398.66
Net cash inflows/(outflows) from operating activities	(824,965)	584,798	–
Earnings per share (RMB/share)			
Basic earnings per share	0.64	0.13	392.31
Diluted earnings per share	0.64	0.13	392.31
Profitability index			
— Return on equity[note 1] (%)	21.25	5.85	Up by 15.40 percentage points

Item	As at 30 June 2015	As at 31 December 2014	Variance in comparision with the end of last year (%)
Scale indicators (RMB'000)			
Total assets	40,455,245	20,448,835	97.84
Total liabilities	35,258,456	16,100,188	118.99
Accounts payable to brokerage clients	22,833,953	7,768,782	193.92
Equity attributable to the Company's shareholders	4,920,809	4,082,010	20.55
Share capital ('000 shares)	1,500,000	1,500,000	—
Net asset value per share attributable to the Company's shareholders (RMB/share)	3.28	2.72	20.59
Liability-asset ratio[note 2] (%)	70.51	65.70	Up by 4.81 percentage points

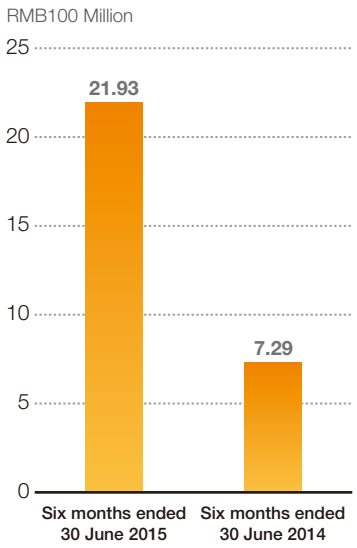
Notes:

1. Profit attributable to the Company's shareholders divided by the average balance of the equity attributable to the Company's shareholders as at the beginning and as at the end of the period

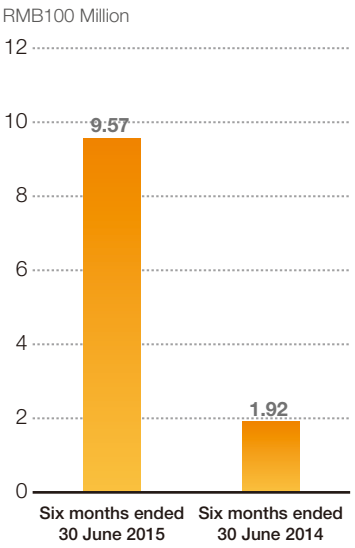
2. Liability-asset ratio = (total liabilities–accounts payable to brokerage clients)/(total assets –accounts payable to brokerage clients)

Financial Highlights

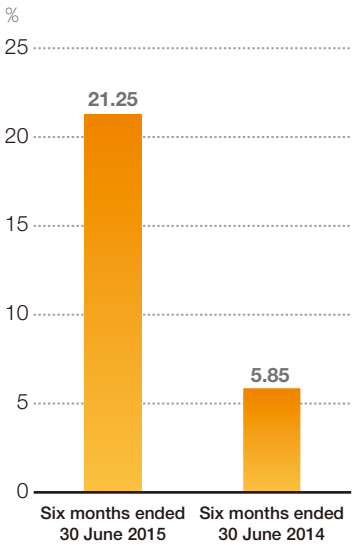
Total revenue and other income



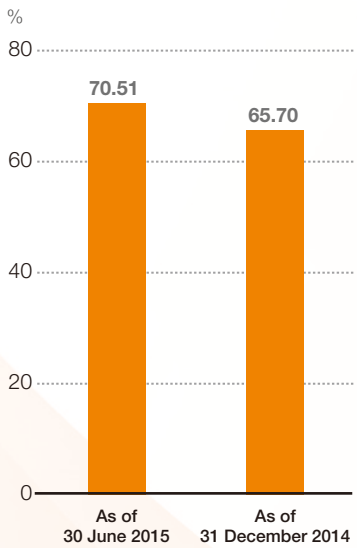
Interim profit-attributable to the Company's shareholders



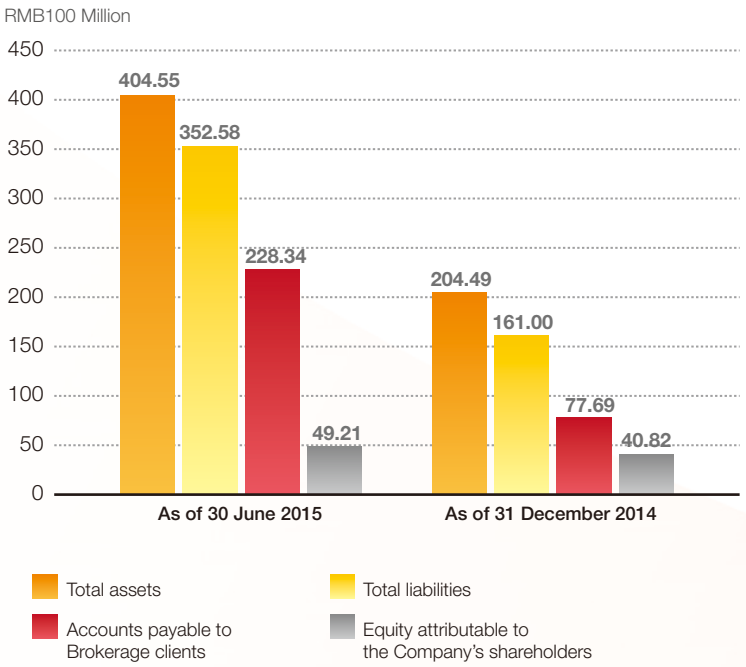
Return on equity



Liability-asset ratio



Scale indicators



Management Discussion and Analysis

I. ECONOMIC ENVIRONMENT AND MARKET CONDITIONS DURING THE REPORTING PERIOD

(1) Economic Environment

During the Reporting Period, against the backdrop of a sluggish recovery in the global economy, the developed economies showed trends of recovery and the emerging economies encountered new challenges; the economic trends of different countries diverged in their pace and the momentum of economic growth remained mild. According to the forecasts of the International Monetary Fund, the global economic growth of 2015 was expected to be 3.3%, representing a 0.1 percentage points lower than that of 2014. During the six months ended 30 June 2015 (the "Reporting Period"), the real economy of China maintained steady growth amidst slowdown, with GDP growth of 7.0% in the first half, which was in line with the government-regulated goal for the year.

(2) Market Conditions

During the Reporting Period, driven by several favorable factors including the expectation of the reform, and the transfer of household wealth allocation, the PRC stock market continued its positive trend. Against the background of cleaning up illegal OTC financing by regulatory authority, the stock market went through a terrible de-leverage process since mid-June which resulting in significant decline of stock index and increasing uncertainty in the market trend in the second half, although it caused limited impact on the market's overall performance in the first half year. As at the end of the Reporting Period, SSE Composite Index closed at 4,277.22 points, up by 32.23% from the beginning of year. Compared to the main board, the emerging growth stocks, as represented by the growth enterprises market of the Shenzhen Stock Exchange, were increasingly welcomed by investors, with the cumulative growth rising to 94.23% in the first half of 2015. In terms of trading volume, the daily trading volume of A shares on the Shanghai Stock Exchange

and Shenzhen Stock Exchange was RMB1.16 trillion during the Reporting Period, representing an increase of 543.39% over the same period of 2014. Also, the balance of margin loans and securities lent recorded sharp growth, and as at the end of the Reporting Period, the balance of margin loans and securities lent on the Shanghai Stock Exchange and Shenzhen Stock Exchange was RMB2.05 trillion, representing an increase of 404.27% over the same period of 2014. In terms of equity financing, the total amount of funds raised through the Shanghai Stock Exchange and Shenzhen Stock Exchange was RMB677.1 billion during the Reporting Period, representing an increase of 106.35% over the same period of 2014. In the first half of 2015, 193 IPOs were completed with total funds raised of RMB146.6 billion, and 313 additional IPOs (including the allotment) were completed with total funds raised of RMB530.5 billion. During the Reporting Period, influenced by the ample liquidity, the bond market performed well with the yield showing an overall downward trend.

II. GENERAL OPERATING SITUATION OF THE COMPANY

During the Reporting Period, the Group recorded revenue and other income of RMB2,193 million and net profit attributable to the Company's shareholders of RMB957 million, representing an increase of 200.68% and 398.66% over the same period of 2014, respectively.

As at the end of the Reporting Period, the Group's total assets amounted to RMB40,455 million, up by 97.84% from RMB20,449 million at the beginning of year. Total liabilities were RMB35,258 million, up by 118.99% from RMB16,100 million at the beginning of year. Equity attributable to the Company's shareholders amounted to RMB4,921 million, up by 20.55% from RMB4,082 million at the beginning of year. The liability-asset ratio of the Group was 70.51%, up by 4.81 percentage points from 65.70% at the beginning of year.

III. ANALYSIS OF THE PRINCIPAL BUSINESS LINES

Five business lines of our Group include brokerage business, investment banking business, asset management and investment business, credit transactions business and proprietary trading business.

(1) Brokerage Business

During the Reporting Period, the revenue and other income from our brokerage business was RMB1.186 billion, representing a year-on-year growth of 317.97%.

1. Securities Brokerage

According to SAC, in the first half of 2015, the net income from agency sales of securities of the Company was RMB836 million, representing a year-on-year growth of 340.00%, which ranked 50th in the PRC securities industry; the agency transaction volume from brokerage business (stocks, bonds and other products) was RMB2,030.213 billion, representing a year-on-year growth of 297.21%, which ranked 36th in the industry.

During the Reporting Period, the Company gradually optimized wealth management platform and continuously promoted the transition of brokerage business to wealth management and comprehensive operation through executing client-oriented strategy. Meanwhile, in order to actively respond to the impact of internet finance, the Company adhered to the combination of online and offline services and vigorously promoted off-site account opening. During the Reporting Period, the number of accounts which were opened online by the Company was 108,900, accounting for 74.48% of our total number of accounts opened during such period.

The Company obtained the business qualification of Shanghai-Hong Kong Stock Connect (滬港通) in September 2014, and as at the end of the Reporting Period, the Company had 2,559 customers who newly applied transaction permissions for Shanghai-Hong Kong Stock Connect. During the Reporting Period, the trading volume from our Shanghai-Hong Kong Stock Connect business was RMB879 million.

2. Other Services

During the Reporting Period, the sales volume of financial products by the Company was RMB28.294 billion, representing a year-on-year growth of 217.91%, among others, the sales volume of our self-developed asset management products was RMB24.333 billion, representing a year-on-year growth of 216.38%; the sales volume of third-party fund products was RMB3.56 billion, representing a year-on-year growth of 251.43%; and the sales volume of third-party trust products was RMB401 million, representing a year-on-year growth of 104.59%.

In order to satisfy the diversified wealth management needs of its customers, the Company continued to provide futures IB business. During the Reporting Period, there were 83 newly opened accounts of commodity futures and 33 additional newly opened accounts of financial futures.

(2) Investment Banking Business

The investment banking business of the Group is conducted by its majority-owned subsidiary, Hua Ying Securities. Meanwhile, the Company provides listing and referral and market-making services as chief agency broker to help companies enter into the NEEQ. During the Reporting Period, the revenue and other income from our investment banking business was RMB186 million, representing a year-on-year growth of 41.32%.

1. Equity Financing

During the Reporting Period, Hua Ying Securities completed one IPO project and five follow-on-financing projects of listed companies, underwriting an aggregate amount of RMB4.119 billion. As at the end of the Reporting Period, one IPO project and five follow-on-financing projects of Hua Ying Securities were under review by the regulatory authorities.

2. Debt Financing

During the Reporting Period, Hua Ying Securities completed one SME private bonds project and one subordinated bonds project, underwriting an aggregate amount of RMB1.545 billion. As at the end of the Reporting Period, one private placement corporate bonds project and one listed corporate bonds project of Hua Ying Securities were under review by the regulatory authorities.

3. Financial Advisory

During the Reporting Period, the financial advisory business of the Group focused on transactions including the NEEQ market and it completed five financial advisory projects.

4. NEEQ Listing and Referral and Market-marking

During the Reporting Period, the Company completed seven NEEQ listing and referral projects. As at the end of the Reporting Period, six NEEQ listing and referral projects of the Company were still under review by the regulatory authorities.

For market-making business, as at the end of the Reporting Period, the Company provided market-making services for a total of 6 NEEQ-listed companies. During the Reporting Period, the revenue from market-making transactions of the Company was RMB7.02 million.

(3) Asset Management and Investment Business

During the Reporting Period, the revenue and other income from our asset management and investment business was RMB80 million, which was comparable to that of the same period of last year.

1. Asset Management

During the Reporting Period, relying on the strong support from our controlling shareholders and its own comparative advantages of the asset management business, the Company constantly explored the direction of business transformation and the differentiated development paths, continuously conducted new product development and business innovation and actively expanded the scope of business in creating an integrated asset management business platform, so as to satisfy diverse investment and financing needs of the customers.

As at the end of the Reporting Period, the cumulative AUM of asset management business was RMB20.480 billion, representing a year-on-year growth of 126.32%, among others, the total AUM of collective asset management scheme was RMB7.244 billion, the total AUM of targeted asset management scheme was RMB12.036 billion and the total AUM of specialized asset management scheme was RMB1.2 billion. As at the end of the Reporting Period, the Company managed a total of 46 collective asset management schemes, 40 targeted asset management schemes and one specialized asset management scheme.

2. Direct Investment

The direct investment business of the Group is conducted by our wholly-owned subsidiary, Guolian Capital. During the Reporting Period, Guolian Capital continued to promote the equity investment business on NEEQ and actively explored business channels and completed the investment amount of RMB7.92 million. In addition, Guolian Capital participated in the establishment of Wuxi Guolian Capital Creative Growth No.1 Investment Fund (limited partnership) (無錫國聯通寶創新成長壹號投資中心(有限合夥)) with a subscribed capital contribution of RMB30.00 million in May 2015, and Guolian Capital held its 16.67% equity interests with capital contribution of RMB5.00 million. During the Reporting Period, such fund completed a total investment amount of RMB19.92 million.

(4) Credit Transactions Business

During the Reporting Period, the revenue and other income from our credit transactions business was RMB 292 million, representing a year-on-year growth of 259.49%.

1. **Margin Financing and Securities Lending**

Along with the substantial rise in the PRC stock index, the customers' demand for financing also surged during the Reporting Period. For the margin financing and securities lending business, on the premise of effectively controlling risks, the Company optimized the structure of its customers' portfolio, further provided differentiated products and comprehensive and diverse services and enhanced customers' experience, which resulted in significant growth in various performance indices.

As at the end of the Reporting Period, the total number of credit accounts of the Company was 14,400, representing an increase of 244.33% as compared to the 4,182 in the same period of 2014; the total credit amount of margin financing and securities lending exceeded RMB33.6 billion, representing an increase of 446.08% as compared to the RMB6.153 billion in the same period of 2014; the total balance of margin financing and securities lending was RMB7.941 billion (among which, the balance of margin financing was RMB 7.909 billion and the balance of securities lending was RMB32 million), representing an increase of 386.28% as compared to the RMB1.633 billion in the same period of 2014.

2. **Securities Repurchase and Securities-backed Lending**

During the Reporting Period, the Company offered two innovative securities-backed lending business, namely Zhongxinbao (中新寶) and Xiaorongbao (小融寶), to actively respond to the needs of the customers. As at the end of the Reporting Period, the total scale of securities repurchase and securities-backed lending business amounted to RMB443 million, among which, the scale of securities repurchase business amounted to RMB26 million.

3. **Options Business**

As approved by the Shanghai Stock Exchange, the Company obtained qualifications as a stock options trading participant on 16 January 2015. As at the end of the Reporting Period, our customers' actual number of options accounts opened on the Shanghai Stock Exchange was 62, the total number of transactions was 9,075 and the trading volume was RMB10.34 million.

(5) Proprietary Trading Business

During the Reporting Period, the revenue and other income from the proprietary trading business of the Company was RMB440 million, representing a year-on-year growth of 180.31%.

During the Reporting Period, for equity securities business, the Company adhered to its principle of value investment, closely kept pace with the market, enhanced the value analysis and mainly focused on exploring investment portfolios with high certainty of performance growth and comparative valuation advantages. For fixed-income securities investment business, the Company implemented a flexible operation strategy with mid-to-long term and moderate leverage under the risk controllable premise and mainly focused on bonds with mid-high credit rating.

IV. PROSPECTS AND FUTURE PLANS

Since mid-June 2015, along with significant adjustments in the domestic securities market, higher requirements were imposed on the business operation and risk control of the securities companies in the PRC and the competition in the industry may further intensify. From medium to long term, the reform of A share IPO registration system, huge demand for social wealth management and other factors will drive the sustained, sound and healthy development of the industry.

The Company was successfully listed on the Main Board of the Hong Kong Stock Exchange in July of this year. Along with the funds raised in place, the net capital bottleneck that restricted the development of the Group for a long time had been alleviated. The Group will further deepen the business transformation and innovation, leverage on internet finance and the establishment of branches as a breakthrough, and endeavor to create a more complete, high-quality, integrated financial products and services platform through the construction of talent teams of professionals, with investment banking and wealth management as the main line of business development and with constantly improved management system, risk control system and business processes as the guarantee.

V. LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Reporting Period, the Group continued to maintain profit growth and achieved the maintenance and appreciation of capital value. As at 30 June of 2015, the equity attributable to the Company's shareholders amounted to RMB4.921 billion, up by 20.55% from RMB4.082 billion at the end of 2014. As compared with the end of 2014, the Group's net assets rose about 19.50%, which was mainly due to the profits achieved during the Reporting Period.

The Group recorded an increase in the total asset size and maintained sound asset quality and liquidity. Due to strong liquidity of the business of the Group, the balance sheet mainly includes current assets and current liabilities. At the end of the Reporting Period, the Group's total self-owned assets (total assets less accounts payable to brokerage clients) increased by RMB4.941 billion to RMB17.621 billion, up by 38.97% as compared to the end of 2014. Specifically, of the total self-owned assets, cash and bank balance accounted for 11.13%; investment assets (including investment in associated companies and financial assets, especially investment in financial assets with strong liquidity) accounted for 23.72%; the margin financing and securities lending business (particularly funds lent) grew rapidly, the receivables in the margin account accounted for 44.88%; and property, plant and equipment of the non-current assets and intangible assets accounted for 0.59% and 0.11%, respectively.

The liability-asset ratio of the Company remained stable. As at the end of the Reporting Period, the liability-asset ratio of the Group was 70.51%, up from 65.70% at the end of 2014; the Group's degree of operating leverage (total assets less accounts payables to brokerage clients divided by equities attributable to the Company's shareholders) was 3.58 times, up by about 15.11% over 3.11 times at the end of 2014. The Company plans to energetically develop capital-based intermediary businesses and enlarge liability scale through multi-channel financing so as to further improve the

operating leverage ratio. The Group has developed strict risk management measures for net capital and other risk control indicators. A pressure test will be conducted on the general liquidity and other financial indicators before making any material capital investment.

The Group meets the demand for working capital and other capital demands mainly with cash flow from operating activities, rising trading activities and repurchase transactions, cash on hand and cash equivalents. In addition, it borrows or lends funds from time to time for the purpose of liquidity management. Given the available financial resources, including proceeds from the listing of H shares, cash flow from operating activities, financing plans and available credit financing limit, the Group's working capital can meet the capital demand for business development.

VI. ESTABLISHMENT OF OUR BRANCHES

As at the end of the Reporting Period, the Company had 6 branch offices and 55 securities branches. During the Reporting Period, pursuant to a Reply on the Approval of the Establishment of Seven Branches of Guolian Securities Co., Ltd (SZJJGZ {2015} No.128)《關於核准國聯證券股份有限公司設立7家分支機構的批覆》issued by the CSRC's local bureau in Jiangsu Province on 19 May 2015, the Company has completed the establishment of two branch offices. Details of newly established branch office are set out below:

No.	Province/city	Name of branch	Address
1	Wuxi City, Jiangsu Province	Wuxi Branch Office Guolian Securities Co., Ltd	No.153, Zhongshan Road, Wuxi, Jiangsu Provice, China
2	Nanjing City, Jiangsu Province	Nanjing Branch Office Guolian Securities Co., Ltd	8/F, No. 342, Zhongshan South Road, Qinhuai District, Nanjing, Jiangsu Provice, China

VII. MAJOR INVESTMENT AND FINANCING EVENTS OF THE COMPANY

(1) Major Investment Events

During the Reporting Period, the Company had no major investment events.

(2) Major Financing Events

1. The Company adopted the Proposal on Issuance of One-year Subordinated Bonds (《關於發行一年期次級債券的議案》) in the 12th meeting of the 2nd session of the Board and the first extraordinary general meeting of 2015, pursuant to which, the Company authorized the management to issue the subordinated bonds of no more than RMB1.5 billion with a term of one year, and the interest rate is subject to the prevailing market conditions on the date of issuance. The issuance of such subordinated bonds completed on 20 January 2015, with the size of issuance of RMB1.5 billion, a term of one year and the coupon rate of 6.0%, and the proceeds raised were used for additional working capital.

2. The Company adopted the Proposal on Applications for Issuance of Short-term Financing Bonds of Securities Companies (《關於申請發行證券公司短期融資券的議案》) in the 9th meeting of the 2nd session of the Board and the second extraordinary general meeting of 2014 held on 4 August 2014. The issuance of first tranche of short-term financing bonds completed on 29 May 2015, with the size of issuance of RMB0.5 billion, a term of 91 days and the coupon rate of 3.62%. The proceeds raised were used for additional working capital and the Company plans to continue the issuance of short-term financing bonds based on the market conditions and capital requirements.

3. During the Reporting Period, the Company issued undue income certificates in an aggregate amount of RMB1.65 billion with maturity period of over one year, which bearing fixed coupon rate ranging from 5.90% to 6.50% annually, and shall be payable when they fall due.

VIII. ACQUISITION OR DISPOSAL OF MATERIAL ASSETS, EXTERNAL GUARANTEE, MORTGAGE, PLEDGE AND MATERIAL CONTINGENT LIABILITIES

During the Reporting Period, there were no material contingent liabilities, acquisition, disposal or replacement of the Company's material assets and business merger. During the Reporting Period, the Company did not record any major external guarantee, mortgage, pledge or other major off-balance-sheet items that may affect the Company's financial position and operating results.

IX. EMPLOYEES, REMUNERATION POLICIES AND TRAINING

As at the end of the Reporting Period, the Group had a total of 1,205 employees, including 1,064 from the Company and 141 from its subsidiaries.

The Company will gradually establish a competitive remuneration mechanism based on the performance and capabilities of employees as well as a incentive appraisal system that is in line with market competition, with a view to making the remuneration resource be inclined moderately to core personnel while maintaining an internal fairness, which

has greatly inspired staff's passion in work and promoted the development of the Group's businesses. The Company's remuneration consists of position wage, performance wage and welfare. The welfare provided for employees includes basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund, etc.

The Company has developed and carried out an annual training plan to enhance the core competitiveness of its staff at the beginning of 2015 based on the business development requirements and departments training demands in line with latest trend of financial innovation. In the first half of 2015, the Company had a total of approximately 1,500 staff participating in training programs such as compliance training regarding listing in Hong Kong, internet innovation business school for middle-level cadres, online learning of professionalism, new staff training, internal learning lecture and external training for selected executives.

X. RISK CONTROL

(I) Major risks affecting the Company's operations

The Company's business operation is exposed to risks mainly include: credit risk, concentration risk, market risk, liquidity risk, compliance risk and operational risk.

Credit Risk

Credit risk refers to the risk resulting from the failure of a debtor or counterparty to timely perform its contractual obligations. The Company's credit risk mainly includes transaction counterparty credit risk/ default risk, collateral risk and concentration risk.

With respect to transaction counterparty credit and default risks, the Company established internal credit rating model, which it uses to analyze a counterparty's economic strength to determine its credit rating based on a number of financial indicators, including, but not limited to, working capital, level of indebtedness and source of income, as well as stock market value. After conducting a careful analysis, the Company issues a comprehensive due diligence report. The Company also takes into consideration the counterparty's credit history or external credit ratings provided by reputable rating agencies as persuasive reference. When the Company accepts collateral in connection with margin financing and securities lending and securities-backed lending businesses, the research department typically participates in the conversion consideration for such collateral and determines an appropriate discount rate. Meanwhile, the Company also considers various characteristics of the collateral, such as liquidity, lock-up period (in the case of restricted stock), loss rate and credit rating, when determining whether the collateral can be accepted. Credit transactions department of the Company conducts periodic assessments on the value of the collateral and timely adjusts applicable discount rate in accordance with changing market and business conditions.

Concentration Risk

The Company faces concentration risk in its business. To effectively manage such risk, the Company established a unified risk management approach on business concentration, product concentration, transaction counterparty concentration, capital concentration and debt structure concentration. By strengthening the recognition, measurement, supervision and reporting system for such risks and improving stress testing regime, through which the Company established appropriate risk warning levels, the Company has formulated an effective centralized concentration risk warning and prevention mechanism.

Market Risk

Market risk refers to the risk resulting from the fluctuations in stock prices, interest rates, product commodity prices and other overall or partial changes in the market that may affect the products sensitive to such market risk. To minimize market risk, the Company have adopted the following measures:

- *Sensitivity analysis*: Control and adjust market exposures of financial products through different sensitivity parameter setting limits, ensuring that the risk of the entire portfolio falls within the expected range;

- *Concentration control*: Implement capital limits at various level of our Company (including business and product) to control the risk appetite by limiting the Company's exposure to market risk. The capital limits are reviewed and adjusted annually to reflect changing market conditions, business conditions or our risk tolerance levels;

- *VaR method*: Use VaR on a daily basis to evaluate risk exposure and assess the relative and absolute risks of our debt and equity investments and monitor their risk quotas; and

- *Stress test and circumstance analysis*: Adopt stress testing and scenario analysis to monitor risk exposures. The Company also issue periodic market risk reports, and designate resident risk control personnel in various business departments to monitor and analyze risks associated with operations of the Company.

Liquidity Risk

Liquidity risk refers to the risk resulting from the failure to adequately meet expected and unexpected needs for current or future cash flows or repay outstanding indebtedness without affecting daily operations or financial condition. In order to prevent liquidity risk, the Company have adopted the following measures:

- effectively managing our funding sources, financing arrangements and allocations;

- determining liquidity risk preferences, normal liquidity levels and liquidity risk limitations of our various business lines based on business strategies, financial condition and financing capability of the Company, while taking into consideration the liquidity risk and the other relevant risks involved in the business operations of the Company;

- conducting stress tests when the fund usage is approaching liquidity limitation and taking appropriate measures to ensure the liquidity risk exposure of each of business line of the Company is within authorized threshold; and

- establishing an adequate liquidity reserve to provide additional source of funding in the event of emergencies.

Compliance Risk

Compliance risk refers to various risks that securities company may be exposed to legal sanction, regulatory measures or disciplinary actions, property damages or reputation losses as a result of its business operations and the conduct of its employees in violation of the laws, regulations or rules, including risks associated with traditional business transformation and new business development, the employee practicing risk and the management risk associated with the Chinese Wall and anti-money laundering.

The Company has established an effective and comprehensive compliance risk management system and compliance management organization system. In order to facilitate our compliance management, the Company has established the compliance and risk control department and actively explored various effective models of compliance management by communicating with various regulatory authorities. Meanwhile, the compliance and risk control department implemented an effective and comprehensive control on the compliance risks encountered during the course of our operations by means of compliance testing, compliance inspection, compliance review, compliance supervision and compliance training.

Operational Risk

Operational risk refers to the risk of financial loss resulting from the improper operation in transactional processes or the management system. The operational risk mainly consists of procedure risk, systematic risk, human resource risk and external risk. The Company adopted the following measures to prevent operational risk:

- establishing a sound internal control environment and improve our employee's awareness and recognition on effective internal control measures;

- arranging particular staff to monitor certain key risk indicators in major business departments and report to compliance and risk control department of the Company periodically;

- effectively implementing the risk control policies in our daily operations;

- segregating various business units that may encounter conflict of interests;

- enhancing its decision-making and approval procedures with regard to the development of new businesses and products;

- maintaining a centralized business management IT system, which allows the Company to automatically manage key operations; and

- formulating contingency plans in each of business departments of the Company to ensure timely resolution of unexpected events and minimize potential losses.

(II) Strategies and Measures Adopted or to be Adopted by the Company

1. Establishing comprehensive risk management and active risk control awareness

The management models of the Company consist of stratified management, centralized and decentralized model, the Company also set up a comprehensive risk management organization structure, which includes four levels: the first level comprises the board of directors and risk control committee which responsible for making major decisions on risk management such as risk preference, risk tolerance and information disclosure; the second level consists of senior management and risk control committee which responsible for detailing decisions from the board of directors and assign to different departments and branches for execution; the third level is risk control department, conducting risk identification, measurement, control and reporting and etc., based on the risk classification and division of functions; and the fourth level is composed of the internal risk management systems of business departments, namely frontline risk management systems of business departments and branches of the Company. The risk management philosophy exists in the entire process of business operations and management. The Company will carry out compliance education and training for its employees in order to develop legal compliance awareness in their daily operations and create its own compliance culture to enable the risk management to become one of the duties for all employees in their daily operation and empower and encourage any employee to challenge the practice of risk management policies.

2. Advance the development of innovative businesses in an orderly way and further improve the risk management mechanism of innovative businesses

Under the precautionary principle and within the approved scope, the Company conducts a brand new controllable business and will not be allowed to engage in new business unless the Company fully aware relevant risk and adopt effective prevention and control measures. The board of directors, senior management, the relevant operation departments, branches and risk management departments should fully understand the operation mode of the new business, the basic assumptions of the valuation models and risk management, major risks and potential losses under pressure conditions.

The risk management department of the Company participates in risk assessment, design of risk control procedure, design of risk control indicators and setting of the indicator value, design of risk management ancillary system and building of the corresponding risk monitoring information system of each kind of innovative businesses, builds up the system, procedures, personnel and response mechanism for innovative businesses, and implement the risk management throughout each kind of innovative business by means of pre-assessing and evaluating, allocating risk limits, risk measurement during the process and independent monitoring and risk reporting, etc.

3. Strengthening research and investment in quantitative analysis on risk management

The Company possess valuation and risk measurement model which is strictly in compliance with the industry standard in each business line, such model would be verified by research institution and other internal audit system during the business operation in order to completely understand the limitations of the selected method or model so as to adopt effective means to supplement. The Company will pay close attention to systems development and information changes in the industry for the purpose of adjusting the scope of application of the model in time. Intensify research and development of risk measurement model and select appropriate methods and models to measure market risk, credit risk, liquidity risk and operational risk. In addition, the Company will regularly test and assess the effectiveness of valuations and models to ensure rational and reliable assumptions, parameters, information sources and measurement program and make adjustment and improvement according to relevant results.

4. Increasing system investment and governing IT construction

The Company will fully review its information system structure, find out information management deficiency, strengthen permission management of information system, construct branches network as well as upgrade and optimize the centralized trading, legal person clearing, marketing management, margin financing and securities lending, stock index futures, human resources and OA system. The Company will also establish effective contingency plans for information technology systems, conduct emergency exercises from time to time and improve such plan according to relevant issues exist during the exercise period, establish regularly risk assessment mechanism for information technology systems and improve the information technology systems base on assessment results in a timely manner.

5. Strengthening compliance risk management

The Company will continue to improve the compliance management functions to further intensify the anti-money laundering and the Chinese wall system and strengthen compliance monitoring in order to prevent insider trading, conflicts of interest and transfer of benefits and other non-compliances.

Other Information

I. DIVIDENDS

Pursuant to the resolution of the Shareholders' meeting held on 10 April 2015, the Company declared a final cash dividend for the year ended 31 December 2014 of RMB0.07 per share, or RMB105.00 million in aggregate, which has been paid to the then Shareholders of the Company in full in June 2015.

The Board resolved not to distribute any interim dividend for the Reporting Period to the Shareholders.

II. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, the Company had not yet listed on the Hong Kong Stock Exchange. The respective Divisions 7 and 8 of Part XV of the SFO, Section 352 of the SFO and the Model Code were not applicable.

As at 6 July 2015, being the date of listing of the H shares on the Hong Kong Stock Exchange, none of the Directors, the Supervisors or chief executive of the Company had any interests or short position 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 were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

III. DIRECTORS' RIGHTS TO ACQUIRE SHARES

As at 6 July 2015, none of the Directors, Supervisors or their respective spouse or children under the age of 18 were granted rights or had exercised such rights to acquire benefits by means of acquisition of shares or debentures of the Company. The Company or any of its subsidiaries was not a party to any arrangement to enable the Directors, Supervisors or their respective spouse or minor children to acquire such rights from any other body corporate.

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

As at 30 June 2015, the Company had not yet listed on the Hong Kong Stock Exchange. The respective Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable.

As at 6 July 2015, to the best of the knowledge of the Company and the Directors, the following persons (other than a Director, Supervisor or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register under section 336 of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of Shareholders	Class of shares	Nature of interest	Number of shares *(Note 1)*	Percentage of the total number of issued shares of the Company *(Note 6)*	Percentage of the total number of issued shares in the relevant class of shares of the Company *(Note 6)*
Guolian Group *(Note 2)*	Domestic shares	Beneficial owner and interest in controlled corporation	1,302,836,123 (L)	68.484%	89.250%
Guolian Trust	Domestic shares	Beneficial owner	390,137,552 (L)	20.508%	26.726%
Guolian Industrial *(Note 3)*	Domestic shares	Interest in controlled corporation	266,899,445 (L)	14.030%	18.282%
Wuxi Electric	Domestic shares	Beneficial owner	266,899,445 (L)	14.030%	18.282%
Shanghai Chuang Ji Investment Centre (Limited Partnership) (上海創驥投資中心(有限合夥)) *(Note 4)*	H shares	Interest in controlled corporation	28,999,500 (L)	1.524%	6.55%
Jiangsu Coastal Innovative Capital Management Co., Ltd. (江蘇沿海創新資本管理有限公司) *(Note 5))*	H shares	Interest in controlled corporation	28,999,500 (L)	1.524%	6.55%
Coastal Capital Limited	H shares	Beneficial owner	28,999,500 (L)	1.524%	6.55%

Notes:

(1) (L) denotes long positions.

(2) Guolian Group is the beneficial owner of 543,901,329 domestic shares of the Company, and is deemed to be interested in the following interests in controlled corporations: (i) 72,784,141 domestic shares of the Company held by Guolian Textile; (ii) 29,113,656 domestic shares of the Company held by Guolian Environmental; (iii) 390,137,552 domestic shares of the Company held by Guolian Trust; and (iv) 266,899,445 domestic shares of the Company held by Wuxi Electric.

(3) Guolian Industrial is deemed to be interested in 266,899,445 domestic shares of the Company held by Wuxi Electric, its wholly-owned subsidiary.

(4) Shanghai Chuang Ji Investment Centre (Limited Partnership) is deemed to be interests in 28,999,500 H shares of the Company held by Coastal Capital Limited, its wholly-owned subsidiary.

(5) Jiangsu Coastal Innovative Capital Management Co., Ltd. is deemed to be interests in 28,999,500 H shares of the Company held by Coastal Capital Limited.

(6) As at 6 July 2015, the Company issued 1,459,760,000 domestic shares and 442,640,000 H shares, resulting 1,902,400,000 shares in total.

Save as disclosed in the paragraphs headed "Directors', Supervisors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares" above, as at 6 July 2015, the Company was not aware of any other person (other than Directors, Supervisors and chief executive of the Company) who held interests or short positions in shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

V. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDER IN ASSOCIATED CORPORATION OF THE COMPANY

As at 6 July 2015, to the best of the knowledge of the Company and the Directors, the following person was interested in 10% or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of the following associated corporation of our Company:

Long Position

Hua Ying Securities

Name of shareholder	Capacity/ Nature of interest	Amount of registered capital interested	Approximate percentage of shareholding
The Royal Bank of Scotland plc	Beneficial owner	RMB266.4 million	33.3%

VI. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company was listed on the Hong Kong Stock Exchange on 6 July 2015. During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

VII. CORPORATE GOVERNANCE

The Company places high value on its corporate governance practice and the Board firmly believes that a good corporate governance practice can improve accountability and transparency for the benefit of its shareholders.

The Company has adopted the code provisions contained in the CG Code. As the Company was listed after the end of the Reporting Period, disclosure on the Company's compliance with the CG Code will be made in subsequent annual and interim reports of the Company in accordance with the Listing Rules.

VIII. DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code as the standards for the Directors' and Supervisors' dealings in the securities of the Company. As the Company was listed after the end of the Reporting Period, disclosure on the Directors' and Supervisors' compliance with the Model Code will be made in subsequent annual and interim reports of the Company in accordance with the Listing Rules.

IX. OPERATION OF THE BOARD AND THE BOARD COMMITTEES

There has been no change in the members of the Board from the listing date of the Company to the date of this interim report.

The Board currently comprises nine Directors: two executive Directors, four non-executive Directors, and three independent non-executive Directors, namely, Mr. Yao Zhiyong and Mr. Lei Jianhui (executive Directors), Mr. Hua Weirong, Mr. Jiang Zhijian, Mr. Liu Hailin and Mr. Liu Gaoyuan (non-executive Directors), Mr. Wang Wei, Ms. Chen Qingyuan and Mr. Fan Yan Hok Philip (independent non-executive Directors).

There are four committees established under the Board, namely, the Strategy Committee, the Remuneration and Nomination Committee, and the Audit Committee, and the Risk Control Committee. The responsibilities of each committee are clearly divided and defined. The committees assist the Board in conducting work within the terms of reference as specified in the procedural rules of meetings, and are accountable to and report to the Board. The majority of the members of the Nomination and Remuneration Committee and the Audit Committee are independent non-executive Directors, and the chairman of each of these two committees is an independent non-executive Director. The composition of each committee is as follows:

Board Committee	Chairman/Chairlady	Members
Strategy Committee	Yao Zhiyong	Hua Weirong, Jiang Zhijian, Lei Jianhui, Fan Yan Hok Philip
Audit Committee	Chen Qingyuan	Jiang Zhijian, Wang Wei
Remuneration and Nomination Committee	Fan Yan Hok Philip	Hua Weirong, Chen Qingyuan
Risk Control Committee	Yao Zhiyong	Hua Weirong, Jiang Zhijian, Liu Hailin, Chen Qingyuan

All Directors performed their statutory duties diligently and honestly and protected the interests of the Company and minority shareholders in accordance with relevant provisions of laws, regulations and articles of association of the Company. During the Reporting Period, the Board duly convened 2 general meetings of the Company for its shareholders to consider and approve 22 proposals, and convened 5 Board meetings and considered 93 proposals at such Board meetings.

In particular, the Audit Committee and the management of the Company have reviewed the accounting policies that the Company adopted, and discussed issues including internal control and financial report, and have fully reviewed consolidated interim financial information (including unaudited consolidated financial statements set out in this Interim Report) during the Reporting Period. The Audit Committee considered that such consolidated financial report was compiled in conformity with applicable accounting standards and provisions and has made appropriate disclosures. The auditor of the Company, PricewaterhouseCoopers, has reviewed interim financial information in accordance with International Standard on Review Engagements No. 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

X. OPERATION OF THE SUPERVISORY COMMITTEE

During the Reporting Period, there has been no change in the membership of the Supervisory Committee. The Supervisory Committee has convened 1 meeting and considered 3 proposals. The Supervisors earnestly performed their duties and supervised standard operation of the Company and safeguarded the legal rights and interests of the Company, shareholders and investors in accordance with relevant provisions in the Company Law of the PRC and Securities Law of the PRC and other relevant laws and regulations and the articles of association of the Company.

XI. NEW BUSINESS QUALIFICATIONS OBTAINED DURING THE REPORTING PERIOD

During the Reporting Period, the Group was approved by the CSRC as a pilot point to commence Internet securities business (互聯網證券業務), was accepted by the Shanghai Stock Exchange as a securities option trading participant, has received a no comment letter from the China Securities Investor Protection Funds Company (中國證券投資者保護基金公司) regarding the Group's proposal to commence comprehensive custody business of private fund (私募基金綜合托管業務) and has applied for the investment manager entrusted insurance funds (投資管理人受托管理保險資金) from the China Insurance Regulatory Commission (中國保險業監督管理委員會).

XII. EVALUATION RESULTS OF THE COMPANY BY SECURITIES REGULATORY AUTHORITY

In the evaluation of securities companies of 2015 carried out by the CSRC, the Company was again assigned an A rating in A class.

XIII. MAJOR LITIGATIONS

As of the end of the Reporting Period, the Group was not engaged in any major litigation or legal proceedings which would have a material adverse effect on the Group's business, results of operations or financial conditions.

XIV. INFORMATION RELATING TO THE COMPANY'S CONTROLLING SHAREHOLDERS

During the Reporting Period, the independent non-executive Directors had reviewed the decisions made by the investment decision committee of Guolian Capital in relation to the direct investment business opportunity noticed by or offered to the Controlling Shareholders or their controlled entities ("New Direct Investment Business Opportunities") pursuant to the written notice given by them. The independent non-executive Directors considered the factors taken into account by the investment decision committee of Guolian Capital, including business development of the Company and the best interest of the Shareholders and the written declaration of the Controlling Shareholders (as described

below). Upon completion of such review, the independent non-executive Directors (i) did not have different views from that of the investment decision committee of Guolian Capital; and (ii) were of the view that the Controlling Shareholders has complied with the Non-competition Agreement.

During the Reporting Period, the independent non-executive Directors also considered the option to acquire any or all of the equity interest in Guolian Futures held directly by Guolian Group or indirectly by its subsidiaries ("Option for Acquisition") and decided that given the business development of the Company and the best interest of the Shareholders, it was not yet an appropriate time for the Company to exercise the Option for Acquisition.

Each of our Controlling Shareholders has made a written declaration to our Company and the independent non-executive Directors, the investment decision committee of Guolian Capital and the Company's auditor that, during the Reporting Period, it has complied with the Non-competition Agreement (including, without limitation, relevant requirements in relation to options of New Direct Investment Business Opportunities and the pre-emptive rights of the Company in connection with the selling notice).

During the Reporting Period, none of the Controlling Shareholders has given any written notice of the intention of any of them or their respective controlled entities to transfer, sell, lease or license or otherwise transfer any New Direct Investment Business Opportunities to our Company.

XV. CHANGES TO INFORMATION IN RESPECT OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

The changes of information related to Directors, Supervisors and chief executive of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are as follows:

1. Mr. Yao Zhiyong, an executive Director, has ceased to be a director of Surrich International Company Limited (錫洲國際有限公司) with effect from 2 July 2015.

2. Mr. Liu Gaoyuan, a non-executive Director, has ceased to be a director of Wuxi Jinhong Telecommunications Group Co., Ltd. as at 30 June 2015.

XVI. EVENTS AFTER THE REPORTING PERIOD

Please refer to note 42 to the interim condensed consolidated financial statements on page 100 for events of the Company after 30 June 2015.

Definitions

"Board"	the board of director(s) of the Company
"China", "PRC"	the People's Republic of China
"CG Code"	the Corporate Governance Code contained in Appendix 14 of the Listing Rules
"Company", "our Company", "our"	Guolian Securities Co., Ltd. (國聯證券股份有限公司), a joint stock company incorporated on 19 November 1992 in the PRC, with its H shares listed on the Hong Kong Stock Exchange (stock code: 01456)
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of the Company, namely, Guolian Group, Guolian Trust, Wuxi Electric, Guolian Textile, Guolian Environmental and Guolian Industrial
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"CSRC Jiangsu Bureau"	Jiangsu Regulatory Bureau of the China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company
"end of the Reporting Period"	30 June 2015
"futures IB business"	the business activities in which securities firms, as commissioned by futures companies, introduce customers to futures companies to provide futures brokerage and related services
"GDP"	gross domestic product
"Group", "our Group"	our Company and its subsidiaries which are Guolian Capital Co., Ltd. and Hua Ying Securities Co., Ltd.
"Guolian Capital"	Guolian Capital Co., Ltd. (國聯通寶資本投資有限責任公司), a limited liability company established in the PRC on 18 January 2010 and a direct wholly-owned subsidiary of our Company
"Guolian Environmental"	Wuxi Guolian Environmental Energy Group Co., Ltd. (無錫國聯環保能源集團有限公司)

"Guolian Futures"	Guolian Futures Co., Ltd (國聯期貨有限責任公司)
"Guolian Group"	Wuxi Guolian Development (Group) Co., Ltd. (無錫市國聯發展(集團)有限公司)
"Guolian Industrial"	Wuxi Guolian Industrial Investment Group Co., Ltd. (無錫國聯實業投資集團有限公司)
"Guolian Textile"	Wuxi Guolian Textile Group Co., Ltd. (無錫國聯紡織集團有限公司)
"Guolian Trust"	Guolian Trust Co., Ltd. (國聯信託股份有限公司)
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hua Ying Securities"	Hua Ying Securities Co., Ltd. (華英證券有限責任公司), a Sino-foreign joint venture company established in the PRC with limited liability on 20 April 2011, and a subsidiary owned as to 66.700% by our Company
"IFRS"	include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
"IPO"	initial public offering
"IT"	information technology
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuer contained in Appendix 10 of the Listing Rules
"NEEQ"	National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
"Non-competition Agreement"	the non-competition agreement dated 15 June 2015 entered into among the Company and Guolian Group, Guolian Trust, Wuxi Electric, Guolian Textile, Guolian Environmental and Guolian Industrial
"OA"	Company's office automation system

Definitions

"Reporting Period"	the period for six months ended 30 June 2015
"RMB"	Renminbi, the lawful currency of the PRC
"SAC"	Securities Association of China (中國證券業協會)
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Shanghai Composite Index"	Shanghai SE Composite Index, reflecting changes of price of shares listed on Shanghai Stock Exchange
"Shareholders"	holders of the shares of the Company
"SME"	small and medium enterprises
"Southbound Trading"	a mechanism of trading and settlement under which the investors of Mainland China can buy or sell H shares directly via the securities companies (or brokers) of Mainland China
"Supervisor(s)"	the supervisor(s) of the Company
"Wuxi Electric"	Wuxi Municipal Electric Power Company (無錫市地方電力公司)
"Xiaorongbao (小融寶)"	the small securities-backed financing service provided to the customers by the Group
"Zhongxinbao (中新寶)"	the subscription for new shares through securities-backed financing service provided to the customers by the Group

This Interim Report is prepared both in Chinese and English. In the event of any discrepancy between the two versions, the Chinese version shall prevail.

Report on Review of Interim Financial Information

pwc

羅兵咸永道

TO THE BOARD OF DIRECTORS OF GUOLIAN SECURITIES CO., LTD.
(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 30 to 100, which comprises the interim condensed consolidated statement of financial position of Guolian securities Co.,Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2015 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Other Matter

The condensed consolidated interim financial information includes comparative information as required by International Accounting Standard 34, "Interim financial reporting". The comparative information for the interim condensed consolidated statement of financial position is based on the audited financial statements as at 31 December 2014. The comparative information for the interim condensed consolidated statements of comprehensive income, changes in equity and cash flows, and related explanatory notes, for the period ended 30 June 2014 has not been audited or reviewed.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 August 2015

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

(All amounts in RMB'000 unless otherwise stated)

	Notes	Six months ended 30 June 2015 (Unaudited)	2014 (Unaudited)
Revenue			
— Commission and fee income	4	**1,224,872**	352,890
— Interest income	5	**443,197**	148,964
— Net investment gains	6	**522,893**	225,937
		2,190,962	727,791
Other income	7	**2,460**	1,708
Total revenue and other income		**2,193,422**	729,499
Commission and fee expenses	8	**(240,751)**	(80,711)
Interest expenses	9	**(229,323)**	(76,900)
Staff costs	10	**(243,173)**	(195,424)
Depreciation and amortisation		**(21,105)**	(22,379)
Other operating expenses	11	**(203,892)**	(116,195)
Impairment reversal		**—**	36
Total expenses		**(938,244)**	(491,573)
Share of profit of associates	16	**27,960**	16,050
Profit before income tax		**1,283,138**	253,976
Income tax expense	12	**(317,115)**	(56,246)
Profit for the period		**966,023**	197,730

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

(All amounts in RMB'000 unless otherwise stated)

	Notes	Six months ended 30 June 2015 (Unaudited)	2014 (Unaudited)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of investments in associates		1,948	—
Available-for-sale financial assets			
— Changes in fair value		150,233	74,188
— Income tax effect on changes in fair value		(37,558)	(18,547)
— Amounts reclassified to profit or loss upon disposal of available-for-sale financial assets		(127,504)	(49,394)
Other comprehensive income for the period, net of tax		(12,881)	6,247
Total comprehensive income		953,142	203,977
Profit attributable to:			
— Shareholders of the Company		956,680	191,852
— Non-controlling interests		9,343	5,878
		966,023	197,730
Total comprehensive income attributable to:			
— Shareholders of the Company		943,799	198,099
— Non-controlling interests		9,343	5,878
		953,142	203,977
Earnings per share attributable to shareholders of the Company for the period (expressed in RMB per share)			
Basic/Diluted	13	0.64	0.13

The notes on pages 37 to 100 form an integral part of this interim consolidated financial information.

Condensed Consolidated Statement of Financial Position

As at 30 June 2015

(All amounts in RMB'000 unless otherwise stated)

	Notes	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	15	103,121	104,652
Goodwill		—	—
Intangible assets		18,904	24,071
Investments in associates	16	193,183	195,401
Other non-current assets		18,644	23,541
Available-for-sale financial assets	17	182,413	79,884
Held-to-maturity financial assets	18	—	10,000
Deferred income tax assets	19	—	—
Refundable deposits	20	292,331	88,083
Total non-current assets		808,596	525,632
Current assets			
Other current assets	21	838,844	190,155
Available-for-sale financial assets	17	875,131	809,189
Margin accounts receivable	22	7,908,947	3,738,358
Financial assets held under resale agreements	23	1,150,384	1,460,909
Derivative financial assets	24	—	—
Financial assets at fair value through profit or loss	25	2,929,449	4,279,893
Clearing settlement funds	26	5,299,898	2,775,549
Cash held for brokerage clients		18,682,211	5,718,733
Cash and bank balances	27	1,961,785	950,417
Total current assets		39,646,649	19,923,203
Total assets		40,455,245	20,448,835
Equity and liabilities			
Equity attributable to shareholders of the Company			
Share capital	28	1,500,000	1,500,000
Share premium		135,638	135,638
Reserves	29	1,251,526	1,264,407
Retained earnings	14	2,033,645	1,181,965
Total equity attributable to shareholders of the Company		4,920,809	4,082,010
Non-controlling interests		275,980	266,637
Total equity		5,196,789	4,348,647

Condensed Consolidated Statement of Financial Position

As at 30 June 2015

(All amounts in RMB'000 unless otherwise stated)

	Notes	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	19	114,801	115,048
Bonds in issue	30	3,150,000	2,150,000
Total non-current liabilities		3,264,801	2,265,048
Current liabilities			
Other current liabilities	31	462,787	380,586
Current income tax liabilities		205,366	89,205
Bonds in issue	30	2,000,000	300,000
Due to other financial institutions	32	600,000	550,000
Derivative financial liabilities	24	—	—
Financial assets sold under repurchase agreements	33	3,050,100	2,251,098
Financial liabilities at fair value through profit or loss	34	2,841,449	2,495,469
Accounts payable to brokerage clients		22,833,953	7,768,782
Total current liabilities		31,993,655	13,835,140
Total liabilities		35,258,456	16,100,188
Total equity and liabilities		40,455,245	20,448,835
Net current assets		7,652,994	6,088,063
Total assets less current liabilities		8,461,590	6,613,695

The notes on pages 37 to 100 form an integral part of this interim consolidated financial information.

Chairman of the Board and Executive Director

Executive Director and President

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

(All amounts in RMB'000 unless otherwise stated)

	Attributable to shareholders of the Company					
(Unaudited)	Share capital (Note 28)	Share premium	Reserves (Note 29)	Retained earnings	Non-controlling interests	Total equity
Balance at 1 January 2015	1,500,000	135,638	1,264,407	1,181,965	266,637	4,348,647
Profit for the period	—	—	—	956,680	9,343	966,023
Other comprehensive income for the period	—	—	(12,881)	—	—	(12,881)
Total comprehensive income for the period	—	—	(12,881)	956,680	9,343	953,142
Dividends recognised as distribution (Note 14)	—	—	—	(105,000)	—	(105,000)
Balance at 30 June 2015	1,500,000	135,638	1,251,526	2,033,645	275,980	5,196,789
Balance at 1 January 2014	1,500,000	135,638	862,073	711,594	251,214	3,460,519
Profit for the period	—	—	—	191,852	5,878	197,730
Other comprehensive income for the period	—	—	6,247	—	—	6,247
Total comprehensive income for the period	—	—	6,247	191,852	5,878	203,977
Dividends recognised as distribution (Note 14)	—	—	—	(60,000)	—	(60,000)
Balance at 30 June 2014	1,500,000	135,638	868,320	843,446	257,092	3,604,496

The notes on pages 37 to 100 form an integral part of this interim consolidated financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

(All amounts in RMB'000 unless otherwise stated)

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before income tax	**1,283,138**	253,976
Adjustments for:		
Depreciation and amortization	**21,105**	22,379
Impairment reversal	**—**	(36)
Net losses on disposal of property, plant and equipment and other intangible assets	**9**	69
Foreign exchange losses	**7**	—
Share of profit of associates	**(27,960)**	(16,050)
Interest expense of bonds in issue	**114,999**	13,364
Interest income of unrestricted term deposits with banks with original maturities over 3 months	**(161)**	(132)
Realised gains from disposal of available-for-sale financial assets	**(219,577)**	(49,648)
Dividends and interest income from available-for-sale financial assets	**(7,323)**	(6,633)
Realised gains from held-to-maturity financial assets	**(479)**	—
Changes in fair value of financial instruments at fair value through profit or loss	**(21,424)**	(34,867)
	1,142,334	182,422
Net (increase)/decrease in operating assets:		
Net increase in margin accounts receivable	**(4,170,589)**	(479,848)
Net decrease/(increase) in financial assets at fair value through profit or loss	**1,353,203**	(236,595)
Net decrease in financial assets held under resale agreements	**310,525**	12,577
Net increase in refundable deposits	**(204,248)**	(27,369)
Net increase in cash held for brokerage clients	**(12,963,478)**	(562,511)
Net (increase)/decrease in clearing settlement funds	**(1,808,556)**	16,103
Net increase in other assets	**(649,092)**	(95,483)
Net (decrease)/increase in operating liabilities:		
Net increase in accounts payable to brokerage customers	**15,065,171**	569,218
Net increase/(decrease) in financial assets sold under repurchase agreements	**799,002**	(873,676)
Net increase in due to other financial institutions	**50,000**	680,000
Net increase in other liabilities	**82,393**	32,654
Net increase in financial liabilities at fair value through profit or loss	**364,646**	1,418,590
Income tax paid	**(196,276)**	(51,284)
Net cash (outflow)/inflow from operating activities	**(824,965)**	584,798

Condensed Consolidated Statement of Cash Flows (continued)

For the six months ended 30 June 2015

(All amounts in RMB'000 unless otherwise stated)

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Cash flows from investing activities		
Dividends and interest received from investments	**7,802**	6,633
Proceeds on disposal of property, plant and equipment, intangible assets and other long-term assets	**499**	36
Purchase of property, plant and equipment, intangible assets and other long-term assets	**(10,018)**	(4,125)
Cash paid for purchase of available-for-sale financial assets and term deposit	**(1,805,327)**	(1,153,165)
Cash received from disposal of available-for-sale financial assets and term deposit	**1,637,050**	825,605
Proceeds from investments in associates	**32,126**	—
Payment for investments in associates	**—**	(4,000)
Net cash outflow from investing activities	**(137,868)**	(329,016)
Cash flows from financing activities		
Dividends paid (Note 14)	**(105,000)**	(60,000)
Cash received from additional bonds in issue	**3,650,000**	—
Cash paid from disposal of bonds in issue	**(950,000)**	—
Interest expense of bonds in issue	**(114,999)**	(13,364)
Net cashinflow/(outflow) from financing activities	**2,480,001**	(73,364)
Net increase in cash and cash equivalents	**1,517,168**	182,418
Effect of exchange rate changes on cash and cash equivalents	**(7)**	—
Cash and cash equivalents at beginning of period	**1,472,282**	843,794
Cash and cash equivalents at end of period (Note 35)	**2,989,443**	1,026,212

The notes on pages 37 to 100 form an integral part of this interim consolidated financial information.

1 General information

Guolian Securities Co., Ltd. (國聯證券股份有限公司) (the "Company") is a joint stock financial institution incorporated in Jiangsu Province, the People's Republic of China (the "PRC").

The Company, originally named as Wuxi Securities Company (無錫市證券公司), was set up upon approval from the People's Bank of China in November 1992 as a collectively owned enterprise with an initial registered capital of RMB32 million. On 8 January 1999, the Company was converted to a limited liability company and was renamed as Wuxi Securities Co., Ltd. (無錫證券有限責任公司). On 16 May 2008, Wuxi Securities Co., Ltd. was converted to a joint-stock company upon approval by the China Securities Regulatory Commission (the "CSRC") with a registered capital of RMB1,500,000 thousand and was renamed as Guolian Securities Co., Ltd. (國聯證券股份有限公司).

As at 30 June 2015, the registered capital of the Company is RMB1,500,000 thousand. The Company holds the securities institution license No. Z23332000 and business licence No. 320200000009279. The registered address of the Company is No. 8 Jinrong One Street Wuxi, Jiangsu Province PRC.

The Company and its subsidiaries (the "Group") are engaged in the following principal activities: securities and futures brokerage, investment consultancy and financial advisory, securities underwriting and sponsorship, proprietary securities investment, asset management, introducing broker for futures companies, margin financing and securities lending, and agency sale of financial broker products.

2 Basis of preparation and principal accounting policies

(a) Basis of preparation

The condensed interim financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

Going-concern basis

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the Group's products; and (b) The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial information.

2 Basis of preparation and principal accounting policies (continued)

(b) Principal accounting policies

Except for cetain number of financial instruments measured at fair value, the interim financial information has been prepared under the historical cost convention. The accounting policies and methods of computation used in the condensed interim financial information for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's consolidated financial statements for the three years ended 31 December 2012, 2013 and 2014 underlying the preparation of the accountants report included in the prospectus of the Group in connection with the initial public offering of H shares of the Group on the Main Board of the Hong Kong Stock Exchange. The condensed interim financial information should be read in conjunction with the aforementioned accountants' report.

Amendments to IFRSs/HKFRSs effective for the financial year ending 31 December 2015 do not have a material impact on the Group.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on this Group.

3 Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period are outlined below. It is possible that actual results may be materially different from the estimates and judgments referred to below.

3 Estimates (continued)

3.1 Impairment of available-for-sale financial assets

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

3.2 Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

3.3 Fair value of financial instruments

The fair value of financial instruments that are not traded in active markets are determined by using valuation techniques. These techniques include the use of discounted cash flow analysis model etc. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

3.4 Income taxes

There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Taxation matters such as tax deductions due to asset impairment loss are subject to the decision of taxation authorities. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax and deferred tax assets and liabilities in the period in which such determination is made.

3.5 Determination of consolidation scope

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control includes three elements: (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 investors' returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3 Estimates (continued)

3.5 Determination of consolidation scope (continued)

Based on their judgment, the directors of the Company have assessed the combination of the three elements listed above and concluded that the structured entities ("SEs") with the following features are controlled by the Group and should be included for consolidation:

A classified asset management scheme comprises two unit classes where the external investors hold the lower risk units that generate an expected rate of return, while the Group holds the entirety of the higher risk units that enjoy the residue interests of the asset management scheme. The holder of the higher risk units provides credit enhancement for the holders of the lower risk units by compensating them up to the net asset value of the higher risk units. The Group has the power to manage the scheme. The external investors cannot remove the Group from its role as the asset manager without course. Moreover, the Group cannot withdraw its holdings within the operating period of the scheme. It is concluded that the Group is a principal of the schemes with the above features since inception.

A classified asset management scheme comprises two unit classes where the Group holds a part of the higher risk units and possibly a part of the lower risk units. The lower risk units generate an expected rate of return and the higher risk units enjoy the residue interests of the asset management scheme. The holders of the higher risk units provide credit enhancement for the holders of the lower risk units by compensating them up to the net asset value of the higher risk units. The Group has the power to manage the scheme. The external investors cannot remove the Group from its role as the asset manager without course. Moreover, the Group cannot withdraw its holding in in the higher risk units within the operating period of the scheme. By assessing the management fee and performance reward earned in capacity of the asset manager as well as the investment return from the units held by the Group, it is concluded that the Group is a principal of the scheme if the Group's exposure to the variable return is significant.

A non-classified asset management scheme comprises a single unit class where the Group holds a part of the units. The Group has the power to manage the scheme. The external investors cannot remove the Group from its role as the asset manager without course. By assessing the management fee and performance reward earned in capacity of the asset manager as well as the investment return from the units held by the Group, it is concluded that the Group is a principal of the scheme if the Group's exposure to the variable return is significant.

The Group also invests in a limited liability partnership where the Group acts as the managing investor. The Group has the power to manage the partnership which the external investors cannot remove. By assessing the management fee and performance reward earned in capacity of the asset manager as well as the investment return from the proportion held by the Group, it is concluded that the Group is a principal of the scheme if the Group's exposure to the variable return is significant.

4 Commission and fee income

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Securities brokerage	**1,056,719**	225,881
Underwriting and sponsorship	**130,879**	90,231
Investment consultancy and financial advisory	**6,430**	10,864
Asset management	**30,844**	25,914
	1,224,872	352,890

5 Interest income

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Interest income from margin financing and securities lending	**247,299**	70,728
Interest income from bank deposits	**153,637**	73,847
Interest income from financial assets held under resale agreements	**42,261**	4,389
	443,197	148,964

6 Net investment gains

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Realised gains from disposal of available-for-sale financial assets	**219,577**	49,648
Dividends and interest income from available-for-sale financial assets	**7,323**	6,633
Realised gains from held-to-maturity financial assets	**315**	—
Net realised (losses)/gains from derivative financial instruments	**(9,707)**	14
Realised gains from disposal of financial assets at fair value through profit or loss	**447,255**	49,050
Dividends and interest income from financial assets at fair value through profit or loss	**80,595**	136,357
Dividends to interest holders of consolidated SEs	**(246,038)**	(50,632)
Unrealised fair value change of financial instruments at fair value through profit or loss		
— Financial liabilities at fair value through profit or loss	**18,666**	(7,253)
— Financial assets at fair value through profit or loss	**2,758**	42,120
— Derivative financial instruments	**2,149**	—
	522,893	225,937

7 Other income

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Rental income	**2,099**	1,221
Gains from disposal of long-term non-financial assets	**21**	7
Government grants	**—**	200
Others	**340**	280
	2,460	1,708

8 Commission and fee expenses

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Securities brokerage	**217,530**	43,866
Underwriting and sponsorship	**23,221**	32,585
Investment consultancy and financial advisory	**—**	4,260
	240,751	80,711

9 Interest expense

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Interest expense of bonds in issue	**114,999**	13,364
Interest expense of financial assets sold under repurchase agreements	**60,250**	35,544
Interest expense of due to other financial institutions	**28,916**	20,969
Interest expense of accounts payable to brokerage clients	**25,158**	7,023
	229,323	76,900

10 Staff costs

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Salaries and bonus	**207,015**	162,735
Pension	**19,744**	16,954
Other social security	**10,289**	7,573
Labour union funds and employee education funds	**2,283**	2,320
Other welfare	**3,842**	5,842
	243,173	195,424

11 Other operating expenses

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Business tax and surcharges	**104,244**	32,774
Rentals	**26,443**	25,839
Marketing and distribution expenses	**16,945**	9,406
Office expenses	**11,794**	17,748
Travelling expenses	**9,076**	9,027
Securities investors protection fund	**8,609**	4,365
Professional service expenses	**6,486**	3,329
Listing expenses	**4,489**	—
Electronic equipment operating costs	**1,951**	4,477
Foreign exchange losses	**7**	—
Others	**13,848**	9,230
	203,892	116,195

12 Income tax expense

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Current		
— Mainland China	**312,419**	43,045
Deferred		
— Mainland China (Note 19)	**4,696**	13,201
Income tax		
— Mainland China	**317,115**	56,246

The mainland China income tax provision is based on the statutory tax rate of 25% of the taxable income of the Group as determined in accordance with the relevant PRC income tax rules and regulations.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the taxation rate of 25%. The major reconciliation items are as follows:

12 Income tax expense (continued)

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Profit before income tax	**1,283,138**	253,976
Tax calculated at applicable statutory tax rate of 25%	**320,785**	63,494
Income not subject to tax	**(6,990)**	(4,012)
Items not deductible for tax purposes	**863**	500
Utilisation of previously unrecognised tax losses	**—**	(4,690)
Adjustments in respect of years	**2,457**	954
	317,115	56,246

13 Earnings per share

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

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Profit attributable to shareholders of the Company (in RMB thousands)	**956,680**	191,852
Weighted average number of ordinary shares in issue (in thousands)	**1,500,000**	1,500,000
Basic earnings per share (in RMB)	**0.64**	0.13

For the six months ended 30 June 2015 and 2014, there were no potential dilutive ordinary shares, so the diluted earnings per share were the same as the basic earnings per share.

14 Profit distribution

Pursuant to the resolution of the shareholders' meeting held on 10 April 2015, The Company declared a final cash dividend for the year ended 31 December 2014 of RMB0.07 per share, or RMB105 million in aggregate, which has been paid to the shareholders of The Company in full in June 2015 (for the year ended 31 December 2013: The Company declared a final cash dividend of RMB0.04 per share, or RMB60 million in aggregate).

15 Property, plant and equipment

	Buildings	Motor vehicles	Electronics and other equipment	Total
(Unaudited)				
Cost				
1 January 2015	155,303	10,396	138,402	304,101
Additions	—	924	8,001	8,925
Disposals	—	(551)	(3,597)	(4,148)
30 June 2015	155,303	10,769	142,806	308,878
Accumulated depreciation				
1 January 2015	(73,001)	(7,399)	(119,049)	(199,449)
Additions	(2,773)	(632)	(6,542)	(9,947)
Disposals	—	551	3,088	3,639
30 June 2015	(75,774)	(7,480)	(122,503)	(205,757)
Carrying amount				
30 June 2015	79,529	3,289	20,303	103,121

15 Property, plant and equipment (continued)

	Buildings	Motor vehicles	Electronics and other equipment	Total
(Unaudited)				
Cost				
1 January 2014	159,318	10,396	135,637	305,351
Additions	—	7,261	—	7,261
Disposals	—	(4,524)	(4,615)	(9,139)
30 June 2014	159,318	13,133	131,022	303,473
Accumulated depreciation				
1 January 2014	(68,379)	(6,026)	(113,917)	(188,322)
Additions	(3,857)	(827)	(6,607)	(11,291)
Disposals	—	3,169	1,241	4,410
30 June 2014	(72,236)	(3,684)	(119,283)	(195,203)
Carrying amount				
30 June 2014	87,082	9,449	11,739	108,270

16 Investments in associates

Set out below are the associates of the Group as at 30 June 2015 and 31 December 2014, which, in the opinion of the directors, are material to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly or indirectly by the Group; the country of incorporation or registration is also their principal place of business.

Name of Entity	Place of business/ country of incorporation	Measurement method	% of ownership interest as at 30 June 2015	% of ownership interest as at 31 December 2014
Wuxi Taihu Yangshan Peach Technology Co., Ltd.[1]	China	Equity	—	26.00
Zhonghai Fund Management Co., Ltd.[2]	China	Equity	33.41	33.41
Wuxi Guolian Lingxiang SME Investment Company (L.P.)[3]	China	Equity	33.33	33.33

(1) Wuxi Taihu Yangshan Peach Technology Co., Ltd. is an ecological agricultural company, held by Guolian Tongbao Capital Investment Co., Ltd., a subsidiary of the Company, which provides peach cultivation services to consumers. Guolian Tongbao Capital Investment Co., Ltd., has disposed the investment as at 31 May 2015.

(2) Zhonghai Fund Management Co., Ltd., held by the Company, provides funds distribution, asset management and other services authorised by the CSRC.

(3) Wuxi Guolian Lingxiang SME Investment Company (L.P.) is an limited partnership, held by Guolian Tongbao Capital Investment Co., Ltd., which mainly invests in small and medium enterprises.

All the entities are private companies and there are no quoted market prices available for their shares.

There are no contingent liabilities relating to the Group's interest in the associates.

16 Investments in associates (continued)

	30 June 2015 (Unaudited)	30 June 2014 (Unaudited)
At 1 January	195,401	178,763
Additional investments	—	4,000
Disposal of investments	(17,092)	—
Share of profit	27,960	16,050
Share of other comprehensive income	1,948	—
Dividend received	(15,034)	—
At 30 June	193,183	198,813

17 Available-for-sale financial assets

Non-current assets

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
At fair value		
Investment in unlisted companies	116,692	38,852
Collective asset management schemes	65,721	41,032
	182,413	79,884
Analysed as		
Listed outside Hong Kong	—	—
Unlisted	182,413	79,884
	182,413	79,884

17 Available-for-sale financial assets (continued)

Current assets

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
At fair value		
Equity securities	762,974	630,073
Debt securities	36,681	—
Investment funds	74,469	154,345
Trust schemes	—	13,000
Collective asset management schemes	1,007	11,771
	875,131	809,189
Analysed as		
Listed outside Hong Kong	874,124	784,418
Unlisted	1,007	24,771
	875,131	809,189

As at 30 June 2015 and 31 December 2014, available-for-sale financial assets of the Group included securities lent to clients of RMB31,603 thousand and RMB61,866 thousand respectively.

As at 30 June 2015, no securities of the Group is placed as collateral. As at 31 December 2014, the fair value of securities of the Group which have been placed as collateral is RMB255,613 thousand.

18 Held-to-maturity financial assets

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Corporate bonds	–	10,000
Less: Non-current portion	–	10,000
Current portion	–	–

19 Deferred income tax assets and liabilities

(1) The net movements on the deferred income tax account are as follows:

	Six months ended 30 June 2015 (Unaudited)	Six months ended 30 June 2014 (Unaudited)
Balance at beginning of the period	(115,048)	953
Income statement charge (Note 12)	(4,696)	(13,201)
Tax charge relating to components of other comprehensive income	4,943	(2,082)
Balance at end of the period	(114,801)	(14,330)

19 Deferred income tax assets and liabilities (continued)

(2) The gross movements in deferred income tax assets during the period are as follows:

	Impairment losses	Changes in fair value of financial assets at fair value through profit or loss	Changes in fair value of derivatives	Tax losses	Other	Total
(Unaudited)						
As at 1 January 2015	300	–	537	–	2,990	3,827
Income statement charge	87	–	(537)	–	–	(450)
Tax charge relating to components of other comprehensive income	–	–	–	–	–	
As at 30 June 2015	387	–	–	–	2,990	3,377
(Unaudited)						
As at 1 January 2014	273	1,336	–	1,965	4,179	7,753
Income statement charge	(101)	820	–	–	(4,179)	(3,460)
Tax charge relating to components of other comprehensive income	–	–	–	–	–	–
As at 30 June 2014	172	2,156	–	1,965	–	4,293

19 Deferred income tax assets and liabilities (continued)

(2) (continued)

The movements in deferred income tax liabilities during the period are as follows:

	Changes in fair value of available-for-sale financial assets	Changes in fair value of financial assets at fair value through profit or loss	Other	Total
(Unaudited)				
As at 1 January 2015	77,293	19,042	22,540	118,875
Income statement charge	–	4,442	(196)	4,246
Tax charge relating to components of other comprehensive income	(4,943)	–	–	(4,943)
As at 30 June 2015	72,350	23,484	22,344	118,178
(Unaudited)				
As at 1 January 2014	6,800	–	–	6,800
Income statement charge	–	–	9,741	9,741
Tax charge relating to components of other comprehensive income	2,082	–	–	2,082
As at 30 June 2014	8,882	–	9,741	18,623

(3) Net amount of deferred income tax assets and liabilities after offsetting:

	30 June 2015 (Unaudited)	30 June 2014 (Unaudited)
Deferred income tax assets	–	–
Deferred income tax liabilities	114,801	14,330

20 Refundable deposits

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Deposits to Stock Exchanges		
— Shanghai Stock Exchange	252,754	23,958
— Shenzhen Stock Exchange	39,577	50,780
Deposits to Futures and Commodities Exchanges		
— China Financial Futures Exchange	—	13,345
	292,331	88,083

21 Other current assets

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Accounts receivables	685,299	13,466
Less: Impairment allowance	(1,446)	(1,199)
Interest receivables	121,084	159,212
Prepaid listing expenses	19,976	6,236
Prepaid expenses	6,319	4,140
Other receivables	7,612	8,300
	838,844	190,155

22 Margin accounts receivable

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Margin accounts receivable	7,908,947	3,738,358

Margin accounts are the funds the Group lends to the customers in margin financing and securities lending business. As at 30 June 2015 and 31 December 2014, margin accounts receivable is neither overdue nor impaired.

Margin accounts receivable as at 30 June 2015 and 31 December 2014 is secured by the customers' securities as collateral with undiscounted market value of approximately RMB21,066,177 thousand and RMB9,125,082 thousand respectively.

23 Financial assets held under resale agreements

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Analysed by asset type:		
— Equity securities	678,710	1,186,907
— Debt securities	471,674	274,002
	1,150,384	1,460,909
Analysed by market:		
— Shenzhen Stock Exchange	626,633	1,152,385
— Interbank market	301,567	40,000
— Shanghai Stock Exchange	222,184	268,524
	1,150,384	1,460,909

24 Derivative financial instruments

The derivative financial assets of the Group mainly represent stock index futures contracts. The Group settles its gains or losses on stock index futures ("SIF") position on a daily basis, with the corresponding receipts and payments as at 30 June 2015 and 31 December 2014 included in "clearing settlement funds".

	30 June 2015		31 December 2014	
	Contractual value	**fair value (Unaudited)**	Contractual value	fair value (Audited)
SIF	–	–	121,316	(2,149)
Less: Cash paid as settlement		–		2,149
Net position of SIF contracts		–		–

25 Financial assets at fair value through profit or loss

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Financial assets held for trading		
Debt securities	1,919,695	3,432,127
Equity securities	513,737	361,604
Investment funds	250,029	93,491
	2,683,461	3,887,222
Financial assets designated at fair value through profit or loss		
Debt securities	245,988	392,671
	2,929,449	4,279,893
Analysed as:		
Financial assets held for trading		
Listed outside Hong Kong	2,683,461	3,887,222
Unlisted	—	—
	2,683,461	3,887,222
Analysed as:		
Financial assets designated at fair value through profit or loss		
Listed outside Hong Kong	245,988	392,671
Unlisted	—	—
	245,988	392,671
	2,929,449	4,279,893

As at 30 June 2015 and 31 December 2014, the fair value of securities of the Group which have been placed as collateral were RMB628,693 thousand and RMB1,097,539 thousand respectively.

26 Clearing settlement funds

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Clearing settlement funds held for clients	4,062,240	2,253,684
Proprietary clearing settlement funds	1,237,658	521,865
	5,299,898	2,775,549

27 Cash and bank balances

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Cash	20	11
Bank balances	1,961,765	950,406
	1,961,785	950,417

28 Share capital

All shares issued by the Company are fully paid common shares, with a notional value of RMB1 per share. The number of shares and nominal value of the Company's share capital are as follows:

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Registered, issued and fully paid share capital	1,500,000	1,500,000

29 Reserves

The Group

	Surplus reserve	General reserve	Transaction risk reserve	Share of other comprehensive income of investments in associates	Available-for-sale financial assets revaluation reserve[1]	Total
(Unaudited)						
As at 1 January 2015	252,272	408,151	370,007	2,099	231,878	1,264,407
Changes in fair value recognised in other comprehensive income	–	–	–	1,948	(14,829)	(12,881)
As at 30 June 2015	252,272	408,151	370,007	4,047	217,049	1,251,526
(Unaudited)						
As at 1 January 2014	190,744	346,623	308,479	(4,173)	20,400	862,073
Changes in fair value recognised in other comprehensive income	–	–	–	–	6,247	6,247
As at 30 June 2014	190,744	346,623	308,479	(4,173)	26,647	868,320

29 Reserves (Continued)

(1) Available-for-sale financial assets revaluation reserve

Fair value changes of available-for-sale financial assets for other comprehensive income are as below:

(Unaudited)	Six months ended 30 June 2015 Pre-tax amount	Income tax effect (Note 19)	After-tax net amount
Balance at beginning of period	309,171	(77,293)	231,878
Changes in fair value for available-for-sale financial assets	150,233	(37,558)	112,675
Amounts reclassified to (losses)/gains upon disposal of available-for-sale financial assets	(170,005)	42,501	(127,504)
Balance at end of period	289,399	(72,350)	217,049

(Unaudited)	Six months ended 30 June 2014 Pre-tax amount	Income tax effect (Note 19)	After-tax net amount
Balance at beginning of period	27,200	(6,800)	20,400
Changes in fair value for available-for-sale financial assets	74,188	(18,547)	55,641
Amounts reclassified to (losses)/gains upon disposal of available-for-sale financial assets	(65,859)	16,465	(49,394)
Balance at end of period	35,529	(8,882)	26,647

30 Bonds in issue

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Subordinated bonds with fixed rate — 2015 (a)	—	300,000
Subordinated bonds with fixed rate — 2016 (b)	—	650,000
Subordinated bonds with fixed rate — 2016 (c)	1,500,000	—
Subordinated bonds with fixed rate — 2017 (d)	1,500,000	1,500,000
Income certificates (e)	1,650,000	—
Short-term notes (f)	500,000	—
	5,150,000	2,450,000

(a) On 6 August 2014, the Company issued RMB300,000 thousand of subordinated bonds to Xinyuan Jinmeihua No. 12 Asset Management Scheme with six months term and a fixed coupon rate of 6.30% which was repaid in 2015.

(b) On 14 February 2011, the Company issued subordinated bonds to Wuxi Guolian Development (Group) Co., Ltd. with quota of RMB800,000 thousand by face value, paying annual interest at 6.22% with five years term, which was repaid in 2015 in advance.

(c) On 20 January 2015, the Company issued RMB1,500,000 thousand of subordinated bonds on Shanghai Stock Exchange with a term of 1 year and a fixed coupon rate of 6.00% paid annually.

(d) On 29 October 2014, the Company issued RMB1,500,000 thousand of subordinated bonds on Shanghai Stock Exchange with a term of 3 years and a fixed coupon rate of 6.20% paid annually.

(e) Income certificates were with a term of more than one year and bore interest rates ranging from 5.90% to 6.50% per annum paid at maturity.

(f) On 29 May 2015, the Company issued RMB500,000 thousand of short-term notes on interbank market with a term of three months and a fixed coupon rate of 3.62% paid at maturity.

31 Other current liabilities

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Interest payable	147,824	40,868
Accounts payable	139,128	175,840
Salaries, bonus, allowances and benefits payables	123,878	110,214
Taxes payable	26,725	22,881
Listing expenses payable	10,829	—
Securities investor protection fund	8,637	5,249
Others	5,766	25,534
	462,787	380,586

32 Due to other financial institutions

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Due to other financial institutions	600,000	550,000

As at 30 June 2015, placements were obtained from China Securities Finance Corporation Limited with interest rate 6.30% (as at 31 December 2014, interest rate is 5.80%) per annum and maturities from 181 days to 182 days (as at 31 December 2014: 182 days).

33 Financial assets sold under repurchase agreements

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Analysed by asset type:		
— Debt securities	870,100	1,321,098
— Margin accounts receivable	2,180,000	930,000
	3,050,100	2,251,098
Analysed by market:		
— Interbank market	870,100	479,500
— Shanghai Stock Exchange	—	841,598
— Shenzhen Stock Exchange	—	—
— Others	2,180,000	930,000
	3,050,100	2,251,098
Analysed by transaction type:		
— Pledged	3,050,100	2,251,098
— Sold	—	—
	3,050,100	2,251,098

34 Financial liabilities at fair value through profit or loss

In the consolidated financial statements, the financial liabilities arising from consolidation of the SEs are designated at fair value through profit or loss as the Group has the obligation to pay other investors based on net asset value and the related terms of those SEs.

35 Cash and cash equivalents

For the purpose of statements of cash flows, cash and cash equivalents include amounts that can be used to meet short-term cash commitments.

	30 June 2015 (Unaudited)	30 June 2014 (Unaudited)
Cash	20	59
Bank balances	1,961,765	1,096,107
Proprietary clearing settlement funds	1,237,658	180,046
Less: Unrestricted term deposits with banks with original maturities over 3 months	210,000	250,000
	2,989,443	1,026,212

36 Commitments and contingent liabilities

(1) Capital commitments

As at 30 June 2015 and 31 December 2014, the Group and the Company were not involved in any material capital commitments.

(2) Operating lease commitments

Considering the Group as a lessee, the total future minimum lease payments of buildings under irrevocable operating lease arrangements are as follows:

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Within 1 year	22,035	30,511
1 to 3 years	32,161	31,777
Over 3 years	3,672	15,960
	57,868	78,248

36 Commitments and contingent liabilities (continued)

(3) Legal proceedings

From time to time in the ordinary course of business, the Group and the Company may be involved in claims and legal proceedings or subjected to investigations by regulatory authorities. As at 30 June 2015 and 31 December 2014, the Group and the Company were not involved in any material legal, arbitration or administrative proceedings which the Group and the Company expect would have significant adverse impact on their financial position and operating results, should unfavourable rulings have been handed down.

37 Related party transactions

37.1 Transactions and balances with the Company's controlling shareholder — Guolian Group.

Guolian Group is a wholly state-owned company established in the PRC with a registered capital of RMB8,000,000 thousand. As at 30 June 2015 Guolian Group directly held 37.36% of the equity interest in the Company. In addition, Guolian Group also indirectly held equity interest in our Company through its subsidiaries of Guolian Trust Co., Ltd. ("Guolian Trust"), Wuxi Municipal Electric Power Company ("Wuxi Electric"), Wuxi Guolian Textile Group Co., Ltd. ("Guolian Textile") and Wuxi Guolian Environmental Energy Group Co., Ltd. ("Guolian Environmental").

Guolian Trust is the subsidiary of Guolian Group who directly held 83.74% of the equity interest. As at 30 June 2015, Guolian Trust held 26.80% of the equity interest in the Company.

Wuxi Electric is a indirectly wholly-owned subsidiary of Guolian Group. As at 30 June 2015, Wuxi Electric held 18.34% of the equity interest in the Company.

Guolian Textile is a direct wholly-owned subsidiary of Guolian Group. As at 30 June 2015, Guolian Textile held 5% of the equity interest in the Company.

Guolian Environmental is a direct wholly-owned subsidiary of Guolian Group. As at 30 June 2015, Guolian Environmental held 2% of the equity interest in the Company.

Transactions during the period

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Income from providing securities brokerage services	**212**	141
Income from providing asset management services	**230**	1,253
Interest expense of bonds in issue	**2,358**	20,327

37 Related party transactions (continued)

37.1 Transactions and balances with the Company's controlling shareholder — Guolian Group. (continued)

Balances at the end of the period/year

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Bonds in issue (Note 30)	–	650,000

In addition to the above related party transactions, the Group provided asset management services to Wuxi Guolian Development (Group) Co., Ltd. As at 30 June 2015 and 31 December 2014, the assets under management for Wuxi Guolian Development (Group) Co., Ltd. amounted to approximately RMB12,781 thousand and RMB155,348 thousand respectively. For the six months ended 30 June 2015 and 2014, the asset management fee income was RMB230 thousand and RMB1,253 thousand respectively.

37.2 Other related party transactions and balances

The below table lists the Group's significant other related legal entities and the holdings of the Group's major shareholders as at 30 June 2015:

Significant related legal entities	The relationship with the Group
Guolian Trust	Controlled by the controlling shareholder of the Company
Guolian Futures	Controlled by the controlling shareholder of the Company
Wuxi Guolian Xincheng Investment Co., Ltd. ("Guolian Xincheng")	Controlled by the controlling shareholder of the Company
Guolian Finance Co., Ltd. ("Guolian Finance")	Controlled by the controlling shareholder of the Company
Wuxi Guolian property Management Co., Ltd. ("Guolian Property Management")	Controlled by the controlling shareholder of the Company
Zhonghai Fund Management Co., Ltd.	Associate invested by the Group

37 Related party transactions (continued)

37.2 Other related party transactions and balances (continued)

Transactions during the period

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Income from providing securities brokerage services		
— Guolian Futures	**1,842**	599
— Guolian Trust	**180**	363
— Others	**440**	323
Income from providing asset management services		
— Others	**1,359**	1,224
Rental income		
— Guolian Futures	**203**	270
Rental expense		
— Guolian Xincheng	**3,160**	3,160
— Others	**317**	317
Expense from receiving services		
— Guolian Futures	**50**	12
Interest expense of borrowings		
— Guolian Finance	**136**	917

37 Related party transactions (continued)

37.2 Other related party transactions and balances (continued)

Balances at the end of the period/year

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Accounts payable		
— Guolian Futures	80	80
Clearing settlement funds		
— Guolian Futures	8,500	1,850
Refundable deposits		
— Guolian Futures	—	13,345

In addition to the above related party transactions, the Company provided asset management services to other related parties. As at 30 June 2015 and 31 December 2014, the assets under investment management for other related parties amounted to approximately RMB1,120,725 thousand and RMB1,037,425 thousand respectively. For the six months ended 30 June 2015 and 2014, the asset management fee income was RMB1,359 thousand and RMB1,224 thousand respectively.

37.3 Key management personnel

Key management personnel are those persons who have the power to, directly or indirectly, plan, direct and control the activities of the Group, including members of the board of directors, board of supervisors and other members of the senior management.

	Six months ended 30 June 2015 (Unaudited)	2014 (Unaudited)
Short term employee benefits	3,436	3,170
Post-employment benefits	484	415
	3,920	3,585

38 Segment analysis

The Group manages business operations by the following segments in accordance with the nature of the operations and the services provided:

(a) Securities brokerage: securities trading and brokering services;

(b) Credit transaction: providing financial leverage for brokerage clients, securities-backed lending and securities repurchase businesses;

(c) Investment banking: corporate finance and financial advisory services to institutional clients;

(d) Proprietary trading: trading in financial products;

(e) Asset management and investment: direct investments and funds related businesses, in addition to portfolio management and maintenance, investment advisory and transaction execution services;

(f) Other businesses: including headquarters operations and interest income and expenses relating to working capital in general.

Inter-segment transactions, if any, are conducted with reference to the prices charged to third parties.

The Group mainly operates in Jiangsu Province, the PRC.

38 Segment analysis (continued)

	Six months ended 30 June 2015							
	Securities brokerage	Credit transaction	Investment banking	Proprietary trading	Asset management and investment	Other	Elimination	Total
(Unaudited)								
Total revenue and other income								
Commission and fee income								
– external	1,070,659	–	137,233	–	16,980	–	–	1,224,872
– internal	–	–	3,450	–	–	–	(3,450)	–
Interest income								
– external	114,307	291,796	13,043	193	11,904	11,954	–	443,197
– internal	–	–	–	–	–	–	–	–
Net investment gains								
– external	–	–	32,262	439,718	50,913	–	–	522,893
– internal	–	–	–	–	–	–	–	–
Other income								
– external	855	–	325	–	–	1,280	–	2,460
– internal	–	–	–	–	–	1,500	(1,500)	–
Total expenses	(377,504)	(137,299)	(147,923)	(31,863)	(19,813)	(228,792)	4,950	(938,244)
Share of profit of investments in associates	–	–	–	–	–	27,960	–	27,960
Profit before income tax	808,317	154,497	38,390	408,048	59,984	(186,098)	–	1,283,138

38 Segment analysis (continued)

	Six months ended 30 June 2014							
	Securities brokerage	Credit transaction	Investment banking	Proprietary trading	Asset management and investment	Other	Elimination	Total
(Unaudited)								
Total revenue and other income								
Commission and fee income								
– external	238,950	–	98,941	–	14,999	–	–	352,890
– internal	–	–	–	–	–	–	–	–
Interest income								
– external	43,404	73,780	17,387	40	12,533	1,820	–	148,964
– internal	–	–	–	–	–	–	–	–
Net investment gains								
– external	–	–	15,511	156,898	52,385	1,143	–	225,937
– internal	–	–	–	–	–	–	–	–
Other income								
– external	1,353	–	–	–	–	355	–	1,708
– internal	–	–	–	–	–	1,193	(1,193)	–
Total expenses	(171,254)	(21,053)	(115,380)	(36,840)	(16,941)	(131,298)	1,193	(491,573)
Share of profit of investments in associates	–	–	–	–	–	16,050	–	16,050
Profit before income tax	112,453	52,727	16,459	120,098	62,976	(110,737)	–	253,976

38 Segment analysis (continued)

	As at 30 June 2015							
	Securities brokerage	Credit transaction	Investment banking	Proprietary trading	Asset management and investment	Other	Elimination	Total
(Unaudited)								
Total assets	22,879,237	11,462,699	1,545,955	1,287,032	3,747,272	267,005	(733,955)	40,455,245
Total liabilities	22,892,597	615,299	684,410	2,179	3,224,772	7,839,199	–	35,258,456
Supplemental information								
Depreciation and amortisation	(13,083)	(859)	(1,146)	(7)	(506)	(5,504)	–	(21,105)
Impairment provision	–	–	–	–	–	–	–	–
Capital expenditure	3,128	88	1,006	5	361	6,031	–	10,619

	As at 31 December 2014							
	Securities brokerage	Credit transaction	Investment banking	Proprietary trading	Asset management and investment	Other	Elimination	Total
(Audited)								
Total assets	7,431,088	5,592,952	924,019	2,058,805	3,786,967	1,388,989	(733,985)	20,448,835
Total liabilities	7,798,658	557,554	122,924	653,085	3,199,553	3,768,414	–	16,100,188
Supplemental information								
Depreciation and amortisation	(13,551)	(1,347)	(2,382)	(9)	(30)	(5,060)	–	(22,379)
Impairment provision	–	–	–	36	–	–	–	36
Capital expenditure	2,389	5	9	10	41	2,976	–	5,430

39 Financial risk management

39.1 Overview

The Group's risk management objective is to maintain an appropriate balance between risks and rewards, and reduce the negative impact on the operating results of the Group, so as to maximise the shareholders' value. The Group's risk management strategy is to identify and analyse a variety of risks to which the Group are exposed to, set an appropriate risk tolerance level, measure and supervise risks in a timely and reliable manner so as to ensure that risks are controlled within acceptable limits.

Operating risks to which the Group are exposed to mainly include: credit risk, market risk and liquidity risk. The Group have adopted risk management policies and procedures to identify and analyse these risks and defined appropriate risk indicators, risk limits, risk policies and internal control procedures, and constantly monitor and manage risks through its IT systems.

The risk management framework is structured into four levels consisting of (i) Board and Supervisory Committee; (ii) Risk Control Committee, Audit Committee and Investment Decision Committee; (iii) Compliance and Risk Management Department and Internal Audit Department; and (iv) Business and management departments and securities branches.

Level 1: Board and Supervisory Committee

The Board is at the highest level of the Company's risk control framework and has the ultimate responsibility for establishing a compliant and effective risk control environment. The Board is responsible for developing the Company's overall risk control objectives, risk control policies and internal control system, improving the governance structure and tiered authority delegation system, and setting objectives, limits and delegating authority to relevant administrative departments in the actual performance of risk control activities.

The Supervisory Committee focuses on mitigating the Company's exposure to legal and compliance risks and financial oversight, including monitoring the performance of risk control duties of the Company's directors, senior management and relevant responsible persons, safeguarding the Company's assets, and minimizing financial and legal risks the Company faces in carrying out its business operations, so as to protect legal rights and interests of the Company and its shareholders.

Level 2: Risk Control Committee, Audit Committee and Investment Decision Committee

Risk Control Committee, Audit Committee and Investment Decision Committee are the second level of the Company's risk control framework, and is responsible for preparing the comprehensive annual report on risk control; reviewing risk control strategies and significant risk control solutions; reviewing judgment criteria for major decisions, significant risks, major events and key business processes and the risk evaluation report for major decision-making; reviewing risk control evaluation report submitted by the Risk Management Department; reviewing the organisational structure and roles and responsibilities for risk control, as well as other matters delegated by the Board.

39 Financial risk management (continued)

39.1 Overview (continued)

Level 3: Compliance Management (Legal Affairs) Department, Risk Management Department, and Internal Audit Department

At the third level of the Company's risk control framework is the collaborative comprehensive risk management arrangement through which the Compliance and Risk Management Department, and Internal Audit Department work together to manage risks.

The Compliance Management (Legal Affairs) Team assists the Chief Compliance Officer to formulate compliance policies and compliance rules and procedures, supports the implementation of compliance policies and procedures, provides recommendations and advice on compliance to the management and business departments, business lines and securities branches, and monitors compliance with laws and regulations in the Company's business and management activities. It also drives business departments, business lines and the Company's securities branches to evaluate, develop, revise, update and improve their internal procedures and business processes to reflect changes in the laws, regulations and standards; conducts compliance pre-clearance on internal management rules and procedures, major decisions, new products, new business offerings and major business activities; reports to regulatory authorities on a regular and extraordinary basis, in addition to mitigating legal risks to which the Company and its businesses are exposed to.

Risk Management Team carries out risk control activities in accordance with risk control objectives and policies laid down by the Board of Directors; provides recommendations to the Risk Management Committee for improving the Company's risk control environment in terms of risk control policies, objectives, corporate governance structure and internal controls; formulates risk management rules and procedures for the Company, supports the review of risk management rules and procedures, measures, risk management processes and risk control indicators developed by each business and management departments, and continuously supplements, improves and updates risk control policies to help establish sound comprehensive corporate risk control mechanisms across the Company; identifies, assesses, and monitors various risks in business operations and transactions, and leverages the results to improve the end-to-end risk response process that covers every components of risk control, including policies, identification, assessment and measurement, control, monitoring, reporting and analysis; regularly tests, monitors and evaluates the implementation of risk control rules and procedures across the Company, and when necessary, conducts regular and ad hoc inspections on risk control results, follows up on issues identified and launches reporting procedures where appropriate; and establishes communications and cooperation with respect to risk control with various business lines, business departments, and securities branches.

Internal Audit Department has overall responsibility for the internal audit, including organising comprehensive audits across the Company, monitoring the implementation of and compliance with internal control rules and procedures, minimizing ethical and policy risks and assisting the investigation of emergencies.

39 Financial risk management (continued)

39.1 Overview (continued)

Level 4: Business and management departments and securities branches

The fourth level of risk control is the front-line risk control systems by business and management departments and securities branches, which are responsible for developing their own internal control system and risk control measures, ensuring proper risk control within their jurisdiction, and reporting risk issues in a timely manner to the Risk Management Department or Compliance Management (Legal Affairs) Department. Compliance and risk management controllers have been set in business department to assist people who are in charge to launch work with regards to risk recognition, evaluation, response and report in order to ensure each policy at the institution has been executed, also, reporting risk situation to company's risk management department timely and accepting business guidance.

The Group adopts the above risk management framework and continuously improves its risk control to ensure that the risks are measurable and controlled within acceptable limits.

39.2 Credit risk

Credit risk refers to the risk of counterparty's failure or inability to meet its payment obligations, or the risk of loss due to declining credit rating. The Group's credit risks mainly come from financial assets which include bank balances, cash held for brokerage clients, clearing settlement funds, financial assets at fair value through profit or loss, financial assets held under resale agreements, available-for-sale financial assets, margin accounts receivable, other current assets and refundable deposits.

The Group's bank balances are mainly deposited with state-owned commercial banks or joint-stock commercial banks, while clearing settlement funds are deposited in the China Securities Depository and Clearing Corporation Limited ("CSDCC"), with a relatively low level of credit risk.

The Group's bank balances are mainly deposited with state-owned commercial banks or joint-stock commercial banks, while clearing settlement funds are deposited in the China Securities Depository and Clearing Corporation Limited ("CSDCC"), with a relatively low level of credit risk.

Margin financing assets include advances to margin customers and securities lent to customers. Credit risks associated with these financial assets mainly relate to customers' inability to repay the principal, interest or securities borrowed. The Group supervise finance trading accounts on an individual customer basis, and would require additional margin, cash collateral or securities if necessary. Margin accounts receivable are monitored based on collateral rates to ensure that the value of collateral assets is sufficient to cover the advance. As of 30 June 2015 and 31 December 2014, the Group's collateral value is sufficient to mitigate the credit risk in margin financing.

39 Financial risk management (continued)

39.2 Credit risk (continued)

The Group's credit risk also arises from the securities. If a customer fails to deposit sufficient trading funds, the Group may use their own funds to complete the settlement. The Group require customers to deposit all cash required in trading before they settle on behalf of customers, so as to mitigate and manage the credit risk properly.

(1) Maximum credit risk exposure

Before considering collateral or other credit enhancement methods, the maximum credit risk exposure is the carrying amount of financial assets (net of provisions for impairment). The maximum credit risk exposure of the Group is as follows:

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Refundable deposits	292,331	88,083
Other current assets	812,549	179,779
Margin accounts receivable	7,908,947	3,738,358
Held-to-maturity financial assets	—	10,000
Available-for-sale financial assets		
— Securities lent to clients	31,603	61,866
— Debt securities	36,681	—
Financial assets held under resale agreements	1,150,384	1,460,909
Financial assets at fair value through profit or loss		
— Debt securities	2,165,683	3,824,798
Clearing settlement funds	5,299,898	2,775,549
Cash held for brokerage clients	18,682,211	5,718,733
Bank balances	1,961,765	950,406
	38,342,052	18,808,481

39 Financial risk management (continued)

39.2 Credit risk (continued)

(2) Rating distribution of debt investment

The Group monitors the credit risk profile of the debt securities portfolio held based on credit ratings, which are obtained from major rating agencies in the country where debt issuers are located.

	Financial assets at fair value through profit or loss	Available-for-sale financial assets
(Unaudited)		
30 June 2015		
AAA	61,470	843
AA- to AA+	1,644,597	35,257
A- to A+	—	—
A-1	20,102	—
Unrated	439,514	581
	2,165,683	36,681

	Financial assets at fair value through profit or loss	Held-to-maturity financial assets
(Audited)		
31 December 2014		
AAA	239,658	—
AA- to AA+	3,075,768	—
A- to A+	—	—
A-1	—	—
Unrated	509,372	10,000
	3,824,798	10,000

39 Financial risk management (continued)

39.3 Market risk

Summary

Market risk is the risk of loss arising from adverse change in fair value or movement in cash flows in respect of financial instruments, due to interest rate risk, currency risk or price risk.

39.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group utilises sensitivity analysis as the main tool for monitoring interest rate risk and measuring the impact of a reasonable and possible change of interest rate on its total profit and equity, assuming all other variables remain unchanged. Debt securities of the Group mainly comprise corporate bonds, and the Group mitigates the interest rate risk through optimizing the duration and convexity of its bond portfolio. Interest rate risk in connection with cash held for brokerage customers in bank balances and clearing settlement funds is offset by the associated accounts payable to brokerage clients because their terms match with each other.

(Unaudited) As at 30 June 2015	Within 1 month	1–3 months	3 months to 1 year	1–5 years	Above 5 years	Non-interest bearing	Total
Financial assets							
Refundable deposits	292,331	–	–	–	–	–	292,331
Other current assets	–	–	–	–	–	812,549	812,549
Margin accounts receivable	144,174	836,311	6,928,462	–	–	–	7,908,947
Held-to-maturity financial asset	–	–	–	–	–	–	–
Available-for-sale financial assets	–	–	581	35,257	843	1,020,863	1,057,544
Financial assets held under resale agreements	538,046	53,118	266,220	293,000	–	–	1,150,384
Financial assets at fair value through profit or loss	–	110,185	195,685	816,473	1,043,339	763,767	2,929,449
Clearing settlement funds	5,299,898	–	–	–	–	–	5,299,898
Cash held for brokerage clients	18,682,211	–	–	–	–	–	18,682,211
Cash and bank balances	1,961,765	–	–	–	–	20	1,961,785
	26,918,425	999,614	7,390,948	1,144,730	1,044,182	2,597,199	40,095,098

39 Financial risk management (continued)

39.3 Market risk (continued)

39.3.1 Interest rate risk (continued)

(Unaudited) As at 30 June 2015	Within 1 month	1–3 months	3 months to 1 year	1–5 years	Above 5 years	Non-interest bearing	Total
Financial liabilities							
Bonds in issue	–	(500,000)	(1,500,000)	(3,150,000)	–	–	(5,150,000)
Other current liabilities	–	–	–	–	–	(286,952)	(286,952)
Due to other financial institutions	–	(600,000)	–	–	–	–	(600,000)
Financial assets sold under repurchase agreements	(1,170,100)	(750,000)	(1,130,000)	–	–	–	(3,050,100)
Financial liabilities at fair value through profit or loss	–	–	–	–	–	(2,841,449)	(2,841,449)
Accounts payable to brokerage clients	(22,833,953)	–	–	–	–	–	(22,833,953)
	(24,004,053)	(1,850,000)	(2,630,000)	(3,150,000)	–	(3,128,401)	(34,762,454)
Interest rate sensitivity gap	2,914,372	(850,386)	4,760,948	(2,005,270)	1,044,182	(531,202)	5,332,644

39 Financial risk management (continued)

39.3 Market risk (continued)

39.3.1 Interest rate risk (continued)

(Audited) As at 31 December 2014	Within 1 month	1–3 months	3 months to 1 year	1–5 years	Above 5 years	Non-interest bearing	Total
Financial assets							
Refundable deposits	74,738	–	–	–	–	13,345	88,083
Other current assets	–	–	–	–	–	179,779	179,779
Margin accounts receivable	49,284	313,849	3,375,225	–	–	–	3,738,358
Held-to-maturity financial asset	–	–	–	–	10,000	–	10,000
Available-for-sale financial assets	–	–	–	–	–	889,073	889,073
Financial assets held under resale agreements	304,682	75,000	596,227	485,000	–	–	1,460,909
Financial assets at fair value through profit or loss	–	74,968	159,694	1,606,780	1,983,356	455,095	4,279,893
Clearing settlement funds	2,775,549	–	–	–	–	–	2,775,549
Cash held for brokerage clients	5,718,733	–	–	–	–	–	5,718,733
Cash and bank balances	950,406	–	–	–	–	11	950,417
	9,873,392	463,817	4,131,146	2,091,780	1,993,356	1,537,303	20,090,794

39 Financial risk management (continued)

39.3 Market risk (continued)

39.3.1 Interest rate risk (continued)

(Audited) As at 31 December 2014	Within 1 month	1–3 months	3 months to 1 year	1–5 years	Above 5 years	Non-interest bearing	Total
Financial liabilities							
Bonds in issue	–	(300,000)	–	(2,150,000)	–	–	(2,450,000)
Other current liabilities	–	–	–	–	–	(216,708)	(216,708)
Due to other financial institutions	–	(300,000)	(250,000)	–	–	–	(550,000)
Financial assets sold under repurchase agreements	(1,521,098)	(400,000)	(330,000)	–	–	–	(2,251,098)
Financial liabilities at fair value through profit or loss	–	–	–	–	–	(2,495,469)	(2,495,469)
Accounts payable to brokerage clients	(7,768,782)	–	–	–	–	–	(7,768,782)
	(9,289,880)	(1,000,000)	(580,000)	(2,150,000)	–	(2,712,177)	(15,732,057)
Interest rate sensitivity gap	583,512	(536,183)	3,551,146	(58,220)	1,993,356	(1,174,874)	4,358,737

39 Financial risk management (continued)

39.3 Market risk (continued)

39.3.1 Interest rate risk (continued)

Sensitivity analysis

The following table illustrates the potential impact, of a parallel upward or downward shift of 100 basis points in interest rate curves on the Group's net profit and equity for the next twelve months from the reporting date, based on the Group's positions of interest-earning assets and interest-bearing liabilities at the end of each reporting period.

The sensitivity analysis on net profit and equity is based on reasonably possible changes in interest rates with the assumption that the structure of financial assets and financial liabilities held at the period end remains unchanged, and does not take changes in customer behaviour, basis risk or any prepayment options on debt securities into consideration. This analysis assumes that interest rates of all maturities move by the same amount, and does not reflect the potential impact of unparallel yield curve movements.

	30 June 2015 (Unaudited)	31 December 2014 (Unaudited)
Equity		
Increases by 100bps	**335**	(62,612)
Decreases by 100bps	**869**	66,303
Net profit		
Increases by 100bps	**705**	(62,612)
Decreases by 100bps	**490**	66,303

When conducting interest rate sensitivity analysis, the Group makes the following general assumptions in determining commercial terms and financial parameters:

- Different interest-earning assets and interest-bearing liabilities have the same amplitude of interest rate volatility;
- All assets and liabilities are repriced in the middle of relevant period;

39 Financial risk management (continued)

39.3 Market risk (continued)

39.3.1 Interest rate risk (continued)

Sensitivity analysis (continued)

- Analysis is based on the static gap on the financial position reporting date, without considering subsequent changes;
- Impact of interest rate changes on customer behaviours not considered;
- Impact of interest rate changes on market prices not considered;
- Interest rate of demand deposits moving in the same direction and extent;
- Necessary measures that may be adopted by the Group and the Company in response to interest rate changes not considered

39.3.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates.

The Group's currency risk primarily relates to the Group's operating activities whose settlements and payments are denominated in foreign currencies different from the functional currency of the Group.

The foreign currency assets and liabilities held by the Group are not material compared to the total assets and liabilities. In terms of the Group's and Company's revenue structure, the majority of the business transactions are denominated in RMB, with only insignificant revenue from foreign currency transactions. The Group and the Company consider that their currency risk is immaterial.

39.3.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

39 Financial risk management (continued)

39.3 Market risk (continued)

39.3.3 Price risk (continued)

The Group's price risk exposure mainly relates to investments in equity securities, investment funds, convertible bonds, derivatives and collective asset management schemes whose values will fluctuate as a result of changes in market prices. These investments are all investments in the domestic capital markets. The Group is subject to relatively high market risk due to the high volatility of the domestic stock markets.

The Group's price risk management policy requires setting and managing investment objectives. The Company manages price risk by holding an appropriately diversified investment portfolio, setting limits for investments in different securities and closely monitoring the portfolio of investments to reduce the risk of concentration in any one specific industry or issuer. The Group uses derivatives contracts to economically hedge against certain exposures arising from its investment portfolio.

Sensitivity analysis

The analysis below shows the impact on profit before income tax and equity due to change in the prices of stocks, funds, convertible bonds, derivatives and collective asset management schemes by 10%, assuming all other variables remain unchanged. A positive result indicates an increase in profit before income tax and equity, while a negative result indicates otherwise.

	Six months ended 30 June 2015 (Unaudited)	Year ended 31 December 2014 (Unaudited)
Profit after income tax		
Increase by 10%	**57,282**	34,132
Decrease by 10%	**(57,282)**	(34,132)
Equity		
Increase by 10%	**125,095**	97,899
Decrease by 10%	**(125,095)**	(97,899)

39 Financial risk management (continued)

39.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting obligations associated with financial liabilities due to lack of capital or funds. During the normal course of business, the Group may face liquidity risk caused by macroeconomic policy changes, market volatility, poor operations, credit downgrades, mismatches between assets and liabilities, low turnover rate of assets, early redemptions of exchange-quoted bond repurchase products by customers, large underwriting on a firm commitment basis, significant proprietary trading position, or an overly high ratio of long-term investments. If the Group fails to address any liquidity risk by adjusting the asset structure or comply with regulatory requirements on the risk indicators, the Group could be subject to penalties by the regulatory authorities in the form of restrictions on the Group's business operations, which would cause adverse impact on the Group's operations and reputation.

The Group and the Company manage and control their funds in a centralised manner. The Company's liquidity risk management principles are comprehensiveness, prudence and foreseeability and its overall objective is to build a sound liquidity risk management system so that it can effectively recognize, measure, monitor and control liquidity risk and ensure that its liquidity needs can be met timely with a reasonable cost.

The Group's and the Company's financial department organizes and prepares the cash budget annually and make the financing plan based on the cash budget. Under the approval of the Company, the funds will be raised, scheduled and arranged uniformly in order to ensure the unity of funds demand and cost of the capital control.

Under the approval by the investment decision committee, the financial department confirm the scale and the structure for a high quality liquid assets reserve, by analysing the condition of the Company's business scale, total liability, financing ability, and duration of the asset and liability prudently, so that the liquidity and the risk resistance can be accordingly improved.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group. The Group invests surplus cash in negotiable bank deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at 30 June 2015 and 31 December 2014 the Group held cash and cash equivalents of approximately RMB2,989 million and RMB755 million respectively that are expected to readily generate cash inflows for managing liquidity risk. In addition, the Group holds financial assets at fair value through profit or loss of RMB2,929 million and RMB4,279 million, at each of the respective period end, which could be readily realised to provide a further source of cash if the need arose.

39 Financial risk management (continued)

39.4 Liquidity risk (continued)

The tables below present the cash flows payable by the Group and the Company for non-derivative financial liabilities by remaining contractual maturities at the end of each reporting period. The amounts disclosed in the tables are the contractual undiscounted cash flows, including both interest and principal cash flows. For items with floating interest rates, the undiscounted amounts are derived using interest rates at the end of each reporting period.

	On demand	Within 1 month	1–3 months	3 months to 1 year	1–5 years	Over 5 years	Total
(Unaudited)							
As at 30 June 2015							
Non-derivative financial liabilities							
Other current liabilities	91,603	114,070	59,149	20,007	2,123	–	286,952
Bonds in issue	–	–	504,513	1,683,000	3,501,167	–	5,688,680
Due to other financial institutions	–	–	618,796	–	–	–	618,796
Financial assets sold under repurchase agreements	–	870,350	1,077,819	1,179,275	–	–	3,127,444
Financial liabilities at fair value through profit or loss	1,247,341	–	4,926	1,373,960	215,222	–	2,841,449
Accounts payable to brokerage clients	22,833,953	–	–	–	–	–	22,833,953
	24,172,897	984,420	2,265,203	4,256,242	3,718,512	–	35,397,274

39 Financial risk management (continued)

39.4 Liquidity risk (continued)

	On demand	Within 1 month	1–3 months	3 months to 1 year	1–5 years	Over 5 years	Total
(Audited)							
As at 31 December 2014							
Non-derivative financial liabilities							
Other current liabilities	115,037	41,660	356	59,457	198	–	216,708
Bonds in issue	–	–	319,558	123,323	2,340,874	–	2,783,755
Due to other financial institutions	–	–	308,700	257,250	–	–	565,950
Financial assets sold under repurchase agreements	–	1,525,343	409,991	352,814	–	–	2,288,148
Financial liabilities at fair value through profit or loss	461,936	194,479	125,294	1,486,024	227,736	–	2,495,469
Accounts payable to brokerage clients	7,768,782	–	–	–	–	–	7,768,782
	8,345,755	1,761,482	1,163,899	2,278,868	2,568,808	–	16,118,812

40 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

40.1 Financial instruments not measured at fair value

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the statements of financial position approximate their fair values.

For financial instruments with a short maturity, including cash and bank balances, cash held for brokerage clients, clearing settlement funds, margin accounts receivable, financial assets held under resale agreements, due to other financial institutions, financial assets sold under repurchase agreements and accounts payable to brokerage clients, their fair value approximate their carrying amounts.

In accordance with the related regulations, the Group can put or redeem its refundable deposits with Stock Exchanges, Futures and Commodities Exchanges and China Securities Finance Corporation Limited. The Group assesses the fair value of refundable deposits approximates the carrying amount.

40 Fair value of financial assets and liabilities (continued)

40.1 Financial instruments not measured at fair value (continued)

The aggregate fair value of bonds in issue is calculated based on quoted market prices. For those bonds where quoted market prices are not available, a discounted cash flow model is used based on a current yield curve appropriate for the remaining term to maturity.

The fair value of held-to-maturity financial assets is calculated based on quoted market prices. For those bonds where quoted market prices are not available, a discounted cash flow model is used based on a current yield curve appropriate for the remaining term to maturity.

40.2 Financial instruments measured at fair value

The table below analyses financial instruments measured at fair value, by the level in the fair value hierarchy into which the fair value measurement is categorised.

Level I — Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level II — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level III — Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

40 Fair value of financial assets and liabilities (continued)

40.2 Financial instruments measured at fair value (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2015 and 31 December 2014.

	Level 1	Level 2	Level 3	Total
(Unaudited)				
As at 30 June 2015				
Financial assets at fair value through profit or loss				
— Equity securities	513,737	—	—	513,737
— Debt securities	—	1,919,695	245,988	2,165,683
— Investment funds	250,029	—	—	250,029
Available-for-sale financial assets				
— Equity securities	701,265	61,709	—	762,974
— Debt securities	—	36,681	—	36,681
— Investment funds	74,469	—	—	74,469
— Collective asset management schemes	—	—	66,728	66,728
— Investments in unlisted companies	—	—	116,692	116,692
	1,539,500	2,018,085	429,408	3,986,993
Financial liabilities at fair value through profit or loss	—	—	(2,841,449)	(2,841,449)

40 Fair value of financial assets and liabilities (continued)

40.2 Financial instruments measured at fair value (continued)

	Level 1	Level 2	Level 3	Total
(Audited)				
As at 31 December 2014				
Financial assets at fair value through profit or loss				
— Equity securities	361,604	—	—	361,604
— Debt securities	—	3,432,127	392,671	3,824,798
— Investment funds	93,491	—	—	93,491
Available-for-sale financial assets				
— Equity securities	572,150	57,923	—	630,073
— Investment funds	154,345	—	—	154,345
— Collective asset management schemes	—	—	52,803	52,803
— Trust schemes	—	—	13,000	13,000
— Investments in unlisted companies	—	—	38,852	38,852
	1,181,590	3,490,050	497,326	5,168,966
Financial liabilities at fair value through profit or loss	—	—	(2,495,469)	(2,495,469)

For the six months ended 30 June 2015 and year ended 31 December 2014, there were no significant transfers between Level 1 and Level 2 of the fair value hierarchy of the Group.

(a) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price within bid-ask spread. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily securities traded on the Shanghai Stock Exchange and Shenzhen Stock Exchange classified as trading securities or available for sale.

40 Fair value of financial assets and liabilities (continued)

40.2 Financial instruments measured at fair value (continued)

(b) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

(c) Valuation methods for specific investments

As at 30 June 2015 and 31 December 2014, the Group's valuation methods for specific investments are as follows:

(1) For exchange-listed equity securities, fair value is determined based on the closing price of the equity securities as at the reporting date within bid-ask spread. If there is no quoted market price as at the reporting date and there have been significant changes in the economic environment after the most recent trading date, valuation techniques are used to determine the fair value. For restricted shares that are acquired during an initial public offering or a private offering of additional shares, fair values are determined using valuation techniques.

(2) For closed-end investment funds, fair value is determined based on the closing price as at the reporting date. For open-end funds fair value is determined by trading price which is based on the net asset value as at the reporting date. For collective asset management products, fair value is determined based on the net asset value as at the reporting date.

(3) For collective asset management products and trust schemes, fair value is dertermined based on the net asset value as the reporting date.

(4) For debt securities listed through exchanges which include government bonds, corporate bonds, convertible bonds and financial bonds, fair values are determined based on the closing price of the debt securities at the date of statements of financial position within bid-ask spread.

(5) For debt securities traded through the inter-bank bond market and the over-the-counter ("OTC") market, including government bonds, corporate bonds, commercial papers, special financial bills, central bank bills, asset-backed securities and other fixed income debt securities, fair values are determined using valuation techniques.

40 Fair value of financial assets and liabilities (continued)

40.2 Financial instruments measured at fair value (continued)

(d) Financial instruments in Level 3

The following table presents the changes in Level 3 instruments for the six months ended 30 June 2015 and 30 June 2014.

	Available-for-sale financial assets – Collective asset management scheme	Available-for-sale financial assets – Trust schemes	Available-for-sale financial assets – Investment in unlisted companies	Financial assets at fair value through profit or loss – Debt Securities
(Unaudited)				
Balance at 1 January 2015	52,803	13,000	38,852	392,671
Increase	26,533	–	77,840	72,154
Decrease	(12,608)	(13,000)	–	(218,837)
Balance at 30 June 2015	66,728	–	116,692	245,988
Total gains or losses for the period included in profit or loss for assets held at the end of the period, under "Net investment gains"	334	61	–	6,747
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the period	26,282	61	–	–

40 Fair value of financial assets and liabilities (continued)

40.2 Financial instruments measured at fair value (continued)

(d) Financial instruments in Level 3 (continued)

	Available-for-sale financial assets — Collective asset management scheme	Available-for-sale financial assets — Trust schemes	Available-for-sale financial assets — Investment in unlisted companies	Financial assets at fair value through profit or loss — Debt Securities
(Unaudited)				
Balance at 1 January 2014	22,617	18,000	38,852	420,000
Increase	—	—	—	—
Decrease	(2,249)	—	—	—
Balance at 30 June 2014	20,368	18,000	38,852	420,000
Total gains or losses for the period included in profit or loss for assets held at the end of the period, under "Net investment gains"	(143)	—	—	5,540
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the period	(405)	—	—	—

40 Fair value of financial assets and liabilities (continued)

40.2 Financial instruments measured at fair value (continued)

(d) Financial instruments in Level 3 (continued)

	Financial liabilities at fair value through profit or loss
(Unaudited)	
Balance at 1 January 2015	2,495,469
Consolidation of SEs	164,070
Losses recognized in profit or loss	(227,372)
Purchase	977,664
Settlements	(568,382)
Balance at 30 June 2015	2,841,449
Total gains or losses for the period included in profit or loss for liabilities held at the end of the period, under "Net investment gains"	(227,372)
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the period	18,666

40 Fair value of financial assets and liabilities (continued)

40.2 Financial instruments measured at fair value (continued)

(d) Financial instruments in Level 3 (continued)

	Financial liabilities at fair value through profit or loss
(Unaudited)	
Balance at 1 January 2014	1,375,733
Consolidation of SEs	143,079
Losses recognized in profit or loss	(57,886)
Purchase	1,425,844
Settlements	(85,193)
Balance at 30 June 2014	2,801,577
Total gains or losses for the period included in profit or loss for liabilities held at the end of period, under "Net investment gains"	(57,886)
Change in unrealised gains for the period included in profit or loss for assets held at the end of the period	(7,253)

40 Fair value of financial assets and liabilities (continued)

40.2 Financial instruments measured at fair value (continued)

(d) Financial instruments in Level 3 (continued)

Financial assets/ financial liabilities	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Financial assets at fair value through profit or loss — Debt Securities	Level 3	• Discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	• Expected future cash flow. • Expected recovery date. • Discount rates that correspond to the expected risk level.	• The higher the future cash flow, the higher the fair value. • The earlier the maturity date, the higher the fair value. • The lower the discount rate, the higher the fair value
Financial liabilities designated at fair value through profit or loss	Level 3	• Discounted cash flow with future cash flows that are estimated based on expected payable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	• Expected future cash flow. • Expected payment date. • Discount rates that correspond to the expected risk level.	• The higher the future cash flow, the higher the fair value. • The earlier the payment date, the higher the fair value. • The lower the discount rate, the higher the fair value

40 Fair value of financial assets and liabilities (continued)

40.2 Financial instruments measured at fair value (continued)

(d) Financial instruments in Level 3 (continued)

Financial assets/ financial liabilities	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Available-for-sale financial assets — Trust schemes	Level 3	• Discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	• Expected future cash flow. • Expected recovery date. • Discount rates that correspond to the expected risk level.	• The higher the future cash flow, the higher the fair value. • The earlier the recovery date, the higher the fair value. • The lower the discount rate, the higher the fair value
Available-for-sale financial assets — Collective asset management scheme	Level 3	• Discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level.	• Expected future cash flow. • Expected recovery date. • Discount rates that correspond to the expected risk level.	• The higher the future cash flow, the higher the fair value. • The earlier the recovery date, the higher the fair value. • The lower the discount rate, the higher the fair value

40 Fair value of financial assets and liabilities (continued)

40.2 Financial instruments measured at fair value (continued)

(d) Financial instruments in Level 3 (continued)

Financial assets/ financial liabilities	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Available-for-sale financial assets — Equity investments in unlisted companies	Level 3	• The Group acquired the investment within one year as at the respective period end. There was no significant changes in operating performance of unlisted companies, so fair value was determined by reference to the transaction price of the equity instruments.	• N/A	• N/A

41 Unconsolidated structured entities

Unconsolidated structured entities of the Group mainly include collective and targeted asset management schemes managed by the Group, trust schemes and investment funds which the Group invests in but does not act as manager.

Except for the structured entities that the Group has consolidated, in the opinion of the directors of the Company, the variable returns the Group exposed to over the structured entities that the Group has interests in are not significant. The Group did not consider itself being the principal and consequently did not consolidate these structured entities.

The total assets of unconsolidated collective and targeted asset management schemes managed by the Group amounted to RMB17,532 million and RMB11,413 million as at 30 June 2015 and 31 December 2014 respectively.

41 Unconsolidated structured entities (continued)

As at 30 June 2015 and 31 December 2014, the interests in unconsolidated structured entities held by the Group included collective asset management schemes, trust schemes and investment funds that were classified as available-for-sale financial assets or financial assets at fair value through profit or loss. The related carrying amount and the maximum exposure were as follows:

	30 June 2015 (Unaudited)	31 December 2014 (Audited)
Available-for-sale financial assets	141,197	220,148
Financial assets at fair value through profit or loss	250,029	93,491
	391,226	313,639

For the six months ended 30 June 2015, the income derived from these unconsolidated structured entities held by the Group was as follows:

	Six months ended 30 June 2015 (Unaudited)
Net investment gains	18,271
Fee and commission income	2,372
	20,643

As at 30 June 2015, the Group did not provide, nor intend to provide, any financial support to these unconsolidated structured entities.

42 Subsequent events

On 6 July 2015, the Company issued 402,400,000 ordinary shares of RMB1 each at HK$8 per share in connection with the Global Offering, and raised gross proceeds of approximately HK$3,219,200 thousand (equivalent to RMB2,539,144 thousand).