Holly Futures

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

(Stock Code: 3678)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

- **Turnover of the Group for 2015 amounted to RMB319 million, representing an increase of RMB28 million or 10% as compared with RMB291 million for 2014.**

- **Profit attributable to shareholders of the Company for 2015 amounted to RMB70.17 million, representing an increase of RMB11.97 million or 21% as compared with RMB58.20 million for 2014.**

- **Basic and diluted earnings per share for 2015 were RMB0.1031, as compared with RMB0.0856 for 2014.**

- **The payment of a final dividend of RMB0.05 (including tax) per share for the year ended 31 December 2015, amounting to approximately RMB45.35 million, is recommended by the Board. The profit distribution proposal is subject to the approval of shareholders of the Company at the 2015 annual general meeting ("AGM") to be held on 31 May 2016.**

ANNUAL RESULTS

The board (the "**Board**") of directors ("**Directors**") of the Company is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2015 (the "**Reporting Period**") with comparative figures for the year ended 31 December 2014. All amounts set out in this announcement are expressed in Renminbi (RMB) unless otherwise indicated.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

RMB'000	*Note*	**2015**	2014
Revenue	*5*	**292,583**	273,875
Net investment gains	*6*	**26,606**	17,246
Operating income		**319,189**	291,121
Other income	*7*	**4,190**	4,366
Operating expenses		**(233,362)**	(218,586)
Profit from operations		**90,017**	76,901
Share of losses of associates		**(541)**	(519)
Profit before taxation	*8*	**89,476**	76,382
Income tax expense	*9*	**(19,306)**	(18,178)
Profit for the year		**70,170**	58,204
Earnings per share	*10*		
Basic		**0.1031**	0.0856
Diluted		**0.1031**	0.0856

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

RMB'000	**2015**	2014
Profit for the year	**70,170**	58,024
Other comprehensive income for the year (after tax)		
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets:		
Net change in fair value	**(9,583)**	2,027
Reclassified to profit or loss	**4,117**	89
Exchange differences on translation of financial statements in foreign currencies	**829**	(16)
Total comprehensive income for the year	**65,533**	60,304

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

RMB'000	*Note*	**31 December 2015**	31 December 2014
Non-current assets			
Property, plant and equipment		**11,922**	13,446
Goodwill	*11*	**43,322**	43,322
Intangible assets		**24,099**	26,649
Interest in associates	*12*	**12,775**	13,316
Deferred tax assets	*26*	**2,552**	1,951
Other non-current assets		**1,257**	1,183
Total non-current assets		**95,927**	99,867
Current assets			
Refundable deposits	*13*	**734,597**	805,667
Trade receivables	*14*	**–**	17,719
Other receivables	*15*	**482,456**	18,167
Other current assets		**4,428**	17,999
Available-for-sale financial assets	*16*	**8,925**	17,797
Financial assets held under resale agreement	*17*	**–**	39,678
Financial assets at fair value through profit or loss	*18*	**61,372**	27,603
Derivative financial assets		**294**	2,415
Cash held on behalf of brokerage clients	*19*	**2,985,146**	1,310,219
Cash and bank balances	*20*	**1,155,620**	1,010,509
Total current assets		**5,432,838**	3,267,773
Current liabilities			
Accounts payable to brokerage clients	*21*	**3,663,459**	1,962,840
Trade payables	*22*	**199**	26,491
Other payables	*23*	**154,096**	29,437
Bank loans	*24*	**–**	70,580
Financial liabilities at fair value through profit or loss	*25*	**34,090**	12,140
Derivative financial liabilities		**–**	4,926
Current taxation	*26*	**1,101**	6,844
Total current liabilities		**3,852,945**	2,113,258
Net current assets		**1,579,893**	1,154,515
Total assets less current liabilities		**1,675,820**	1,254,382
Non-current liabilities			
Deferred tax liabilities	*26*	**429**	403
Total non-current liabilities		**429**	403
Net assets		**1,675,391**	1,253,979
Capital and reserves			
Share capital	*27*	**907,000**	680,000
Reserves	*27*	**768,391**	573,979
Total equity		**1,675,391**	1,253,979

1 Statement of compliance

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. The Group has adopted all applicable new and revised HKFRSs to the year ended 31 December 2015, except for any new standards or interpretations that are not yet effective for the accounting year ended 31 December 2015 (see Note 29).

2 Basis of preparation of the financial statements

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

3 Basis of measurement

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

4 Accounting judgment and estimates

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

Impairment of available-for-sale financial assets

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

Impairment of receivables

Receivables that are measured at amortised cost are reviewed at each end of the Reporting Period to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is provided. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor and other factors. If there is an indication that there has been a change in the factors used to determine the provision for impairment, the impairment loss recognised in prior years is reversed.

Impairment of non-financial assets

Non-financial assets are reviewed regularly to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is provided. Since the market price of an asset (the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing the present value of future cash flows, significant judgments are exercised over the asset's selling price, related operating expenses and discounting rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the selling price and related operating expenses based on reasonable and supportable assumption.

Fair value of financial instruments

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

Classification of financial asset and liability

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

- In classifying financial assets or liabilities as "trading", the Group has determined that it meets the definition of trading assets and liabilities.

- In designating financial assets or liabilities at fair value through profit or loss, the Group has determined that it has met the designation.

Depreciation and amortisation

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

Determination of consolidation scope

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control includes three elements: (i) power over the investee; (ii) exposure, or rights, to variable returns from involvement with the investee; and (iii) the ability to use power over the investee to affect the amount of investors' returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

For asset management plans where the Group involves as the manager, the Group assesses whether the combination of investments it holds, if any, together with its remuneration creates exposure to variability of returns from the activities of the asset management plans that is of such significance indicating that the Group is a principal. The asset management plans shall be consolidated if the Group acts in the role of principal.

Income tax

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

5 Revenue

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

	Note	**2015**	2014
Commission and fee income	*1)*	**179,883**	167,389
Interest income	*2)*	**112,700**	106,486
Total		**292,583**	273,875

1) Commission and fee income

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

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

2) Interest income

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

6 Net investment gains

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

7 Other income

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

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

8 Profit before taxation

Profit before taxation is arrived at after charging:

1) Staff cost

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

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

2) Commission expenses

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

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

3) Other items

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

9 Income tax expense

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

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

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

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

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

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

10 Earnings per share

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

(a) Weighted average number of ordinary shares

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

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

(b) Calculations of basic and diluted earnings per share

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

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

11 Goodwill

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

Impairment testing on goodwill.

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

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

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

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

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

12 Interest in associates

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

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

				Proportion of ownership interest		
Name of associate	**Form of business structure**	**Place of incorporation and business**	**Registered capital**	**Group's effective interest**	**Held by the Company**	**Principal activities**
Jiangsu Hong Rui New Era Venture Investment Co., Ltd.* 江蘇弘瑞新時代創業投資有限公司	Limited liability company	PRC	RMB 100 million	22%	22%	Venture investment, etc.
Jiangsu Hong Rui Growth Venture Investment Co., Ltd.* 江蘇弘瑞成長創業投資有限公司	Limited liability company	PRC	RMB 121.2 million	9.901%	9.901%	Venture investment, etc.

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

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

13 Refundable deposits

Refundable deposits arising from futures brokerage business:

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

14 Trade receivables

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

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

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

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

15 Other receivables

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

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

16 Available-for-sale financial assets

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

As at 31 December, certain of the Group's listed available-for-sale equity securities were individually determined to be impaired on the basis of a material decline in their fair value below cost and adverse changes in the market in which these investees operated which indicated that the cost of the Group's investment in them may not be recovered.

17 Financial assets held under resale agreements

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

18 Financial assets at fair value through profit or loss

(i) Analysed by type

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

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

(ii) Analysed as

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

19 Cash held on behalf of brokerage clients

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

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

20 Cash and bank balances

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

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

As at 31 December 2014, there were deposits amounting to RMB10,587 thousands pledged in relation to bank loans amounting to RMB70,580 thousands (see Note 24).

21 Accounts payable to brokerage clients

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

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

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

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

22 Trade payables

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

23 Other payables

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

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

24 Bank loans

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

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

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

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

As at 31 December 2014, the Group obtained banking facilities amounting to RMB100,000 thousands. The facilities were utilised to the extent of RMB70,580 thousands which were secured by a stand-by letter of credit issued by Bank of Jiangsu. The SBLC is secured by pledged deposits and guarantee, amounting to RMB10,587 thousands (See Note 20) and RMB59,993 thousands, respectively. The guarantee is issued by the Company's major shareholder: Jiangsu Holly International Group Co., Ltd. (江蘇弘業國際集團有限公司). As at 31 December 2014, the bank loans bore interest at 4.1% per annum. The bank loans were fully repaid in August 2015.

25 Financial liabilities at fair value through profit or loss

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

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

26 Income tax

(a) Current taxation

	Note	**31 December 2015**	31 December 2014
At the beginning of the year		**6,844**	3,725
Provision for the year			
– PRC corporate income tax	*9(a)*	**18,059**	18,558
– Hong Kong profits tax	*9(a)*	**–**	–
Tax paid			
– PRC corporate income tax		**(23,802)**	(15,439)
– Hong Kong profits tax		**–**	–
At the end of the year		**1,101**	6,844

(b) Deferred tax assets/liabilities recognised

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

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

(c) Reconciliation to the consolidated statements of financial position

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

(d) Recognised in other comprehensive income

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

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

(e) *Deferred tax assets not recognised*

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

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

27 Share capital and reserves

(a) *Movements in components of equity*

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

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

		Reserves					
	Share capital	Capital reserve	Surplus reserve	General reserve	Fair value reserve	Distributable profits	Total
As at 1 January 2015	680,000	350,125	18,151	133,040	8,412	43,229	1,232,957
Change in equity for 2015							
Profit for the year	–	–	–	–	–	62,410	62,410
Other comprehensive income	–	–	–	–	(5,402)	–	(5,402)
Total comprehensive income	–	–	–	–	(5,402)	62,410	57,008
Issuance of shares upon public offering, net of issuing expenses *(27(c))*	227,000	185,943	–	–	–	–	412,943
The acquisition of a subsidiary under common control *(27(d)(i))*	–	(9,346)	–	–	–	–	(9,346)
Appropriation of profits							
Appropriation to surplus reserve	–	–	5,430	–	–	(5,430)	–
Appropriation to general reserve	–	–	–	13,528	–	(13,528)	–
Dividends approved in respect of the previous year	–	–	–	–	–	(34,000)	(34,000)
As at 31 December 2015	907,000	526,722	23,581	146,568	3,010	52,681	1,659,562

	Share capital	Reserves: Capital reserve	Surplus reserve	General reserve	Fair value reserve	Distributable profits	Total
As at 1 January 2014	680,000	350,125	13,792	120,504	6,296	62,108	1,232,825
Change in equity for 2014							
Profit for the year	–	–	–	–	–	52,416	52,416
Other comprehensive income	–	–	–	–	2,116	–	2,116
Total comprehensive income	–	–	–	–	2,116	52,416	54,532
Appropriation of profits							
Appropriation to surplus reserve	–	–	4,359	–	–	(4,359)	–
Appropriation to general reserve	–	–	–	12,536	–	(12,536)	–
Dividends approved in respect of the previous year	–	–	–	–	–	(54,400)	(54,400)
As at 31 December 2014	680,000	350,125	18,151	133,040	8,412	43,229	1,232,957

(b) Dividends

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

	31 December 2015	31 December 2014
Final dividend proposed after the end of the Reporting Period	**45,350**	34,000

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

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

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

(c) Share capital

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

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

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

(d) Reserves

(i) Capital reserve

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

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

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

(ii) Surplus reserve

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

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

(iii) General reserve

General reserve includes general risk reserve and futures risk reserve.

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

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

(iv) Fair value reserve

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

(v) Translation reserve

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

(vi) Distributable profits

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

28 Financial risk management

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

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

1) Credit risk

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

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

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

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

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

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

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

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

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

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

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

2) ***Liquidity risk***

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

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

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

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

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

3) Interest rate risk

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

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

(a) Interest rate profile

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

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

(b) Sensitivity analysis

– Fair value sensitivity analysis for fixed rate financial instruments

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

– Cash flow sensitivity analysis for variable rate financial instruments

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

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

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

4) Currency risk

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

(a) *Exposure to currency risk*

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

(b) *Sensitivity analysis*

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

	Sensitivity of net profit and equity	
	31 December 2015	31 December 2014
Changes in the Hong Kong dollars exchange rate		
Increase by 10%	**37,169**	–
Decrease by 10%	**(37,169)**	–

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on the Group's net profit and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the Reporting Period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the Reporting Period. The analysis is performed on the same basis for 2014.

5) Price risk

The Group is exposed to equity price changes and commodity price changes arising from the investments concluded in available-for-sale financial assets, financial assets/liabilities at fair value through profit or loss and derivative financial assets/liabilities. Price risk the Group facing is mainly the proportionate fluctuation in the Group's net profit and equity due to the price fluctuation of the available-for-sale financial assets, financial assets/liabilities at fair value through profit or loss and derivative financial assets/liabilities.

Sensitivity analysis

The analysis below is performed to show the impact on the Group's net profit and equity due to change in the prices of equity securities by 10% and the commodity prices by 10% with all other variables held constant.

	Sensitivity of net profit	
	31 December 2015	31 December 2014
Changes in the equity price risk variable		
Increase by 10%	**4,459**	858
Decrease by 10%	**(4,493)**	(858)
Changes in the commodity price risk variable		
Increase by 10%	**(1,362)**	161
Decrease by 10%	**2,043**	(236)

	Sensitivity of equity	
	31 December 2015	31 December 2014
Changes in the equity price risk variable		
Increase by 10%	**5,119**	2,637
Decrease by 10%	**(5,119)**	(2,637)
Changes in the commodity price risk variable		
Increase by 10%	**(1,129)**	161
Decrease by 10%	**1,810**	(236)

The sensitivity analysis indicates the instantaneous change in the Group's net profit and equity that would arise assuming that the changes in the stock market index and commodity futures market had occurred at the end of the Reporting Period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity and commodity price risk at the end of the Reporting Period. It is also assumed that the fair values of the Group's equity investments and hedging investments would change in accordance with the historical correlation with the relevant stock market index and commodity futures price with all other variables remain constant. The analysis is performed on the same basis for 2014.

6) *Capital management*

The Group's objectives of capital management are:

(a) To safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders;

(b) To support the Group's stability and growth;

(c) To maintain a strong capital base to support the development of their business; and

(d) To comply with the capital requirements under the PRC regulations.

According to the Notice of "Decision on Revising <Futures company's regulatory risk management index pilot scheme>"《關於修改<期貨公司風險監管指標管理試行辦法>的決定》issued by the CSRC on 21 February 2013, the Company is required to meet the following standards for risk control indicators on a continual basis:

(a) The Net Capital shall not be less than RMB15 million;

(b) The ratio between Net Capital and the company's risk capital provision shall not be less than 100%;

(c) The ratio between Net Capital and net assets shall not be less than 40%;

(d) The ratio between current assets and current liabilities shall not be less than 100%; and

(e) The ratio between liabilities and net assets shall not be higher than 150%.

Net Capital refers to net assets minus risk adjustments on certain types of assets and liabilities as defined in the Administrative Measures.

During the Reporting Period, the Company has taken sufficient measures to maintain the above ratios in compliance with the relevant capital requirements.

The subsidiaries of the Group are not subject to capital requirements under the PRC and Hong Kong regulatory requirements. The subsidiaries do not need to comply with the relevant capital requirements during the Reporting Period.

29 Possible impact of amendments, new standards and interpretations issued but not yet effective for year ended 31 December 2015

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2015 and which have not been adopted in the financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Annual Improvements to HKFRSs 2012-2014 Cycle	1 January 2016
HKFRS 14, Regulatory deferral accounts	1 January 2016
Amendments to HKFRS 11, Accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to HKAS 16 and HKAS 38, Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to HKAS 16 and HKAS 41, Agriculture: Bearer plants	1 January 2016
Amendments to HKAS 27, Equity method in separate financial statements	1 January 2016
Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendments to HKAS 1, Disclosure initiative	1 January 2016
HKFRS 15, Revenue from contracts with customers	1 January 2018
HKFRS 9, Financial instruments	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements, except for the following:

HKFRS 9, Financial instruments

HKFRS 9 replaces the existing guidance in HKAS 39 Financial instruments: Recognition and measurement. HKFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment loss on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from HKAS 39.

HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including HKAS 18 Revenue, HKAS 11 Construction contracts and HK(IFRIC)-Int 13 Customer Loyalty Programmes. It also includes guidance on when to capitalise costs of obtaining or fulfilling a contract not otherwise addressed in other standards, and includes expanded disclosure requirements.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry under review

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

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

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

Business review

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

(1) Futures brokerage business

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

The Company completed its acquisition on Holly Su Futures on 30 September 2015. Holly Su Futures has commenced its business since 20 October 2011 and is a company incorporated in Hong Kong and a licensed corporation under the SFO (Chapter 571 of the Laws of Hong Kong) to carry out Type 2 (dealing in futures contracts) regulated activities. It has generated overseas futures income since 2013. Through its cooperation with three overseas brokers, Holly Su Futures provides brokerage services in respect of the futures available at the major global futures exchanges.

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

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

(2) Asset management business

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

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

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

(3) Commodity trading and risk management business

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

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

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

(4) Financial assets investment

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

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

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

Prospects

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

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

Financial Review

(1) Profitability Analysis

During the Reporting Period, the Company seized the opportunities of the industry innovation and development and gradually enhanced its comprehensive strength. The agency trading volume of its principal brokerage business grew steadily. Its investment business achieved good yields while its assets management business achieved a faster growth. The overall operation kept on developing steadily with growing profitability. The Group achieved total operating income of RMB319 million with an increase of 10% as compared with RMB291 million for 2014. The net profit attributable to Shareholders of the Company amounted to RMB70.17 million with an increase of 21% as compared with RMB58.20 million for 2014. The earnings per share amounted to RMB0.1031 and the weighted average return on net assets was 4.79% with a year-on-year increase of 0.12 percentage point.

(2) Asset Structure and Asset Quality

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

The asset structure remained stable while the quality and liquidity of assets were well maintained. As at the end of 2015, the total assets of the Group consisted of: current assets of RMB5,433 million, accounting for 98% of the total assets and mainly including cash held on behalf of clients of RMB2,985 million (accounting for 54.00%), cash and bank balances of RMB1,156 million (accounting for 20.90%), refundable deposits of RMB735 million (accounting for 13.29%), other receivables of RMB482 million (accounting for 8.73%), assets for financial investment of RMB71 million (accounting for 1.28%) and other current assets of RMB4 million (accounting for 0.07%). There was no indicator for material impairment of the assets of the Company in 2015.

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

(3) Financing Channels and Financing Ability

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

(4) Liquidity Level Management

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

(5) Cash Flows

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

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

(6) Income Statement Items

In 2015, the Group's profit before income tax amounted to RMB89.48 million, representing a year-on-year increase of RMB13.09 million or 17%. The key financial results are as follows:

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

Dividend

The Board has recommended a final dividend of RMB0.05 (including tax) per share for the year ended 31 December 2015, amounting to approximately RMB45.35 million, to shareholders whose names appear on the register of members of the Company on Saturday, 11 June 2016. The proposed dividend represents approximately 83.50% of profit attributable to equity holders of the Company for the year. The proposed final dividend is subject to approval at the annual general meeting of the Company to be held on 31 May 2016. The final dividend of the Company will be distributed on Friday, 22 July 2016.

The dividends payable to the holders of domestic shares of the Company will be paid in Renminbi, and dividends payable to the holders of H shares of the Company will be paid in Hong Kong dollars.

Withholding of dividend income tax

According to the Notice on the Management of Individual Income Tax Impose after the Abolition of Guo Shui Fa [1993] No. 045 issued by the State Administration of Taxation (Guo Shui Han [2011] No. 348), the dividend received by the overseas resident individual shareholders from the stocks issued by domestic non-foreign invested enterprises in Hong Kong is subject to the payment of individual income tax according to the items of "interests, dividend and bonus income", which shall be withheld by the withholding agents according to the relevant laws. The overseas resident individual shareholders who hold the stocks issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries where they are residents and China or the tax arrangements between Mainland and Hong Kong (Macau). The tax rate for dividends under the relevant tax agreements and tax arrangements is generally 10%, and for the purpose of simplifying tax administration, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividend, generally withhold individual income tax at the rate of 10%, and are not obligated to file an application. If the tax rate for dividend is not equal to 10%, the following provisions shall apply: (1) for citizens from countries under agreements to be entitled to tax rates lower than 10%, the withholding agents will file applications on their behalf to seek entitlement of the relevant agreed preferential treatments, and upon approval by the tax authorities, over withheld tax amounts will be refunded; (2) for citizens from countries under agreements to be entitled to tax rates higher than 10% but lower than 20%, the withholding agents will withhold the individual income tax at the agreed-upon effective tax rate when distributing dividend (bonus), and are not obligated to file an application; (3) for citizens from countries without tax agreements or are under other situations, the withholding agents will withhold the individual income tax at a tax rate of 20% when distributing dividend.

Pursuant to the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897), a PRC resident enterprise, when distributing dividends for 2008 and for the years afterwards to H shareholders who are overseas non-resident enterprises, shall be subject to the enterprise income tax withheld at a uniform rate of 10%.

Closure of register of members

The register of members of the Company will be closed during the following periods:

(a) In order to determine the shareholders entitled to the 2015 final dividend, the register of members of the Company will be closed from Monday, 6 June 2016 to Saturday, 11 June 2016, both days inclusive, during which no transfer of shares will be registered. Only shareholders of the Company whose names appear on the register of members of the Company on Saturday, 11 June 2016 are entitled to the 2015 final dividend. In order to qualify for receiving the 2015 final dividend, the transfer documents must be lodged with the Board office of the Company at No. 50 Zhonghua Road, Nanjing, China (for holders of domestic shares) or the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H shares) for registration no later than 4:30 p.m. on Friday, 3 June 2016.

(b) In order to determine the shareholders eligible to attend and vote at the annual general meeting, the register of members of the Company will be closed from Sunday, 1 May 2016 to Tuesday, 31 May 2016, both days inclusive, during which no transfer of shares will be registered. Only shareholders of the Company whose names appear on the register of members of the Company on Friday, 29 April 2016 are entitled to attend and vote at the annual general meeting. In order to qualify for attending and voting at the annual general meeting, the transfer documents must be lodged with the Board office of the Company at No. 50 Zhonghua Road, Nanjing, China (for holders of domestic shares) or the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H shares) for registration no later than 4:30 p.m. on Friday, 29 April 2016.

Compliance with the Corporate Governance Code

During the period from the listing date when the Company was successfully listed on the main board of the Hong Kong Stock Exchange, namely 30 December 2015 (the "**Listing Date**") to 31 December 2015, the Company had complied with all the code provisions set out in the Corporate Governance Code of Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code for Securities Transactions by Directors and Supervisors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the directors and supervisors. Having made specific enquiry of all directors and supervisors, the Company has confirmed that all directors and supervisors complied with the required standard set out in the Model Code during the period from the Listing Date to 31 December 2015.

Purchase, sale or redemption of listed securities of the Company

During the period from the Listing Date to 31 December 2015, there was no purchase, sale or redemption of the Company's listed shares by the Company and any of its subsidiaries.

Use of Proceeds from Fund Raising

With the approval of the China Securities Regulatory Commission Document [2015] No. 1963, the Company became listed on the Main Board of the Hong Kong Stock Exchange on 30 December 2015 by global offering of an aggregate of 249,700,000 H shares at the offer price of HK$2.43 per share and the proceeds amounted to approximately HK$607 million.

In accordance with the description of the use of proceeds from global offering in the Company's prospectus, the fund raising plan of the Company would have the following purposes: developing the Company's Hong Kong and global futures business, developing asset management business; developing commodity trading and risk management business; developing and strengthening the current futures brokerage business; purchasing IT equipment and software as well as supplementing the general working capital of the Company.

As of 31 December 2015, the Company has not yet utilized the proceeds from fund raising.

Audit committee and review of annual results

The Audit Committee of the Company ("**Audit Committee**") comprises three independent non-executive directors, namely Mr. Lam Kai Yeung (chairman), Mr. Xue Binghai and Mr. Zhang Hongfa. The Audit Committee reports to the Board and has held regular meetings since its establishment to review and make recommendations to improve the financial reporting process and the internal control of the Group. Apart from these, the primary duties of the Audit Committee are to recommend on the appointment, re-appointment and dismissal of the external auditor to the Board, review the financial reports and the financial report of the Company and advice on the internal control.

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended 31 December 2015 with the management of the Company and the external auditor.

Publication of information on the Hong Kong Stock Exchange website

This announcement is published on the websites of the Company (www.ftol.com.cn) and the Hong Kong Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2015 will be dispatched to shareholders of the Company and available on the above websites in due course.

By order of the Board
Mr. Zhou Yong
Chairman

Nanjing, China

30 March 2016

As at the date of this announcement, the Board consists of Mr. Zhou Yong and Ms. Zhou Jianqiu as executive directors; Mr. Xue Binghai and Mr. Sun Changyu as non-executive directors; Mr. Li Xindan, Mr. Zhang Hongfa and Mr. Lam Kai Yeung as independent non-executive directors.