

2012 ANNUAL REPORT



中国证券投资者保护基金有限责任公司
CHINA SECURITIES INVESTOR PROTECTION FUND CORPORATION LIMITED

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Liu Hongtao
Chairman of the Board of Directors

MESSAGE FROM CHAIRMAN

The year of 2013 sees the first year since the 18th CPC National Congress and embraces a blossoming spring after the 2013 NPC and CPPCC sessions.

Premier Li Keqiang expressed a sincere hope “to protect investors, especially the legitimate rights of small and medium investors” at his first press conference. Effective investor protection has become a core task for present capital market construction. With a mission for investor protection, SIPF feels the great responsibility.

It is a responsibility towards investors. For the past two decades, the investors have been there with the capital market despite ups and downs and have made great contribution to the rapid growth of Chinese capital market and virtual & real economy. There, they are laughing, crying and hoping for “a steady growth of property income”. How can we stay aloof from “enabling people to have a better life”?

This is a challenging job and there is a long way to go. As a complicated and systematic business, investor protection covers a large scope with a far-fetching influence and is for the benefit of both the present and the future. Relevant activities must be implemented in a prudent and careful manner. Meanwhile, with a mission to promote the development of investor protection in China, SIPF will continue to work in a diligent, innovative and solid manner, to “serve supervisory authorities, the market and investors” and to build itself into the investor protection institution of public welfare and service with its own characteristics, influence and public trust.



Liu Hongtao
Chairman of the
Board of Directors



Zhuang Mu
General Manager

2012 WORK REPORT FROM GENERAL MANAGER

Under the leadership of the Party Committee and the Board of Directors, the management in 2012 has led and worked with the entire staff to focus on risk prevention and investor protection, to proceed with efforts in respect of risk monitoring, alert and disposal and to promote the construction of the investor protection and service system. A series of effective works have been done and major targets set at the beginning of 2012 have been accomplished.

Firstly, the monitoring system is available online for trial operation. We have worked vigorously to facilitate the construction of the monitoring system, which was formally put into trial operation from March 30 of 2012 and has played an important role in risk monitoring and alert. Secondly, new progress has been made in respect of the remaining risk disposal. Bankruptcy proceedings against Xinjiang Securities, Dogain Securities, Minfa Securities, Southern Securities and Gansu Securities have been concluded, plus China Eagle Securities, the case of which was concluded in 2011. Up to now, 6 securities companies under disposition become bankrupt, and the achievement of risk

disposition and the safety of state funds have been put under effective protection. Thirdly, fund raising and management have been further improved. Throughout 2012, a total of RMB3,235 million was raised, and through prudent investment and bank deposit, fund safety was ensured and the value was maintained or increased. Fourthly, the investor protection and service system have been basically established. A series of investor protection and service work such as investor confidence survey, the assessment of investor protection by listed companies, investor education, investor call and CSRC hotline construction have been undertaken in order to strengthen the ability of investor protection and service. Fifthly, the XBRL system was further improved. We have actively promoted the XBRL system construction and application, and completed the Phase I of the XBRL construction for non-listed public companies on the basis of the IPO system's trial operation and fund system's improvement. Sixthly, the assessment of innovations in respect of securities companies proceeded steadily. An expert database was set up, the measures and mechanisms for innovation assessment were in place and improved, and an independent assessment of the innovative custody of China Merchant Securities PE fund was completed, plus an active involvement of innovation assessments organized by securities exchanges and the Securities Association of China, so as to facilitate the innovative growth of securities companies. Seventhly, international exchange and cooperation proved to be effective. We have worked with CIPF to hold the International Compensation Fund Meeting 2012, promoted the establishment of the "International Securities Investor Protection Fund Forum", attended the annual meeting of EFDI, and acquired an increasing influence in the circle of international investor protection. Eighthly, the preliminary results were obtained from the study of important issues. We have actively formulated the strategic development plan, and explored major issues that may restrict the corporate growth, and have produced a number of research reports so far. Ninthly, IT safeguard was further strengthened. Effective measures have been taken to ensure information security during the 18th CPC National Congress, and no information security incident has occurred throughout 2012.

With persistent efforts in the past several years, the businesses have been improving. In order to further consolidate these achievements and their market influence and important role, in 2013, we will implement a general plan in respect of risk management that will focus on risk monitoring, risk alert, risk assessment and risk disposition, and is designed for the purpose of "serving supervisory authorities, the market and investors", to do the best to enhance the duty performance capacity and management methods, and to enable various businesses to move forward and to achieve a more outstanding performance.



Zhuang Mu
General Manager

CORPORATE PROFILE



Board of Directors and Management Members

Li Lian

Ma Donghao

Zhuang Mu

Liu Hongtao

Jiang Weijun

Zhang Xiaowei

Meng Guozhen

Board of Directors:

Chairman: Ms. Liu Hongtao

Deputy Chairman: Mr. Zhuang Mu

Deputy Chairman: Mr. Jiang Weijun

Executive Director: Ms. Li Lian

Executive Director: Ms. Meng Guozhen

Management Members:

General Manager: Mr. Zhuang Mu

Deputy GM: Mr. Ma Donghao

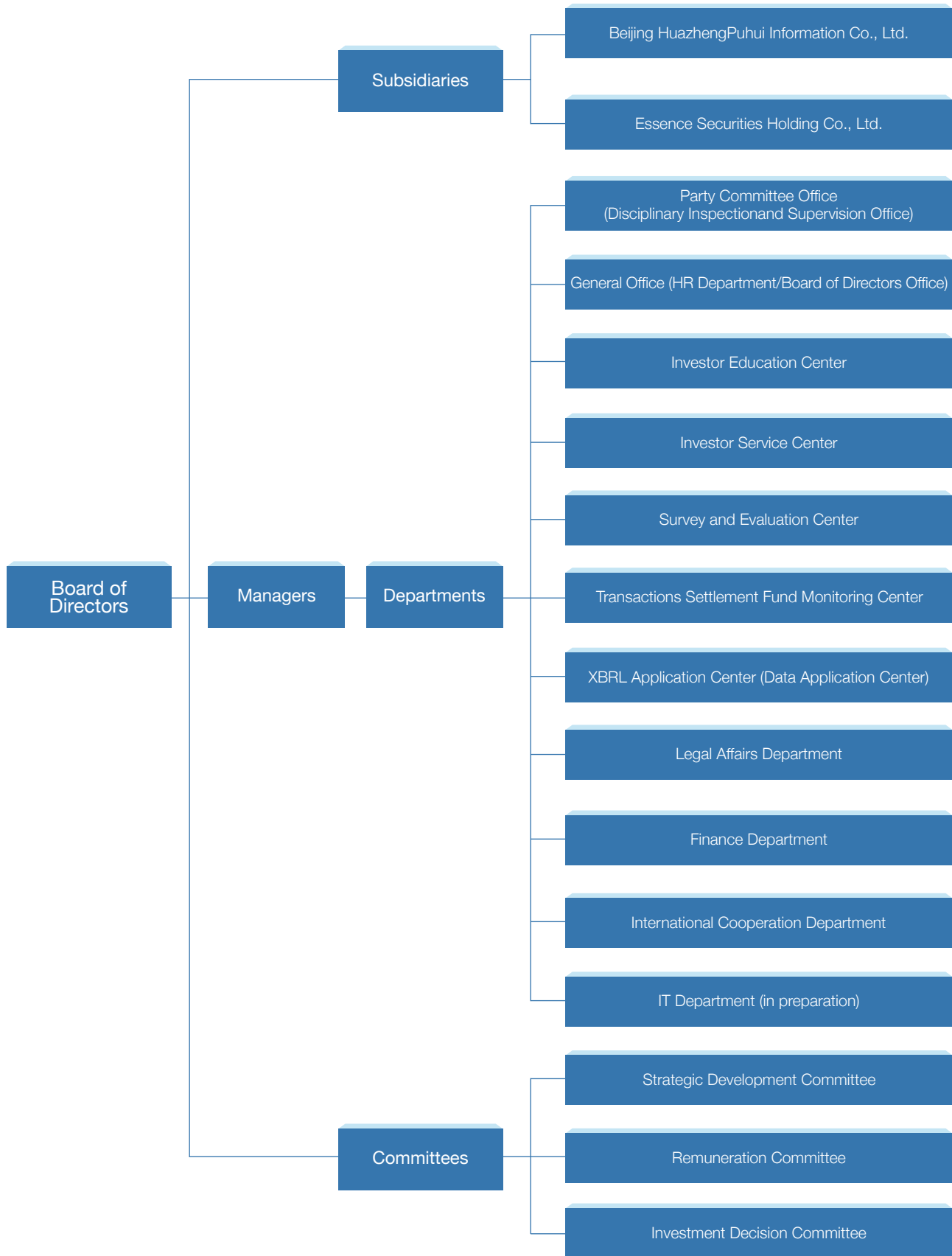
Deputy GM: Ms. Zhang Xiaowei

Corporate Profile and Organizational Structure

With the approval of the State Council, the CSRC, MOF and PBOC promulgated the *Measures for the Administration of Securities Investor Protection Fund* (the “Measures”) in June 2005, and approved the establishment of the wholly state-owned China Securities Investor Protection Fund Corporation Limited (hereafter “SIPF”) and the articles of association of the SIPF. On August 30, 2005, SIPF was registered at the State Administration for Industry and Commerce, with a registered capital of RMB6.3 billion that is provided by the State Council through the MOF. SIPF is subject to the management of CSRC.

Decision making is the responsibility of the Board of Directors, and the management is responsible for corporate business and management. SIPF consists of 11 departments: Party Committee Office (Disciplinary Inspection and Supervision Office), General Office (HR Department/Board of Directors Office), Investor Education Center, Investor Service Center, Survey and Evaluation Center, Transactions Settlement Fund Monitoring Center, XBRL Application Center (Data Application Center), Legal Affairs Department, Finance Department, International Cooperation Department, Information Technology Department (in preparation); below the Board of Directors there are Strategic Development Committee, Remuneration Committee, and Investment Decision Committee; SIPF has 2 subsidiaries: Beijing Huazheng Puhui Information Co., Ltd., Essence Securities Holding Co., Ltd.

Corporation Organization Chart



Business scope: Computer system services, data processing and other computer services; basic software, application software and other software services; wholesale and retail of computers, software and ancillary equipment; IT development, information services, investment consulting and e-commerce.

Business scope: Securities brokerage; securities investment consulting; financial consultancy on securities transactions and securities investment activities; securities underwriting and sponsorship; securities proprietary business; securities asset management; margin trading; and other securities business approved by the CSRC.

Responsible for the daily work of the SIPF Party Committee and Discipline Committee, administrative supervision, and external publicity.

Responsible for general administrative service, logistics support, HR management, service for the Board of Directors, and subsidiaries management.

Responsible for strategic development & planning, research of important issues, investment of proprietary and protection funds, management and disposition of foreclosed assets, investor education, etc.

Responsible for responding to investor call, planning, managing and maintaining the SIPF website in Chinese and English.

Responsible for investor survey, investor protection assessment, risk assessment, etc.

Responsible for the construction, maintenance, operation, routine monitoring and data processing of the monitoring system, professional assessment of innovative proposals of securities companies, audit and review of risk disposition and monitoring of securities companies.

Responsible for the planning, construction, operation and maintenance of the XBRL system and the SIPF data application.

Responsible for SIPF involvement in the risk disposition of securities companies, legislations related to securities investor protection, SIPF's legal affairs and relevant publicity.

Responsible for accounting & supervision, financial management, preparing, reporting and managing the budgets and accounts, raising protection fund, implementing policies in respect of wage, social insurance, housing provident fund and other welfare benefits, handling taxation matters in accordance with law, formulating and implementing the bank deposit plan, and assuming the routine work of the Payment Committee.

Responsible for international cooperation and exchange, as well as studies in respect of international securities investor protection.

Responsible for the overall planning of information resources and the centralized management of IT systems.

Study and provide proposals, solutions or schemes concerning SIPF's long-term strategic development plan and important matters that may affect SIPF's development.

Formulate remuneration management measures and solutions, and oversee their implementation.

Review SIPF's plans in respect of investment, bank deposit and disposal of foreclosed assets, and inspect the implementation of these plans.

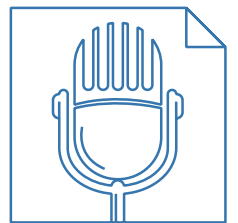
Main Functions

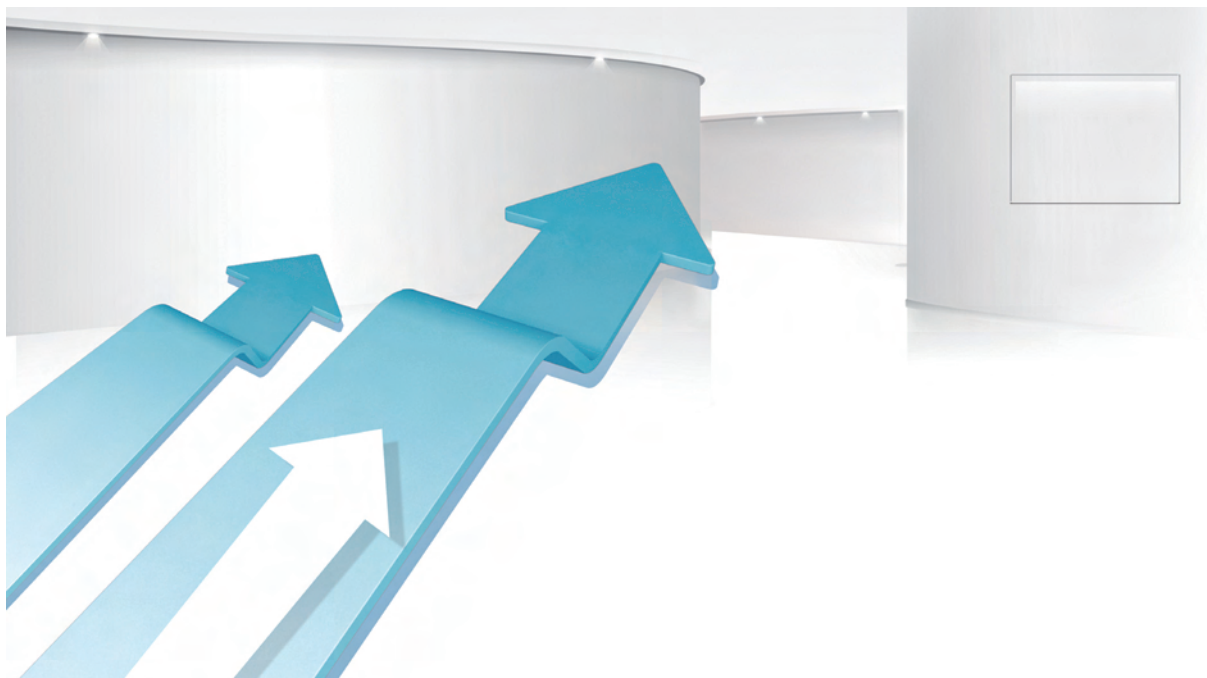
SIPF's main responsibility is to raise, manage and operate the securities investor protection fund; to monitor risks of securities companies and participate in the risk disposition of these companies; to indemnify eligible creditors according to relevant policies in case that a securities company is subject to compulsory supervisory measures, including dissolution, closure, bankruptcy, administrative takeover or trustee operation by CSRC; to organize and participate in the liquidation of the dissolved, closed or bankrupt securities companies; to manage and dispose foreclosed assets and safeguard SIPF's rights and interests; to put forward supervisory and disposal suggestions to CSRC in case a securities company's operation and management have material risks that may damage investor interests and the safety of the securities market; to work with relevant authorities in establishing a rectification mechanism for the potential risks arising from the operation of securities companies.

SIPF will continue to deal with the remaining work in respect of risk disposition of securities companies and earnestly perform its duties of raising, managing and operating the protection fund. On the basis of this, SIPF will improve continuously the securities transaction settlement fund monitoring system and the XBRL system, establish a sound investor protection and service system that consists of investor survey, investor protection assessment, investor education, investor call and so on, actively promote the professional assessment of innovative proposals for securities companies, carry out international exchange and cooperation, study important issues, strengthen IT safeguards and facilitate the establishment and improvement of an long-term effective mechanism to protect capital market investors.



WORK SUMMARY OF 2012





In 2012, under the correct leadership of the CSRC and the substantial support from the MOF, PBOC and other authorities, SIPF Party Committee has led the entire staff to study and implement the scientific outlook on development and what is called for by the 18th CPC National Congress, to focus on risk prevention and investor protection, to do the best to “serve supervisory authorities, the market and investors”, to carry out risk monitoring, warning and disposal, to promote the establishment of the investor protection and service system, and has successfully accomplished targets set at the beginning of 2012.

I Main Tasks of 2012

1. Vigorously promote the construction of monitoring system to facilitate the trial operation of the monitoring system.

In the first place, the monitoring system was online

for trial operation, with monitoring and comparison available. It takes more than two years to build the monitoring system which was put into trial operation on March 30 of 2012. Through connecting with CSDCC, 21 custodian banks as well as 100 securities companies with brokerage business, the monitoring system was capable of dynamic monitoring of the entire clients' transaction settlement fund, covering more than 5,200 branches of the 100 securities companies, 103 million brokerage accounts, over 1,700 special bank deposit accounts, more than 860 client provision accounts and a total of more than RMB600 billion of transaction settlement fund. More than 99% data can be reported in a timely manner. In the past 9 months, the monitoring system has been well-functioning in all aspects, made effective data comparison and resolved many discrepancies and problems, with comparison discrepancy falling from more than 10,000 pieces at the beginning to about 600. By ongoing monitoring and verification of 12 points at the general account and

subsidiary account, SIPF meant to urge securities companies to strengthen their internal management and standardize their business operation; to identify common problems, provide risk training to securities companies and improve their awareness and willingness of risk prevention and compliance.

In the second place, the monitoring system was fully integrated with the supervisory system. Problems identified in the course of the monitoring and their resolution were timely reported to the leaders and departments of CSRC, while

13 monitoring reports were submitted and received due attention from the leaders and departments of CSRC; a mechanism for routine communication with the Department of Intermediary Supervision of CSRC was established to notify promptly and jointly study important issues identified and relevant solutions; the function of risk alert and handling was piloted at the Shanghai, Guangdong and Hubei bureaus of CSRC, while the classified and multi-level risk alert mechanism was established, and a total of 131 risk alerts were released. On the basis of this pilot, the full participation of all 36 provincial bureaus of CSRC was launched at the end of 2012, enabling the monitoring system to better serve the supervisory work.

In the third place, actively carry out the statistics and application of data monitoring to provide data service for the supervisory authorities and investors. The leaders, units and departments of CSRC were provided with the *Monthly Statistics*, which summarizes the change of market-wide transaction settlement fund; through *China Securities*



Journal, www.people.com.cn, www.sipf.com.cn and so on, the balance and change of transaction settlement fund were regularly published, attracting due attention from supervisory authorities and market participants. Subject to *CSRC Guidelines of Statistics for Securities and Futures Industry*, the criteria for relevant data of the monitoring system were submitted to the Department of Market Supervision of CSRC, so as to facilitate CSRC's statistics and data storage.

In the fourth place, the monitoring system was utilized to facilitate innovative businesses of securities companies. Through the interactive platform, development, testing, training and data initialization were carried out to put payment-collecting accounts and special bank deposit accounts on file, to technically and operationally facilitate securities companies to carry out innovative business including the financial products' sale on a commission basis, custody, counter operations and so on, and to facilitate the functional switchover from the existing clients' transaction settlement fund monitoring system

(that is, the No.3 System). With the monitoring system, innovative businesses of securities companies were put under stricter monitoring to ensure the safety of clients' money and to timely notify relevant problems. Relevant units and departments had been successively notified of problems in respect of repurchase, cash management and buyback agreement that were identified in the process of such innovative development, and provided with opinions and suggestions on the improvement of business management and technical system, which served to prevent innovation-related risks and facilitate innovative efforts by securities companies.

2. Complete various risk disposition work and safeguard the result of risk disposition and the security of the state acquisition fund.

In the first place, applications for the acquisition fund in connection with activated dormant and single-fund accounts of disposed securities companies were reviewed, approved and audited. Up to now, 5 applications have been reviewed, 4 were approved, involving RMB7.75 million, and a special audit was made for the usage and activation of dormant and single-fund accounts. 4 assignees, including Huarong Securities, were subject to special auditing, with a focus

on the use of over RMB15 million allocated to them as well as account activation and trustee management in 2011, and the arrangement was made for the remaining work in respect of the special audit of another 3 securities companies, including Donghai Securities.

In the second place, SIPF has duly been involved in the bankruptcy liquidation and pushed forward the management of claim payments. As for bankruptcy liquidation, SIPF has made 10 claim declarations and verifications, voted on 53 matters, attended creditors' meetings and creditor committees for 10 times, and expressed prudent opinions on various important resolutions; actively promoted the bankruptcy process of disposed securities companies. On the basis of such participation, SIPF has been attentive to the progress and issues in connection with bankruptcy liquidation, provided its opinions accordingly and promoted the conclusion of the bankruptcy of Xinjiang Securities, Dogain Securities, Minfa Securities, China Southern Securities and Gansu Securities; it has actively coordinated and implemented transfer agreements and supplemental agreements signed with various liquidation groups. Up to now, 23 out of 24 disposed securities companies have signed a claim transfer agreement. Asset recovery was earnestly carried out, with a total of RMB522 million being received from 12 rounds of asset distribution.

In the third place, frozen and withheld transaction settlement fund was recovered in accordance with law. SIPF coordinated the return of RMB130 million of clients' securities transaction fund of Hantang Securities withheld by the Industrial Bank but compensated by SIPF in advance, and signed an agreement on the assignment of claims; it actively coordinated with the relevant courts to unfreeze and return RMB5.26 million (3 sums) of Deheng Securities to SIPF account, received from the administrator of Northwest Securities



RMB10.34 million of commission income and surplus forex provisions prior to the date of disposal, and timely tracked and urged the administrator of Guangdong Securities to sue against Everbright Bank and request the return of RMB176 million.

In the fourth place, SIPF continued to dispose of the remaining risks. The *Agreement for the Administration of Dormant and Single-fund Accounts of Disposed Securities Companies* was signed with 18 assignees, covering all remaining dormant and single-fund accounts of disposed companies; closely cooperated with relevant administrative liquidation institutions, accounting firms and Shanghai and Shenzhen Securities Supervision Offices to undertake the cancellation, interest settlement and auditing of the special SIPF accounts opened by the administrative liquidators. 15 out of 23 disposed securities companies have finished account cancellation and auditing, while the rest are still under the progress of account cancellation, interest settlement and auditing.

3. Improve protection fund raising policies and strengthen fund management.

Firstly, the protection fund was duly raised. Online reporting was optimized and market-wide fund-raising data were all recorded, reported, reviewed and confirmed electronically; as of the end of December 2012, RMB3,235 million was raised for the protection fund, and in order to support the innovative development of securities companies, as approved by CSRC, a rebate of 30% to 50% was available to all securities companies in accordance with their respective category.

Secondly, develop the steady capital investment and bank deposit businesses for the purpose of value preservation and increase. Investment management was reformed, market-based approaches were attempted, and the administrators and custodians were recruited



from the market, and fund management was further improved; the entrusted management of the recovered stocks was adopted, and with a lower cost, the recovered stocks were put under professional management and their disposition value was enhanced; the amount of entrusted investment was uplifted properly. As of December 31 of 2012, SIPF received RMB193 million from entrusted investment, with the annualized yield at 4.36%; the term structure of bank deposits was optimized, and as of December 31 of 2012, annual interest amounted to RMB920 million.

4. Further strengthen the construction of the investor protection and service system.

In the first place, investigate investors' confidence to reflect their minds and needs and to provide a basis for scientific supervision. Throughout 2012, 12 investors' confidence investigations were made, covering on average 6,000 investors per month. Meanwhile, confidence indicators were adjusted and improved to make the survey more readable and effective. Now, the confidence indicator has become the first index that reflects mentality changes of individual investors and begins to play a positive role. It is one important element of monthly securities, futures and risk warning



data reported by CSRC to the State Council, and published at a prominent place of the *People's Daily*, *China Securities Journal* and other media, attracting the attention of market participants, investors and relevant research institutes.

In the second place, the assessment of investor protection of listed companies was further improved, a survey was made for risk assessment of securities companies and a system of relevant indicators was designed. Indicators for the assessment of listed companies' investor protection were further improved, the assessment results had a greater value of reference and began to play a greater guiding role, and the assessment reports were formally disclosed to the public and had been provided for the reference across securities and futures industry for two consecutive years. The *Report on Cash Dividend Policy and Implementation by Listed Companies of A-share Market* was incorporated into the comprehensive informational system for listed companies' supervision and part of it was published in the *Study of the Regulation of Listed Companies*. SIPF is considering boosting risk assessment for securities companies so as to better perform its statutory duty of monitoring the risk of securities companies, to move from passive risk disposition to active risk monitoring and to play a

positive role in risk monitoring.

In the third place, a combination of general surveys and special surveys was adopted, including the *Survey of Chinese Securities Investors 2011* and surveys of specific hot issues in the first half of 2012. These surveys timely reflected the investors' situation and demands, and provided supervisory authorities with first-hand information and enabled them to find out and respond to what investors were thinking about.

In the fourth place, the investigation and implementation system was further improved, and sample database maintained its activeness and efficiency. SIPF continued to improve the "3-tier" system that has a fixed sample database consisting of 46 securities companies, 246 branches and 5,235 investors, enhanced the survey quality and ensured that data were accurate and valid and conclusions were scientific and precise.

In the fifth place, enhance investors' education, and investors' awareness of risk and capacity of risk management. A 3-month prize-winning quiz about securities and futures was held via online media, print media and SIPF website, attracting 960 thousand people; the new version of SIPF website was built with enhanced features of education and service. The number of visits per month increased by 570% compared to 2011.

In the sixth place, continued to undertake the investor call service and handle the messages from investors seriously. By the end of December 2012, 35,472 messages had been received from various channels including CSRC website, Chairman Mailbox, SIPF website and so on, and all of them had been properly handled in due time. Due attention was paid to messages during the sensitive period, and emergent incidents and events were properly dealt with. Regular bulletins were sent to the leaders and 14 departments of CSRC, notifying them of prominent issues and complaints.

SIPF was authorized to build the CSRC hotline and so

far this project has been set up and relevant construction has been initiated.

5. Actively push forward the construction, promotion and application of the XBRL system.

IPO system was developed, tested and improved, and put into trial operation subject to the notification of the Department of Public Offering Supervision and XBRL Office of CSRC. The functions of fund system were constantly improved and electronic information disclosure was effectively carried out. Phase I of the XBRL system for non-listed companies was completed, which is capable of reporting and disclosing PDF documents and satisfying basic requirements of information disclosure. The utilization of XBRL data was improved, with 5 issues of *SIPF XBRL Newsletter* provided to the leaders and departments of CSRC and the whole industry analysis was carried out regularly. SIPF also actively participated in the formulation of the *XBRL Criteria for Securities and Futures Industry*, and strengthen the basis construction of relevant standards.

6. Continue to carry out professional assessment of innovative proposals from securities companies.

On the basis of the *Measures for the Professional Assessment of Innovative Proposals of Securities Companies* (trail version), the establishment of an expert database, the establishment and improvement of measures and mechanisms for innovation assessment, SIPF organized and completed the assessment of the innovative custody of China Merchant Securities PE fund, and the assessments organized by stock exchanges and the Securities Association of China, including the innovative payment proposal by Everbright Securities and Huachuang Securities, the innovative wealth management proposal by GuotaiJun'an Securities and the proposal on innovative financing through right exercise by listed companies raised by Guosen Securities, and used the monitoring system to strengthen the monitoring of innovative businesses and facilitate the innovative growth of securities companies.





7. Actively promote international exchange and cooperation.

Firstly, SIPF worked with CIPF to hold the International Compensation Fund Meeting in Beijing. Secondly, SIPF worked with investor protection funds in the United States, Canada and other countries to promote the establishment of the “International Securities Investor Protection Forum”, and so far, the relevant work has been under way. Thirdly, SIPF was invited to attend EDFI annual meeting, where SIPF strengthened dialogue and exchange with EDFI and its members, introduced its efforts in respect of risk monitoring and prewarning of securities company as well as investor protection, and further uplifted its international influence.

8. Actively engage in the research of important issues.

In the first place, strengthen the research on business

orientation of SIPF and clarify the basic idea for risk monitoring, warning, assessment and disposal. In the second place, strengthen the research on the width and depth of SIPF coverage, including specific issues such as incorporation of fund companies into SIPF coverage, providing bailout for securities companies and establishing a diverse resolution mechanism for securities disputes.

9. Steadily push forward the transfer of shares of Essence Securities.

As required by the State Council, upon the conclusion of risk disposition, SIPF shall withdraw from Essence Securities through a market-based approach. On the basis of risk disposition progress and the operation result of Essence Securities, SIPF has studied and formulated solutions with respect of exit from Essence Securities. The company has carefully listened to appeals of minority shareholders of Essence Securities

and made preparation for its stable and orderly withdrawal from Essence Securities.

10. Further strengthen IT safeguards.

The establishment of Information Technology Department was under way, which will take charge of SIPF's IT systems and facilitate various business operations. Technical safety was arranged and capital market information security during the 18th CPC National Congress was protected in accordance with CSRC's requirements. Classified protection of IT systems was subject to self-inspection and special inspection, potential risks were overhauled, relevant emergency plans and procedures were formulated, emergency drills were held, risks identified in the course of such self-inspection, special inspection and emergency drill were combed and summarized, with practical improvement plans being formulated to resolve and remove security risks in a timely manner, IT systems had improved stability and safeguard capacity and played a greater role in facilitating SIPF operations, and throughout 2012, not a single IT incident had occurred.

11. Strengthen Party construction and internal management, and enhance personnel quality.

Firstly, SIPF earnestly learned and implemented the spirit of the 18th CPC National Congress and arranged various matters accordingly on the basis of actuality. Secondly, the management team was reinforced, rules of procedure for the Party Committee were amended, collective decision was required for important matters, important executives and important investments as well as the use of a large sum of money, and a decision concerning Party Committee construction was issued, requiring the management to play an exemplary role. Thirdly, the discussion was held on "corporate mission, core values and criteria for outstanding staff", the

mission of "protecting investors' legitimate rights and interests" and core values of "the ideality makes a sublime mind, dedication makes success, and protect investors with better service" were widely accepted, and SIPF personnel saw their cohesion and morale uplifted. Fourthly, through theme activities such as "For Excellence" and "A Good Book", moral education was conducted, and a common understanding was reached among SIPF staff, who avowed to work for and contribute to the protection of investors' lawful rights and interests. Fifthly, grass-roots organization was strengthened to serve as a stronghold, Party branches were improved, Party members were expanded, and in 2012, 6 employees became probationary Party members and 2 became formal Party members. Sixthly, the work style, integrity and self-discipline were further strengthened, with the accountability and commitment being clarified, and the *Commitment of Integrity* was signed by the entire staff, and arrangement, inspection and implementation of integrity work and business operation was synchronized; integrity requirements by the Party Committee and the Discipline Inspection Committee were faithfully implemented; education and admonition were provided on a monthly basis, proper training was offered to discipline-inspecting personnel,



and the monitoring of integrity at key points in key areas was strengthened. Seventhly, cadre cultivation was strengthened. Through competitive selection, rotation and recruitment, the management team at the middle level was further optimized, and personnel qualifications were improved through systematic business training, on-the-job training, rotation and on-site training at securities companies. Eighthly, internal management was consolidated, 12 rules and measures were amended, disciplinary requirements were emphasized, budget management was strengthened, and all these efforts proved to be effective. Ninthly, the management of Beijing Huazheng Puhui Information Co., Ltd. was strengthened, and in addition to substantial support, project management and financial auditing & supervision was consolidated to ensure its regular, orderly and healthy growth.

II Several Understandings of the Work in 2012

The outstanding performance in 2012 is indispensable to SIPF's vision, deep consideration and unified understanding of overall situations. For the conclusions, we have the following four understandings:

1. Only by serving the overall situation, can the investor protection move forward scientifically.

Though SIPF was established in a special context of the outbreak of securities companies' risks, for the purpose of stable development of securities market and protection of investors' lawful rights and interests, it is an important institutional arrangement as indicated by investor protection practices at home and abroad, and plays an indispensable role. CSRC Party Committee has been highly attentive to the long-term development of SIPF, and CSRC leaders for many times have given

important instructions to further clarify the direction, confirm the ideas and impose higher requirements on SIPF. Throughout 2012, SIPF Party Committee has earnestly served the overall situation and implemented "Three Hows" and "close to market, supervision and investors" as required by CSRC, proposed to start with "serving supervisory authorities, market and investors" and "supporting reform and innovation" to promote SIPF's scientific development. Practices have proved that, only by taking into account the overall situation of reform, innovation, development and supervision of capital market, can SIPF find its proper position, and only by focusing on priorities assigned by CSRC, can its work acquire greater vitality. In the future, SIPF will continue to strengthen the awareness of responsibility and service, facilitate the implementation of "Three Services" and further improve its scientific development.

2. Only by deepening the reform, can investor protection be constantly improved.

Chinese capital market is growing rapidly, involving many innovations and changes, which makes investor protection a challenging job and must accommodate the new trend and requirements on capital market and investor protection by deepening the reform and improving the system. On the one hand, along with innovations, the organization, business pattern and profitability of securities companies are also undergoing fundamental changes, and risks arising from their liquidity and innovation may be important factors that affect market stability. As a result, it is necessary to change and adapt the single-risk monitoring of clients' deposit to market trends and to put in place new mechanisms and approaches of risk management. On the other hand, instead of expost risk disposition at a huge cost, the focus shall be put on forward-looking and preventive efforts, so that early actions can be

taken, less money will be spent, and social & economic costs and resources could be saved. The benefit of investor protection shall be maximized, and risk disposition, monitoring, warning and assessment shall be properly handled. Investor protection, rather than confined to protection, needs to provide better service to supervisory authorities, market and investors by deepening the reforms, improving relevant institutions and mechanisms as well as adapting to market changes.



3. Only by strengthening internal management, can SIPF's performance be improved.

SIPF Party Committee has recognized and attached the great importance to the role of internal management on boosting the reform, development and performance, and has taken effective measures to substantially facilitate scientific and standardized internal management. Firstly, further improve the rules of procedure for the Party Committee, requiring collective decision on important matters, important executives and important investments as well as the use of a large sum of money and enabling the Party Committee to play a core political role; the Board of Directors performs duties in strict accordance with statutory procedures and fully play a role in decision making, and Strategic Development Committee, Remuneration Committee and Investment Decision Committee play a supportive role; further strengthen the implementation at the level of the management, and form a scientific and effective organizational structure and management system. The Board of Directors, committees and the management

shall coordinate and cooperate with each other to improve the efficiency of SIPF management, decision making and implementation. Secondly, moral education is necessary to strengthen SIPF staff's sense of mission and responsibility, to inspire their initiative, motivation and enhance their capacity of implementation; by enhancing disciplining management, improve the productivity. Thirdly, outstanding achievements made in respect of the monitoring system in 2012 can be used to play a guiding and exemplary role and to promote the achievements in all aspects; the management of project budgeting and funding needs to be strengthened in order to control and reduce project costs and to make a good use of every cent of SIPF. Fourthly, relevant rules and measures need to be amended in order to enable corporate management to be more regular and orderly; financial management is strengthened to improve the efficiency of fund utilization, reduce operating costs and improve productivity. In the future, SIPF will continue to learn from practices so as to further improve its performance and internal management, and provide a fundamental safeguard for its reform, development and expansion.



4. Only by strengthening HR management, can personnel quality be upgraded.

Since the establishment, SIPF has been strengthening the HR management, and so far has formed a quite professional and capable team of talents. However, since investor protection is a pioneering career with heavy tasks, it is necessary to further strengthen the HR management so as to better adapt to the reform and development of capital market and SIPF itself. Therefore, SIPF Party Committee, considering HR as the first resource and HR management as an important task, has been trying various innovative approaches to vigorously improve the working mechanism and personnel quality and to facilitate the staff to grow together with SIPF and the career of investor protection. Firstly, on the basis of studying and implementing the spirit of the 18th CPC National Congress, “For Excellence” activities and grassroots organizational construction are further implemented to build a learning-oriented organization and to enable Party Committee, central group of Party Committee, the meetings of democratic consultation and Party branches to play an important role. Through Party construction, such as core value discussion, reading and theme activities, HR

management can be enhanced. Secondly, working style, integrity and anti-corruption arrangements by SIPF Party Committee and the Discipline Inspection Committee are earnestly implemented, integrity construction and working style construction are synchronized, and working style, integrity and anti-corruption as well as business operation are arranged, inspected, evaluated and implemented at the same time, and Party leaders and members have improved their mentality and awareness of integrity, leading to the personnel’s stronger capacity and cohesion. Thirdly, training is consolidated to accommodate the staff’s actual needs, with richer contents and better efficacy. Fourthly, SIPF encourages its staff to get involved in and grow up in practices. Through these efforts, the staff’s mental outlook, professional capacity and general qualifications are significantly improved, ensuring significant progress and achievement in various aspects. In the future, SIPF will continue to attach great importance to HR management, conduct scientific study, formulate a general plan and fully integrate various resources to speed up HR management, enable the staff to stand competitively and provide a solid HR safeguard for the career of investor protection.



IMPORTANT MEETINGS AND ACTIVITIES OF SIPF IN 2012





CSRC Offices to Fully Participate in the Operation of the Monitoring System

The Securities Transaction Settlement Fund Monitoring System (hereafter referred to as the "Monitoring System") was available online for trial operation on March 30 of 2012, and the pilot was effectively launched at some provincial bureaus of CSRC on August 20, which was proved effective working achievements. On the basis of this, SIFP held the "Special Meeting on the Full Participation of CSRC's provincial bureaus in the Operation of the Monitoring System" in Beijing on December 6 of 2012, so as to further improve the supplementary supervision of the Monitoring System, establish a dynamic mechanism to monitor, track and solve problems and realize the effective connection to existing supervision system. The leaders from the

Department of Intermediary Supervision of CSRC and SIFP attended and spoke at the meeting, with the presence of over 50 deputies from 36 provincial bureaus of CSRC across the country. This meeting laid a solid basis for the integration of the Monitoring System and current supervisory system. After the meeting, the Department of Intermediary Supervision of CSRC issued a *Notice on Matters Concerning the Utilization of the Securities Transaction Settlement Fund Monitoring System to Carry out the Daily Supervision Work*, and all 36 provincial bureaus of CSRC have participated in the operation of the Monitoring System as from February 1 of 2013.

The 1st Session of the 4th SIFP Expert Committee

On February 28 of 2012, the 1st Session of the 4th SIFP Expert Committee was held in Beijing, with 19 experts from the legislation body, judicial organ, securities supervisory authorities, securities industry, brokerage agencies and universities presented to discuss about the possibility of SIFP to provide public-interest mediation for securities-related disputes. SIFP Chairman Liu Hongtao said, risk disposition was soon to be finished, and it was very important for SIFP to play its role in servicing market development and safeguarding investors' lawful rights. She pointed out that the public-interest mediation promoted by SIFP was consistent with the reform and innovation of securities market, was a specific measure for safeguarding investors' rights and a positive exploration of expanding the scope of investor protection. She also said, SIFP would like to do more for investor protection and make greater contribution to capital market's growth and investor protection.



SIFP was Invited to Attend the “Dream Becomes True 2013” and the Award Ceremony 2012 of the Love Parcel Program



On April 26 of 2013, with the invitation of China Foundation for Poverty Alleviation (CFPA), SIFP attended the “Dream Becomes True 2013” and the Award Ceremony 2012 of the Love Parcel Program held at the Great Hall of the People. There, Cheng Siwei, the former Vice Chairman of the NPC Standing Committee, and the leaders from other sponsor units unveiled the “Dream Becomes True 2013” of the Love Parcel Program, and Jiang Weijun, Deputy Chairman of SIFP, donated RMB one hundred thousand to the program on behalf of SIFP. At the meeting, entities and units received honors for their supports and donations made in 2012 to this program of CFPA, and SIFP was granted the Outstanding Contribution Award of 2012.



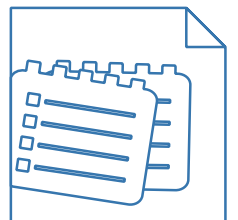
Theme Activities in Tianjin

As required by CSRC Party Committee to carry out theme activities, from September 7th to September 8th of 2012, the SIPF Party Committee Office, Labor Union and Youth League Committee organized theme activities in Tianjin for the entire staff, with a purpose to strengthen their awareness of revolutionary traditions and patriotism. Through such theme activities in Tianjin, especially the personal experience of feeling rapid

economic growth and changes in Tianjin and following the traces of revolutionary predecessors, SIPF staff expressed they were inspired and invigorated and proud of great socialist achievements. They avowed to learn from revolutionary predecessors to work for the people in a whole-hearted, diligent and earnest manner, to fight for the benefit of the people throughout their lives and to live and work in a strict, responsible and sturdy manner.



STATISTICAL FORMS

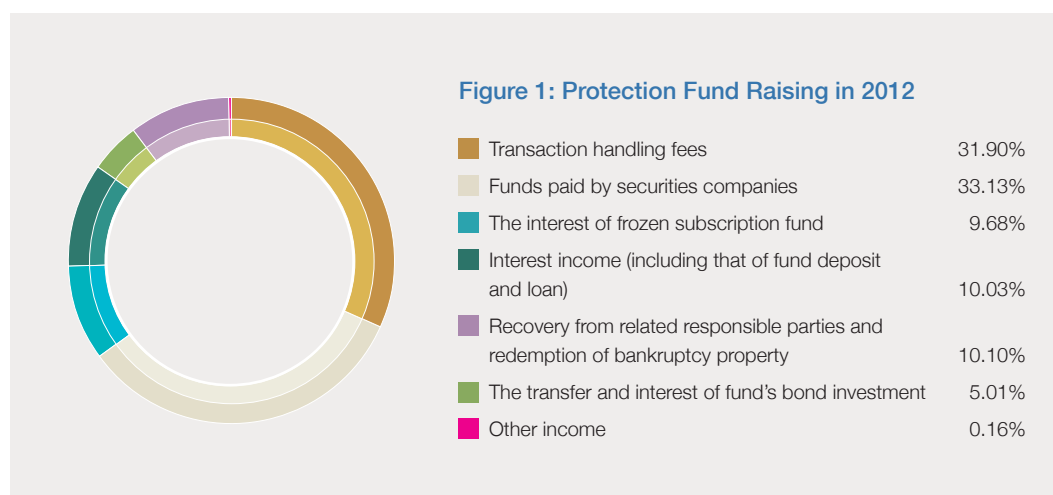


6.1 Statistical Summary

[Protection fund raising and using]

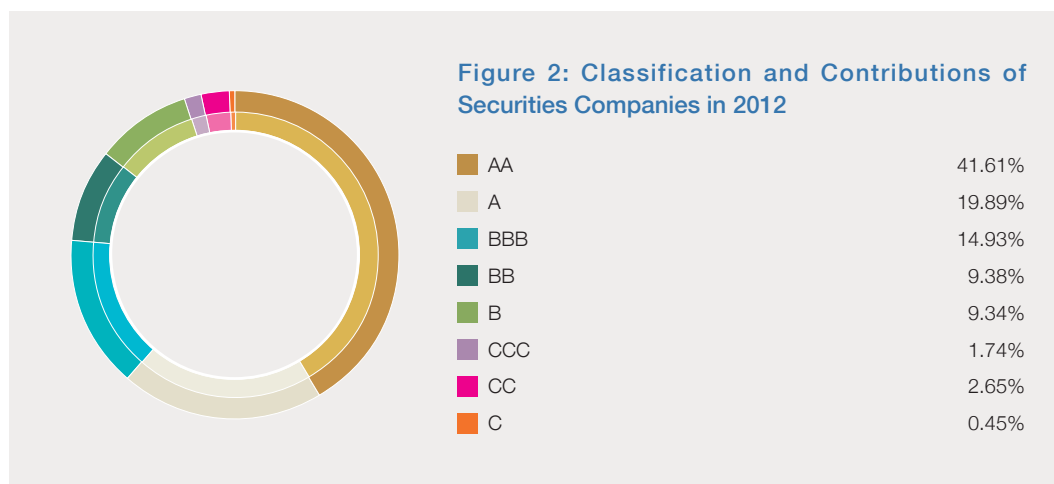
In 2012, RMB4,329.8 million was raised, including RMB1,381.3 million from transaction handling fees, accounting for 31.90%; RMB1434.3 million from funds paid by securities companies, accounting for 33.13%; RMB419.2 million from the interest of frozen subscription fund, accounting for 9.68%; RMB434.1 million of interest income (including that of fund deposit and loan), accounting for 10.03%; RMB216.8 million from the transfer and interest of fund's bond investment, accounting for 5.01%; RMB437.1 million from recovery from related responsible parties and redemption of bankruptcy property, accounting for 10.10%; RMB7 million from other income, accounting for 0.16%.

In 2012, SIPF accumulatively had used a net amount of RMB3,905.2 million, including RMB-134.2 million of net appropriation for risk disposal fund (RMB7.8 million was appropriated for risk disposal fund, RMB130 million and RMB12 million were refunded by relevant commercial banks and liquidation groups respectively as clients' securities transaction settlement fund deducted in advance), RMB4,000 million used for bond investment and RMB39.4 million for other expenses.



[Classification and fund payment of securities company]

In 2012, securities companies had paid RMB1,434.3 million to SIPF in accordance with percentages set by the CSRC, including RMB596.8 million from securities companies of category AA, RMB285.3 million from securities companies of category A, RMB214.2 million from securities companies of category BBB, RMB134.6 million from securities companies of category BB, RMB134 million from securities companies of category B, RMB24.9 million from securities companies of category CCC, RMB38 million from securities companies of category CC, and RMB6.5 million from securities companies of category C.



[History statistics of protection fund raising and using]

By the end of December 2012, SIPF accumulatively had raised RMB12,404.2 million from transaction handling fees, RMB16,865.2 million from funds paid by securities companies, RMB17,109.2 million from the interest of frozen subscription fund, RMB6.9 million from donation, and RMB3,055 million from recovery from related responsible parties and redemption of bankruptcy property.

By the end of December 2012, SIPF accumulatively had appropriated RMB1,080.8 million for risk disposal fund, including RMB628 million to fill the gap of clients' securities transaction settlement fund and RMB452.8 million to acquire personal claim. As of the end of December, accumulatively RMB22,894.5 million and RMB1,896.2 million had been paid respectively for the principal and interest of PBC re-lending.

[Issuance of the protection fund]

By the end of December 2012, SIPF accumulatively had issued RMB22,507.2 million to 24 disposed securities companies, including RMB16,251.7 million to fill the gap of clients' securities transaction settlement fund and RMB6,255.5 million to acquire personal claim, accounting for 72.21% and 27.79% respectively.

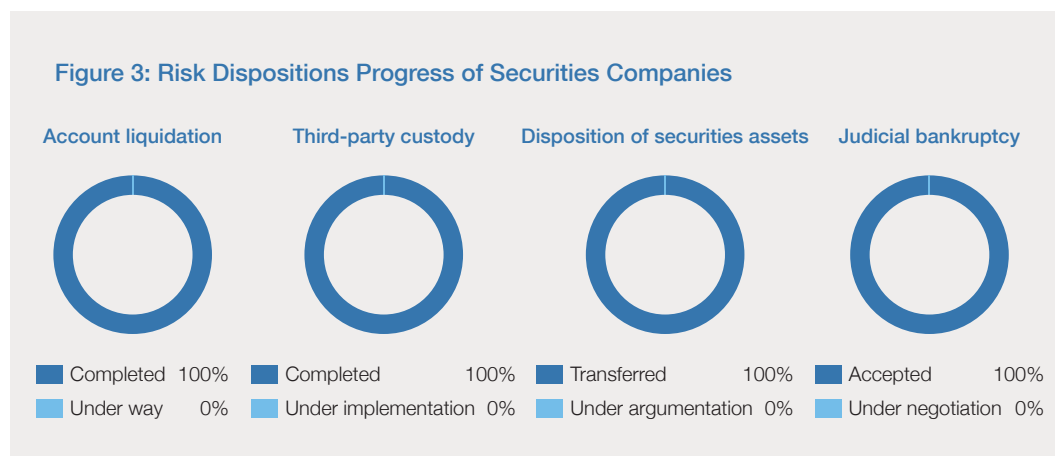
[Basic information of risk disposition of securities companies]

Account liquidation: by the end of December 2012, account liquidation had been finished for 24 disposed securities companies, accounting for 100% (24 companies, the same as below).

Third-party custody: by the end of December 2012, third-party custody had been completed for 24 disposed securities companies, accounting for 100%. Among the 624 business offices of all disposed securities companies, 624 business offices had been networked, accounting for 100%.

Securities assets disposal: by the end of December 2012, the transfer of securities assets had been finished for 24 disposed securities companies.

Judicial bankruptcy: by the end of December 2012, the bankruptcy cases of 24 disposed securities companies (accounting for 100%) had been accepted by competent courts.



[The number of accounts & individual creditors involved in appropriated protection fund]

By the end of December 2012, RMB16,251.8 million had been used to fill the gap of clients' securities transaction settlement fund (including that of dormant and single-fund accounts), covering 9,675,710 normal brokerage accounts; RMB6,255.5 million had been used to acquire personal claim, involving 61,310 personal creditors.

[Dormant accounts and single-fund accounts of disposed securities companies]

By the end of December 2012, 24 securities companies had reported RMB450 million and RMB66.1 million respectively for dormant accounts and single-fund accounts on the date of disposal.

[Acquisition of clients' securities transaction settlement fund]

By the end of December 2012, based on the account liquidation result for disposed securities companies, RMB16,528.9 million was necessary to fill the gap of clients' securities transaction settlement fund, including RMB516.1 million from dormant and single-fund accounts for which no appropriation was made for the moment; SIPF had appropriated RMB16,168.8 million to fill the gap of clients' securities transaction settlement fund (excluding the acquisition fund for dormant and single-fund accounts), and the surplus had been returned, amounting to RMB119.6 million.

[Basic information of creditor's rights]

By the end of December 2012, 26 securities companies had entered into bankruptcy proceedings. SIPF was the largest creditor for 20 companies and the creditor committee chairman for 19 companies.

Formally declared SIPF claims totaled RMB25,255.9 million, and pre-declared claims amount to RMB3,034.8 million.

[Payment of SIPF claims]

By the end of December 2012, 21 securities companies had been subject to bankruptcy asset distribution. SIPF had compensated RMB3,104.8 million in cash (including RMB3.3 million managed on behalf of the MOF) and the details of compensation are as follows: 8,474,964 shares of Hafei, 32,625,414 shares of Harbin Pharmaceutical, 7,559,899 shares of Liaoning Chengda, 14,008,381 shares of Double-Crane Pharmaceutical, 18,609,302 shares of Nanjing Textile, 9,408,047 shares of Inspur software, 6,516,319 shares of Feida Enviro, 9,044,917 shares of China National Software, 3,428,113 shares of Bai Hua Cun (ST) and 2,708,541 shares of CMST; SIPF had compensated the following stocks on behalf of the MOF: 90,406 shares of Hafei and 348,032 shares of Harbin Pharmaceutical.

[Interaction statistics of securities investors]

In 2012, a total of 35,471 messages had been received from investors, including 1,857 for service consulting, accounting for 5.24%, 380 for policy consulting, accounting for 1.07%, 7,300 for reporting complaints and offenses, accounting for 20.58%, 11,103 for suggestions, accounting for 31.30%, and 14,831 for criticism, accounting for 41.81%.

6.2 Business Report | Table 1 Protection Fund Raising and Using

Item	Line	2012	2011	Item	Line	2012	2011
I Re-lending from the People's Bank of China							
1. Balance of re-lending deposit at the beginning of 2012	1	-	-	3. Fund using in 2012	17	39,052	57,117
2. Re-lending obtained throughout 2012	2	-	-	(1) Appropriation fund for risk disposition	18	-1,342	-1,762
3. Net interest income from re-lending deposit	3	-	-	(2) Bond issuance expenses	19		
4. Re-lending utilized in 2012 (minus: the amount returned)	4	-	-	(3) Payment of bond interest payable	20		
5. Balance of re-lending deposit at the end of 2012 (5= 1+2+3-4)	5	-	-	(4) Payment of bond principal payable	21		
				(5) Interest payment for PBC re-lending	22		0.536
				(6) Principal payment for PBC re-lending	23		58,343
				(7) Cost expense of bond investment	24	40,000	
				(8) Other expenses	25	0.394	
II Fund raised by SIPF				4. Fund balance at the end of 2012 (26=6+7-17)	26	207,052	202,806
1. Balance of fund deposit at the beginning of 2012	6	202,806	180,111	III SIPF bond issuance			
2. Fund raised in 2012	7	43,298	79,812	1. Balance of deposit of bond issuance at the beginning of 2012	27		
(1) Transaction handling fees	8	13,813	25,441	2. Revenue from bond issuance	28		
(2) Fund paid by securities companies	9	14,343	28,681	3. Fund used for bond issuance in 2012	29		
(3) Interest of frozen subscription	10	4,192	13,078	4. Balance of deposit of bond issuance at the end of 2012 (30=27+28-29)	30		
(4) Acceptance of donation	11			IV Total fund raising and using			
(5) Interest income (including fund deposit and loan interest)	12	4,341	5,648	1. Balance at the beginning of 2012 (31= 1+6+27)	31	202,806	180,111
(6) Transfer and interest revenue from fund's bond investment	13	2,168	1,094	2. Fund raised in 2012 (32=2+3+7+28)	32	43,298	79,812
(7) Compensation income from related responsible parties and redemption of bankruptcy property	14	4,371	5,870	3. Fund used in 2012 (33=4+17+29)	33	39,052	57,117
(8) Net income from disposition of compensation assets	15			4. Balance at the end of 2012 (34=31 +32-33)	34	207,052	202,806
(9) Other income	16	0,070					

6.2 Business Report | Table 2 Classification and Fund Payment of Securities Company

Classification result		Number of securities companies	Proportion of payment(%)	Accumulative amount paid in 2012
A	AAA			
	AA	20	0.5% or 0.7%	5,968
	A	22	0.75% or 1.05%	2,863
B	BBB	36	1.40%	2,142
	BB	15	1.75%	1,346
	B	9	2.10%	1,340
C	CCC	6	2.45%	0,249
	CC	2	2.80%	0,380
	C	1	3.15%	0,065
D	D			
	TOTAL	111		14,343

Notes: 1. Securities companies that have not received the result of classification are not included;
2. Classification results refer to those that have been officially confirmed by the CSRC;
3. Proportion of payment refer to the proportion that is approved by the CSRC for the company to pay the fund to SIFP based on its operation income.

6.2 Business Report | Table 3 History Statistics of Protection Fund Raising and Using

Year	Protection fund raising					Protection fund using				
	Transaction handling fees	Fund paid by securities companies	Interest of frozen subscription fund	Acceptance of donation	Compensation income from related responsible parties and redemption of bankruptcy property	Appropriation fund from market for risk disposition			Principal payment for PBC re-lending	Interest payment for PBC re-lending
						Clients' securities transaction settlement fund	Personal claims			
2006	3,467	0.000	13,270	0.026	0.000	0.000	0.000	0.128	0.000	
2007	20,339	28,403	56,593	0.005	1,348	0.000	0.000	0.000	7,711	
2008	15,783	44,025	44,258	0.000	3,949	1,985	2,088	67,927	4,985	
2009	28,518	40,810	13,490	0.038	5,900	1,161	2,111	51,929	3,380	
2010	16,681	12,390	26,211	0.000	9,112	2,750	0.066	50,618	2,350	
2011	25,441	28,681	13,078	0.000	5,870	0.306	0.263	58,343	0,536	
2012	13,813	14,343	4,192	0.000	4,371	0.078	0.000	0.000	0.000	
TOTAL	124,042	168,652	171,092	0.069	30,550	6,280	4,528	228,945	18,962	

6.2 Business Report | Table 4 Issuance of the Protection Fund by SIFF

S/N	Company disposed	Using PBC re-lending to issue the protection fund		Using market-raised fund to issue the protection fund	
		Clients' securities transaction settlement fund	Personal claims	Clients' securities transaction settlement fund	Personal claims
1	Deheng Securities	5.075	7.319		1.732
2	Hengxin Securities	0.278	0.979	0.033	0.260
3	Zhongfu Securities		0.825		0.106
4	Hantang Securities	17.520	1.349		0.389
5	Minfa Securities	7.008	8.021	0.298	0.0002
6	China Eagle Securities	15.983	2.727	0.275	0.916
7	Asia Securities	17.500	10.088	1.252	0.242
8	Northern Securities	11.070	0.0004		0.068
9	Wuzhou Securities	3.068		0.179	
10	Min'an Securities	4.950	6.603	0.203	0.087
11	Wuhan Securities	4.908	0.045	0.106	
12	Gansu Securities	1.518	0.234	0.004	0.022
13	Kunlun Securities	1.749	0.688		
14	Guangdong Securities	17.897	2.289	0.671	0.010
15	Dogain Securities	2.290	0.009	0.029	0.010
16	Northwest Securities	2.344			
17	China Securities	14.428	3.774	1.453	0.630
18	Xing'an Securities	0.292	0.013	0.009	
19	Hebei Securities	2.433	0.050		
20	Xinjiang Securities	2.929	1.295	0.288	
21	Centergate Securities	5.250	3.746	0.570	
22	China Sci-Tech Securities	11.848	0.459	0.441	0.019
23	Tiantong Securities	2.714	7.209	0.469	0.037
24	Tianyuan Securities	3.185	0.304		0.0002
	TOTAL	156.237	58.027	6.280	4.528

Note: As from July 3 of 2008, SIFF will use market-raised fund to acquire personal claims of disposed securities companies and make up the shortfall of the clients' transaction settlement fund.

6.2 Business Report | Table 5 Basic Information of Risk Disposition of Securities Companies (1)

S/N	Company disposed	Time of disposition	Leading institution	Number of business offices	Trustee company	Administrative liquidation institution (Liquidation group)	Special audit institution	Account liquidation	Third-party custody		Securities asset disposal		Judicial bankruptcy			Remarks
									Status	Number of online company	Status	Transferee	Status	Competent court	Announcement date	
1	Deheng Securities	3-Sep-04	Shanghai Commissioner Office	14	Huarong Company	Huarong Company	China Audit Asia Pacific Certified Public Accountants Co., Ltd. (CACPA)	Completed	Completed	14	Transferred	Huarong Securities	Accepted	Shanghai No.1 Intermediate People's Court	9-Nov-07	
2	Hengxin Securities	3-Sep-04	CSRC Hunan Office	7	Huarong Company	Huarong Company	CACPA	Completed	Completed	7	Transferred	Huarong Securities	Accepted	Changsha Intermediate People's Court	21-Aug-07	
3	Zhongfu Securities	3-Sep-04	Shanghai Commissioner Office	13	Shanghai Securities	Gaopeng & Partners	Nanfeng Minhe Public Accounting Firm	Completed	Completed	13	Transferred	Shanghai Securities	Accepted	Shanghai No.2 Intermediate People's Court	17-Sep-07	Capital Airport withdraws from reorganization
4	Hantang Securities	3-Sep-04	CSRC Shenzhen Office	22	CINDA	CINDA	Xiamen Tianjian Huatian Accountants' Firm	Completed	Completed	22	Transferred	CINDA Securities	Accepted	Shenzhen Intermediate People's Court	7-Sep-07	
5	Minfa Securities	16-Oct-04	CSRC Fujian Office	29	Orient Company	Orient Company	Xiamen Tianjian Huatian Accountants' Firm	Completed	Completed	29	Transferred	Dongxing Securities	Accepted	Fuzhou Intermediate People's Court	18-Jul-08	
6	China Eagle Securities	14-Jan-05	Shenzhen Commissioner Office	31	Changjiang Securities	CACPA	CACPA	Completed	Completed	31	Transferred	Changjiang Securities	Accepted	Shenzhen Intermediate People's Court	24-Jan-06	
7	Asia Securities	29-Apr-05	Shanghai Commissioner Office	48	Huatai Securities	Beijing JinCheng TongDa & Neal Law Firm	CACPA	Completed	Completed	48	Transferred	Huatai Securities	Accepted	Shanghai No.2 Intermediate People's Court	31-May-07	
8	Northern Securities	27-May-05	CSRC Shanghai Office	20	Orient Securities	Shanghai Lixin Changjiang Certified Public Accountants	CACPA	Completed	Completed	20	Transferred	Orient Securities	Accepted	Shanghai No.2 Intermediate People's Court	12-Mar-07	
9	Wuzhou Securities	10-Jun-05	CSRC Henan Office	7	Donghai Securities	Beijing Zhongxingyu CPA	Beijing Zhongxingyu CPA	Completed	Completed	7	Transferred	Donghai Securities	Accepted	Luoyang Intermediate People's Court	4-Sep-06	
10	Min'an Securities	10-Jun-05	CSRC Guangdong Office	17	Guosen Securities	Beijing King & Wood Law Firm	Beijing Zhongxingyu CPA	Completed	Completed	17	Transferred	Guosen Securities	Accepted	Guangzhou Intermediate People's Court	30-Nov-07	
11	Wuhan Securities	5-Aug-05	CSRC Hubei Office	25	Guangfa Securities	Beijing Forever Law Firm	Wuhan Zhonghuan CPA	Completed	Completed	25	Transferred	Guangfa Securities	Accepted	Wuhan Intermediate People's Court	11-Jan-08	
12	Gansu Securities	26-Aug-05	CSRC Gansu Office	9	Haitong Securities	Beijing Lauseed & Tian Law Firm	Deloitte Touche Tohmatsu CPA Ltd.	Completed	Completed	9	Transferred	Haitong Securities	Accepted	Lanzhou Intermediate People's Court	7-Dec-07	
13	Kunlun Securities	21-Oct-05	CSRC Qinghai Office	5	Everbright Securities	Guantao Law Firm	Shenzhen Dahua Tiancheng CPA	Completed	Completed	5	Transferred	Everbright Securities	Accepted	Xining Intermediate People's Court	11-Nov-06	
14	Guangdong Securities	4-Nov-05	Shenzhen Commissioner Office	58	Essence Securities	CACPA	CACPA	Completed	Completed	58	Transferred	Essence Securities	Accepted	Guangzhou Intermediate People's Court	2-Jan-08	
15	Dogain Securities	25-Nov-05	CSRC Beijing Office	13	Guoyuan Securities	Beijing Lantern Law Firm	Beijing Xinghua CPA	Completed	Completed	13	Transferred	Guoyuan Securities	Accepted	Beijing No.1 Intermediate People's Court	15-Sep-07	
16	Northeast Securities	9-Dec-05	CSRC Ningxia Office	20	Nanjing Securities	JunZeJun Law Office	Xiamen Tianjian Huatian Accountants' Firm	Completed	Completed	20	Transferred	Nanjing Securities	Accepted	Yinchuan Intermediate People's Court	11-Jan-07	

6.2 Business Report | Table 5 Basic Information of Risk Disposition of Securities Companies (2)

S/N	Company disposed	Time of disposition	Leading institution	Number of business offices	Trustee company	Administrative liquidation institution (Liquidation group)	Special audit institution	Account liquidation	Third-party custody		Securities asset disposal		Judicial bankruptcy			Remarks
									Status	Number of online company	Status	Transferee	Status	Competent court	Announcement date	
17	China Securities	16-Dec-05	Beijing Municipal Government	87	Nil	CINDA	CACPA	Completed	Completed	Completed	Transferred	CITIC Securities	Accepted	Beijing No.2 Intermediate People's Court	31-Jul-08	
18	Xingan Securities	30-Dec-05	Shanghai Commissioner Office	23	Haitong Securities	Beijing Dacheng Law Firm	Xiamen Tianjian Huitian Accountants' Firm	Completed	Completed	Completed	Transferred	Haitong Securities	Accepted	Harbin Intermediate People's Court	18-Oct-07	
19	Hebei Securities	13-Jan-06	CSRC Hebei Office	38	Guangfa Securities	Boss & Young Law Firm	Zhongtian Huazheng CPA Co., Ltd.	Completed	Completed	Completed	Transferred	Guangfa Securities, Caida Securities	Accepted	Shijiazhuang Intermediate People's Court	24-Jul-07	
20	Xinjiang Securities	17-Feb-06	CSRC Xinjiang Office	24	Hongyuan Securities	Huazheng CPA Co., Ltd.	Huazheng CPA Co., Ltd.	Completed	Completed	Completed	Transferred	Hongyuan Securities	Accepted	Urumchi Intermediate People's Court	26-Feb-08	
21	Centergate Securities	24-Feb-06	Shenzhen Commissioner Office	14	Essence Securities	Beijing JinCheng TongDa & Neal Law Firm	Beijing Xinghua CPA	Completed	Completed	Completed	Transferred	Essence Securities	Accepted	Beijing No.1 Intermediate People's Court	7-Sep-07	
22	China Sd-Tech Securities	24-Feb-06	Shenzhen Commissioner Office	23	Essence Securities	Beijing Zhongxingyu CPA	Beijing Zhongxingyu CPA	Completed	Completed	Completed	Transferred	Essence Securities	Accepted	Beijing No.2 Intermediate People's Court	7-Sep-07	
23	Tiantong Securities	17-Mar-06	CSRC Shandong Office	57	Qilu Securities	Shandong Provincial Government	Beijing Jingdu CPA Co., Ltd.	Completed	Completed	Completed	Transferred	Qilu Securities	Accepted	Jinan Intermediate People's Court	15-Jan-08	
24	Tianyi Securities	7-Jul-06	CSRC Ningbo Office	20	Everbright Securities	Beijing Zhongwen Law Firm	Shanghai Lixin Changjiang CPA Co., Ltd.	Completed	Completed	Completed	Transferred	Everbright Securities	Accepted	Ningbo Intermediate People's Court	30-Sep-07	
Others	China Southern Securities	2-Jan-04	CSRC, Shenzhen Municipal Government	74	Administrative takeover group	Shenzhen Municipal Government	Deloitte Touche Tohmatsu CPA Ltd.	Completed	Completed	Completed	Transferred	China Investment Securities	Accepted	Shenzhen Intermediate People's Court	16-Aug-06	
	Liaoning Securities	22-Oct-04	PBC	21	CINDA	N/A	-	Completed	Completed	Completed	Transferred	CINDA Securities	-	-	-	Compromise
	Capital-Bridge Securities	24-Mar-06	CSRC Shaanxi Office	12	Western Securities	Beijing King & Wood Law Firm	-	Completed	Completed	Completed	Transferred	Western Securities	Accepted	Xi'an Intermediate People's Court	5-Apr-07	No insufficiency
	Datong Securities	30-Apr-06	CSRC Dept of Intermediary Supervision	19	Bankruptcy & Reorganization Group	N/A	-	Completed	Completed	Completed	-	-	Accepted	Dalian Intermediate People's Court	30-Apr-06	Bankruptcy & reorganization
First Securities	2-Jun-06	CSRC Guangdong Office	16	Guangfa Securities	N/A	-	Completed	Completed	Completed	Completed	Transferred	Guangfa Securities	-	-	-	Converted into an industrial corporation
Jutian Securities	13-Oct-06	Shenzhen Commissioner Office	16	Merchants Securities	Beijing Hanhua Law Firm	CACPA	-	Completed	Completed	Completed	Transferred	Merchants Securities	-	-	-	Compromise
CIFCO Securities	24-Nov-06	CSRC, Jiangsu Provincial Government	9	Hengtai Securities	N/A	-	-	Completed	Completed	Completed	Transferred	Xintai Securities	-	-	-	Converted into an industrial corporation

Note: As for "Others", PBC re-lending will be directly provided to China Southern Securities and Liaoning Securities, with no cost to be borne by SIFP; no re-lending is provided for Capital-Bridge Securities, Daton Securities, First Securities, Jutian Securities and CIFCO Securities.

6.2 Business Report | Table 6 The Number of Accounts & Individual Creditors Involved in Appropriated Protection Fund

S/N	Company name	Number of general accounts	Number of regular brokerage accounts	Number of dormant & single-fund accounts	Gap filled for clients' transaction settlement fund	Number of clients with acquired personal claim	Appropriation for acquisition of personal claim (part borne by central government)
1	Deheng Securities	172,719	168,165	49,329	5,075	1,214	9,050
2	Hengxin Securities	65,622	64,724	17,129	0.311	76	1,239
3	Zhongfu Securities	66,501	66,087	-	-	53	0.932
4	Hantang Securities	320,538	301,378	98,366	17,520	365	1,739
5	Minfa Securities	523,500	516,879	175,011	7,307	7,579	8,022
6	China Eagle Securities	402,481	400,941	132,173	16,259	7,585	3,643
7	Asia Securities	651,589	648,509	202,852	18,751	15,100	10,329
8	Northern Securities	227,609	223,590	38,517	11,070	12	0.068
9	Wuzhou Securities	145,441	142,753	46,504	3,247	-	-
10	Min'an Securities	163,873	161,945	71,895	5,153	5,571	6,689
11	Wuhan Securities	421,026	406,929	175,448	5,013	34	0.045
12	Gansu Securities	105,995	104,825	45,995	1,521	755	0.257
13	Kunlun Securities	134,635	133,390	73,155	1,749	779	0.688
14	Guangdong Securities	940,358	933,636	376,061	18,569	373	2,299
15	Dogain Securities	137,684	121,851	21,151	2,318	3	0.019
16	Northwest Securities	151,495	147,840	34,331	2,344	-	-
17	China Securities	1,910,170	1,898,444	460,722	15,881	5,727	4,404
18	Xing An Securities	269,931	269,426	82,447	0.301	2	0.013
19	Hebei Securities	678,588	675,368	117,417	2,433	10	0.050
20	Xinjiang Securities	298,112	297,249	75,371	3,218	3,277	1,295
21	Centergate Securities	129,301	128,076	35,685	5,821	3,375	3,746
22	China Sci-Tech Securities	362,209	360,678	168,209	12,289	788	0.478
23	Tiantong Securities	1,392,014	1,308,065	343,791	3,183	8,581	7,246
24	Tianyi Securities	199,543	194,964	75,196	3,185	53	0.305
	TOTAL	9,870,934	9,675,712	2,916,755	162,518	61,312	62,555

Notes: 1. Data listed above are collected on the basis of account liquidation reports of securities companies;

2. There is not need for Zhongfu Securities to apply for the acquisition of the shortfall of client's transaction settlement fund, and no need for Wuzhou Securities and Northwest Securities to apply for the acquisition of personal claims.

6.2 Business Report | Table 7 Dormant Accounts and Single-fund Accounts of Disposed Securities Companies

Unit: RMB10,000

S/N	Company name	Dormant account balance on the date of disposition	Single-fund account balance on the date of disposition	Acquisition cost payable as of the acceptance of bankruptcy application
1	Deheng Securities	1,275.40	334.12	1,609.53
2	Hengxin Securities	220.49	15.31	235.8
3	Zhongfu Securities	-	-	-
4	Hantang Securities	1,513.11	171.95	1,685.07
5	Minfa Securities	2,459.72	306.50	2,766.22
6	China Eagle Securities	4,418.87	551.72	4,970.58
7	Asia Securities	2,284.47	313.10	2,597.57
8	Northern Securities	883.20	185.33	1,068.53
9	Wuzhou Securities	2,074.19	6.68	2,080.87
10	Min'an Securities	1,057.96	31.98	1,089.94
11	Wuhan Securities	1,859.76	724.45	2,584.21
12	Gansu Securities	448.57	76.62	525.18
13	Kunlun Securities	964.61	150.44	1,115.05
14	Guangdong Securities	5,342.39	721.09	6,063.48
15	Dogain Securities	443.83	118.01	561.83
16	Northwest Securities	288.79	60.02	348.81
17	China Securities	5,435.98	588.73	6,024.71
18	Xing'an Securities	1,356.37	157.36	1,513.74
19	Hebei Securities	1,569.96	121.37	1,691.33
20	Xinjiang Securities	2,357.02	110.68	2,467.70
21	Centergate Securities	902.29	82.49	984.78
22	China Sci-Tech Securities	2,522.18	180.29	2,702.47
23	Tiantong Securities	4,621.10	1,017.96	5,639.05
24	Tianyi Securities	702.02	585.88	1,287.90
	TOTAL	45,002.27	6,612.08	51,614.35

Notes: 1. Zhongfu Securities has no gap for clients' securities transaction settlement fund to be acquired by the government, and data of its dormant & single-fund accounts are not available;

2. For Hantang Securities, acquisition fund related to dormant & single-fund accounts has not yet been returned, and the amount depends on the actual returned.

6.2 Business Report | Table 8 Acquisition of Clients' Securities Transaction Settlement Fund

S/N	Company name	Amount approved by the State Council	Gap of acquisition fund	Amount appropriated	Amount returned	Balance of dormant & single-fund accounts	Amount not yet appropriated after excluding dormant & single-fund accounts	Remarks
			1	2	3	4	5=1-4-(2-3)	
1	Deheng Securities	7.440	5.144	5.075		0.161	-0.092	Refund is subject to the examination of competent authorities
2	Hengxin Securities	0.000	0.326	0.302		0.024	0.000	
3	Zhongfu Securities	1.660	0.000	0.000		0.000	0.000	
4	Hantang Securities	24.310	17.520	17.520		0.169	-0.169	Refund is subject to the examination of competent authorities
5	Minfa Securities	11.350	7.555	7.278		0.277	0.000	
6	China Eagle Securities	18.160	16.005	15.983	0.475	0.497	0.000	
7	Asia Securities	23.260	19.011	18.751		0.260	0.000	
8	Northern Securities	11.480	11.142	11.070	0.035	0.107	0.000	
9	Wuzhou Securities	4.130	3.073	3.068	0.203	0.208	0.000	
10	Min'an Securities	5.760	5.134	5.121	0.096	0.109	0.000	
11	Wuhan Securities	5.806	5.236	4.977		0.258	0.000	
12	Gansu Securities	0.660	1.574	1.521		0.053	0.000	
13	Kunlun Securities	1.740	1.762	1.749	0.098	0.112	0.000	
14	Guangdong Securities	18.730	19.063	18.457		0.606	0.000	
15	Dogain Securities	1.840	2.374	2.318		0.056	0.000	
16	Northwest Securities	2.560	2.264	2.344	0.012	0.035	-0.115	
17	China Securities	16.080	16.404	15.802		0.602	0.000	
18	Xing'an Securities	2.550	0.453	0.301		0.151	0.000	
19	Hebei Securities	3.690	2.354	2.433	0.249	0.169	0.000	
20	Xinjiang Securities	3.970	3.465	3.218		0.247	0.000	
21	Centergate Securities	6.840	5.908	5.809		0.098	0.000	
22	China Sci-Tech Securities	16.220	12.493	12.223		0.270	0.000	
23	Tiantong Securities	5.030	3.747	3.183		0.564	0.000	
24	Tianyi Securities	5.030	3.285	3.185	0.029	0.129	0.000	
	TOTAL	198.296	165.289	161.688	1.196	5.161	-0.375	

- Notes: 1. For companies other than those with full appropriation, "gap of acquisition fund" refers to data of the previous period, and the accurate amount is uncertain until the final audit report is issued;
2. Since "gap of acquisition fund" is not yet determined, "amount not yet appropriated after excluding dormant & single-fund accounts" is just an estimate;
3. "Amount appropriated" does not include the acquisition fund appropriated for dormant & single-fund accounts;
4. "Amount returned" refers to the surplus of acquisition fund returned to SIPF by disposed securities companies (the principal);
5. For companies other than those with full appropriation, "amount not yet appropriated after excluding dormant & single-fund accounts" does not include the interest for the gap of clients' securities transaction settlement fund;
6. The negative "amount not yet appropriated after excluding dormant & single-fund accounts" is mainly due to the fact that acquisition fund has been appropriated to these companies prior to the promulgation of the policy in respect of dormant & single-fund accounts, which are not excluded.

6.2 Business Report | Table 9 Basic Information of Creditor's Rights of SIPF

S/N	Bankrupted company	Bankruptcy court	Bankruptcy administrator	Amount approved by the State Council	Officially declared claim	Predeclared claim	Largest creditor or not		Creditor committee chairman or not		Remarks
							Y/N	Y/N	Y/N	Y/N	
1	Deheng Securities	Shanghai No.1 Intermediate People's Court	7 units, including Huarong Shanghai Office, Shanghai Commissioner Office	21.62	16.100	6.076	Y	N	N	N	
2	Hengxin Securities	Changsha Intermediate People's Court	Huarong Changsha Office	2.09	1.718	2.176	N	N	N	N	
3	Zhongfu Securities	Shanghai No.2 Intermediate People's Court	Gaopeng & Partners	3.75	1.045	-	N	N	Y	Y	The termination of the subject is requested, and no withdrawal is made for the remaining SIPF claims.
4	Hantang Securities	Shenzhen Intermediate People's Court	Zhonglun Law Firm	27.25	20.392	0.172	Y	Y	Y	Y	
5	Minia Securities	Fuzhou Intermediate People's Court	China Orient AMC, Zhonglun Law Firm, Luxin CPA Co., Ltd.	21.04	14.922	-	Y	Y	Y	Y	Termination is judged by the court, and no withdrawal is made for the remaining SIPF claims.
6	China Eagle Securities	Shenzhen Intermediate People's Court	Zhonglun Law Firm, etc.	22.21	20.249	-	Y	Y	Y	Y	Termination is judged by the court, and no withdrawal is made for the remaining SIPF claims.
7	Asia Securities	Shanghai No.2 Intermediate People's Court	Beijing Jincheng Tongda & Neal Law Firm	39.14	30.797	8.471	Y	Y	Y	Y	
8	Northern Securities	Shanghai Intermediate People's Court	Bdo China Shu Lun Pan Certified Public Accountants Lp	13.03	11.533	-	Y	Y	Y	Y	
9	Wuzhou Securities	Luoyang Intermediate People's Court	Beijing Hairun Law Firm	4.23	3.120	-	Y	Y	Y	Y	
10	Min'an Securities	Guangzhou Intermediate People's Court	Beijing King & Wood Law Firm	6.66	12.891	1.905	Y	Y	Y	Y	
11	Wuhan Securities	Wuhan Intermediate People's Court	Beijing Forever Law Firm, JunZeLun Law Offices, Wuhan Zhengxin Law Firm, BDO International Wuhan Zhonghuan CP	5.89	5.062	0.824	N	Y	Y	Y	
12	Gansu Securities	Lanzhou Intermediate People's Court	Gansu Pacific Law Firm	0.89	1.819	0.101	N	N	N	N	
13	Kunlun Securities	Xining Intermediate People's Court	Guantao Law Firm	2.60	2.406	0.099	Y	Y	Y	Y	
14	Guangdong Securities	Guangzhou Intermediate People's Court	China Audit Asia Pacific CPA Co., Ltd.	21.73	21.443	1.438	Y	Y	Y	Y	
15	Dogan Securities	Beijing No.1 Intermediate People's Court	Beijing Lantern Law Firm	1.90	2.349	-	Y	Y	Y	Y	Termination is judged by the court, and no withdrawal is made for the remaining SIPF claims.
16	Northwest Securities	Yinchuan Intermediate People's Court	JunZeLun Law Offices, Fang He Yuan Law Firm	2.69	2.253	0.333	Y	Y	Y	Y	
17	China Securities	Beijing No.2 Intermediate People's Court	CINDA AMC	19.68	21.217	0.810	Y	Y	Y	Y	
18	Xing An Securities	Harbin Intermediate People's Court	Beijing Dachen Law Firm	2.79	0.319	-	N	N	N	N	Full repayment is made, the administrator will not withdraw for the remaining SIPF claims.
19	Hebei Securities	Shijiazhuang Intermediate People's Court	Beijing King & Wood Law Firm, Hebei Sanhe & Shidai Law Firm	3.70	2.242	-	Y	Y	Y	Y	Full repayment is made, the administrator will not withdraw for the remaining SIPF claims.
20	Xinjiang Securities	Urumchi Intermediate People's Court	Beijing Wai Heng Law Firm	5.71	4.555	1.023	Y	Y	Y	Y	Termination is judged by the court.
21	Centergate Securities	Beijing No.1 Intermediate People's Court	Beijing JinCheng TongDa & Neal Law Firm	12.19	9.972	2.088	Y	Y	Y	Y	
22	China Sci-Tech Securities	Beijing No.2 Intermediate People's Court	ShineWing CPA	17.18	12.998	0.116	Y	Y	Y	Y	
23	Tiantong Securities	Jinan Intermediate People's Court	Tianduo Law Firm	16.22	11.071	0.574	Y	N	N	N	
24	Tianyi Securities	Ningbo Intermediate People's Court	Beijing Zhongwen Law Firm, Kexin CPA	7.92	3.511	4.142	Y	N	N	N	
Others	China Southern Securities	Shenzhen Intermediate People's Court	Beijing King & Wood Law Firm	102.24	15.746	-	Y	Y	Y	Y	RMB16.6 million of principal and interest is declared on behalf of the MOF. The termination is judged by the court.
	Xinhua Securities	Changchun Intermediate People's Court	Beijing King & Wood Law Firm, Jilin Zhengji Law Firm	3.00	2.829	-	N	N	N	N	Act as a creditor as authorized by the CSRC
	TOTAL				252.559	30.348					

Note: For China Southern Securities, the amount approved by the State Council includes RMB1,500 million grant from the State treasury.

6.2 Business Report | Table 10 Payment of SIFP Claims

S/N	Bankrupted company	Confirmed amount of claims	Estimated payment		Cash paid	Claims already paid			Actual repayment ratio	Remarks
			Minimum	Maximum		Name	Number	Value		
1	Deheng Securities	15,601	0.41%	0.57%						
2	Hengxin Securities	1,718	1.66%	2.53%	0.022				1.41%	
3	Zhongfu Securities	1,045	29.92%	34.89%	0.304				29.14%	
4	Hantang Securities	20,392	43.10%	50.00%	1,419	Nanjing Textile	18,609,302	1,727		RMB9.28 per share as set by the court
						Inspur Software	9,408,047	1,472		RMB15.65 per share as set by the court
						Feida Enviro	6,516,319	1,028		RMB15.77 per share as set by the court
						China National Software	9,044,917	1,901		RMB21.02 per share as set by the court
5	Miria Securities	14,922	63.01%	65.00%	2,998	ST Bai Hua Cun	3,428,113	0.533		RMB15.55 per share as set by the court
						Double-crane Pharmaceutical	14,008,351	3,506		RMB25.03 per share as set by the court
						Liaoning Chengda	7,559,899	2,695		RMB35.65 per share as set by the court
6	China Eagle Securities	20,249	26.51%	30.00%	5,368				26.51%	
7	Asia Securities	30,797	12.00%	15.00%	2,446					8.00%
8	Northern Securities	11,533	10.00%	15.00%						
9	Wuzhou Securities	3,120	3.71%	18.16%	0.125					4.24%
10	Min'an Securities	12,891	3.20%	3.93%						
11	Wuhan Securities	5,062	7.70%	10.75%	0.320					6.46%
12	Gansu Securities	1,814	3.63%	5.59%	0.067					3.70%
13	Kunlun Securities	2,406	2.32%	8.87%	0.083					3.44%
14	Guangdong Securities	21,443	8.01%	11.25%	2,413					11.25%
15	Dogain Securities	2,349	3.56%	3.56%	0.084					3.58%
16	Northwest Securities	2,356	23.30%	28.00%	0.236	CMST	2,708,541	0.314		RMB11.58 per share as set by the court
17	China Securities	21,217	20.00%	30.00%	3,382					16.00%
18	Xing An Securities	0,319	100.00%	100.00%	0,315					100.00%
19	Hebei Securities	2,242	100.00%	100.00%	2,236					100.00%
20	Xinjiang Securities	4,555	13.50%	13.50%	0,615					13.50%
21	Centergate Securities	9,972	15.55%	23.95%						
22	China Sci-Tech Securities	12,998	15.08%	25.00%	2,494					19.19%
23	Tiantong Securities	11,071	12.31%	21.79%	1,384					12.50%
24	Tianyi Securities	3,540	10.00%	30.00%	0,354					10.00%
Others	China Southern Securities	15,580	62.00%	70.00%	4,351	Hafei	8,474,964	2,048		RMB24.16 per share as set by the court
						Harbin Pharmaceutical	32,625,414	3,572		RMB10.95 per share as set by the court
						Hafei	90,406	0,022		Assets managed on behalf of the MOF
	Xinhua Securities	2,829								
	TOTAL	252,187			31,048			18,856		

Notes: 1. The value of stocks paid is equal to the per-share price set by the court in the distribution plan multiplied by the number of stocks to be paid;

2. Estimates of SIFP claims have been adjusted on the basis of the actual distribution, so that data provided above are more consistent with the actuality of securities companies concerned.

6.2 Business Report | Table 11 Basic Information of Special Audits

S/N	Company disposed	Special audit institution (Public accounting firm)	Issuance of formal audit report			
			Client securities transaction settlement fund	Date of audit report	Personal claim	Date of audit report
1	Deheng Securities	China Audit Asia Pacific Certified Public Accountants Co., Ltd.	Formal report already issued	8-Sep-05	Formal report already issued	2-Jun-10
2	Hengxin Securities	China Audit Asia Pacific Certified Public Accountants Co., Ltd.	Formal report already issued	24-Apr-07	Formal report already issued	11-Nov-07
3	Zhongfu Securities	Shenzhen Nanfang Minhe Public Accounting Firm	Formal report already issued	8-Aug-07	Formal report already issued	29-Oct-06
4	Hantang Securities	Xiamen Tianjian Huatian Accountants' Firm	Formal report already issued	10-Jun-05	Formal report already issued	10-Jun-05
5	Minfa Securities	Xiamen Tianjian Huatian Accountants' Firm	Formal report already issued	23-Sep-05	Formal report already issued	20-Dec-04
6	China Eagle Securities	China Audit Asia Pacific Certified Public Accountants Co., Ltd.	Formal report already issued	30-Jun-05	Formal report already issued	1-Aug-08
7	Asia Securities	China Audit Asia Pacific Certified Public Accountants Co., Ltd.	Formal report already issued	10-Oct-05	Formal report already issued	28-Dec-08
8	Northern Securities	China Audit Asia Pacific Certified Public Accountants Co., Ltd.	Formal report already issued	28-Aug-05	Formal report already issued	15-Dec-06
9	Wuzhou Securities	Beijing Zhongxingyu Certified Public Accountants	Formal report already issued	27-Sep-05	(No personal claim)	-
10	Min'an Securities	Beijing Zhongxingyu Certified Public Accountants	Formal report already issued	6-Aug-07	Formal report already issued	27-Aug-07
11	Wuhan Securities	BDO International Wuhan Zhonghuan Certified Public Accountants	Formal report already issued	10-Jan-06	Formal report already issued	20-Apr-06
12	Gansu Securities	Deloitte Touche Tohmatsu CPA Ltd.	Formal report already issued	16-Jan-06	Formal report already issued	21-Mar-06
13	Kunlun Securities	Shenzhen Dahua Tiancheng Certified Public Accountants	Formal report already issued	28-Mar-06	Formal report already issued	28-May-06 and 8-Dec-06
14	Guangdong Securities	China Audit Asia Pacific Certified Public Accountants Co., Ltd.	Formal report already issued	25-Dec-06	Formal report already issued	6-May-08
15	Dogain Securities	Beijing Xing Hua Certified Public Accountants	Formal report already issued	5-Feb-07	Formal report already issued	31-Jul-06
16	Northwest Securities	Xiamen Tianjian Huatian Accountants' Firm	Formal report already issued	20-Mar-06	(No personal claim)	-
17	China Securities	China Audit Asia Pacific Certified Public Accountants Co., Ltd.	Formal report already issued	30-Apr-07	Formal report already issued	18-Oct-08
18	Xing'an Securities	Xiamen Tianjian Huatian Accountants' Firm	Formal report already issued	16-Apr-07	Formal report already issued	29-May-07
19	Hebei Securities	Zhongtian Huazheng Certified Public Accountants Co., Ltd.	Formal report already issued	25-May-06	Formal report already issued	5-Mar-08
20	Xinjiang Securities	Huazheng CPA Co., Ltd.	Formal report already issued	31-Jan-07	Formal report already issued	30-Sep-06
21	Centergate Securities	Beijing Xing Hua Certified Public Accountants	Formal report already issued	5-Feb-07	Formal report already issued	27-Sep-07
22	China Sci-Tech Securities	Beijing Zhongxingyu Certified Public Accountants	Formal report already issued	31-Jan-07	Formal report already issued	29-Nov-06
23	Tiantong Securities	Beijing Jingdu Certified Public Accountants Co., Ltd.	Formal report already issued	29-Mar-07	Formal report already issued	20-Jun-07
24	Tianyi Securities	Shanghai Lixin Changjiang Certified Public Accountants Co., Ltd.	Formal report already issued	1-Feb-07	Formal report already issued	1-Feb-07

Notes: 1. Date of audit report refers to the signed date on the audit report;
2. The date for some audit reports refer to the date for the audit of the latest applications.

6.2 Business Report | Table 12 List of Disposed Securities Companies

S/N	Abbreviation	Full name
1	China Southern Securities	China Southern Securities Co., Ltd.
2	Deheng Securities	Deheng Securities Co., Ltd.
3	Hengxin Securities	Hengxin Securities Co., Ltd.
4	Zhongfu Securities	Zhongfu Securities Co., Ltd.
5	Hantang Securities	Hantang Securities Co., Ltd.
6	Minfa Securities	Minfa Securities Co., Ltd.
7	China Eagle Securities	China Eagle Securities Co., Ltd.
8	Asia Securities	Asia Securities Co., Ltd.
9	Northern Securities	Northern Securities Co., Ltd.
10	Wuzhou Securities	Wuzhou Securities Co., Ltd.
11	Min'an Securities	Min'an Securities Co., Ltd.
12	Wuhan Securities	Wuhan Securities Co., Ltd.
13	Gansu Securities	Gansu Securities Co., Ltd.
14	Kunlun Securities	Kunlun Securities Co., Ltd.
15	Guangdong Securities	Guangdong Securities Co., Ltd.
16	Dogain Securities	Dogain Securities Brokerage Co., Ltd.
17	Northwest Securities	Northwest Securities Co., Ltd.
18	China Securities	China Securities Co., Ltd.
19	Xing'an Securities	Xing'an Securities Co., Ltd.
20	Hebei Securities	Hebei Securities Co., Ltd.
21	Xinjiang Securities	Xinjiang Securities Co., Ltd.
22	Centergate Securities	Centergate Securities Co., Ltd.
23	China Sci-tech Securities	China Sci-tech Securities Co., Ltd.
24	Tiantong Securities	Tiantong Securities Co., Ltd.
25	Tianyi Securities	Tianyi Securities Co., Ltd.
26	Jutian Securities	Jutian Securities Co., Ltd.
27	Liaoning Securities	Liaoning Securities Co., Ltd.
28	Capital-Bridge Securities	Capital-Bridge Securities Co., Ltd.
29	Datong Securities	Datong Securities Co., Ltd.
30	First Securities	First Securities Co., Ltd.
31	CIFCO Securities	CIFCO Securities Brokerage Co., Ltd.
32	Xinhua Securities	Xinhua Securities Co., Ltd.

6.2 Business Report | Table 13 Interaction Statistics of Securities Investors

S/N	Category	Amount	Proportion	Response (Treatment)	Remarks
1	Service consulting	1,857	5.24%	1,857	
2	Policy consulting	380	1.07%	380	
3	Complaints & reports	7,300	20.58%	7,300	
4	Suggestions	11,103	31.30%	11,103	
5	Criticism	14,831	41.81%	14,831	
	TOTAL	35,471	100%	35,471	

6.3 Glossary

1. Content of statistics: Include disposal process of the disposed securities companies, the raising, management and use of the protection fund, the categories of securities companies and handed-in funds, the financial claim accepted by SIPF, special audit, and intermediary institutions participated in the risk disposition, and investor interaction, and etc.

2. Scope of statistics: Among the 31 securities companies that have been disposed since 2004, 24 needed protection fund appropriation from SIPF to fill the funding gap for settlement of the securities transaction with their clients and purchasing the personal claims from their clients. China Southern Securities and Liaoning Securities were appropriated with direct re-loan from the People's Bank of China, with no balance assumed by SIPF. Capital-Bridge Securities, Datong Securities, First Securities, Jutian Securities and CIFCO Securities did not use the protection funds. Therefore, the so-called "all disposed securities companies" in this report refer to the 24 disposed securities companies related to SIPF, while China Southern Securities, Liaoning Securities, Datong Securities, Capital-Bridge Securities, First Securities, Jutian Securities and CIFCO Securities are excluded.

The China Southern Securities used RMB1.5 billion from the central government special funds for disposition. RMB259.6 million from stock market special compensation funds was used by the Xinhua Securities for disposition on December 25, 2003. The statistical data of related disposed securities companies exclusive of the 24 securities companies is included in "Others" item of the relevant form for reference.

3. Error: The figure was rounded off. Due to the rounded-off errors, the sum of the sub-items might not be equal to the total.

4. Monetary unit: Unless specified otherwise, the monetary unit shall all be RMB100 million.

5. Clients' securities transaction settlement funds: The funds deposited by the clients of securities brokerage into the special account of securities transaction settlement funds so as to guarantee a full settlement, as well as all received funds on sales from portfolio (after deduction of brokerage commission and other justifiable expenditure), acquired dividends, cash dividends, interests of bond and all acquired interests from the funds mention above.

6. Personal claim: The claim against the financial institution generated when a client, in his own name, opens an account or carries out transactions of financial products with real funds invested under a legally established financial institution (here refers to a securities company, same as below). The personal claim does not include the one against the financial institution generated when an individually-owned business individual proprietorship enterprise, individual partnership enterprise, or etc., opens an account or carries out transactions of financial products.

7. Investor interaction: The response mechanism to investors' call which is established by SIPF in order to actively respond to the demand of investors and enhance the communication with investors.

8. Acquisition of personal claim by the central government: According to the requirements of such policies as the *Acquisition Opinions on Personal Claim and the Clients' Securities Transaction Settlement Funds*, all the funds for acquisition of the clients' securities shall be the responsibility of the central government. The central government is responsible for 90% of the acquisition funds for the personal claim, and the rest 10% shall be raised respectively by the provincial and municipal governments where the headquarters of financial institutions, branches, and the service outlets are located. However, the central government is responsible for the acquisition of all appropriated securities funds of the normal brokerage clients. The acquisition of personal claim by the central government hereto refers to the central government's responsibility in contribution of capital for purchasing personal claims, but do not included those contributed by local governments.

9. Re-lending: The re-lending directly borrowed in the name of SIPF from the People's Bank of China as the advance payment for the initial capital source of the securities investors protection funds, including the part of the re-lending issued by branches of the People's Bank of China that has been handed over to SIPF.

10. Issuance of the protection funds: The protection funds issued by SIPF directly to the custody and clearing institutions of the disposed securities companies, including the part of the issued loans by the branches of the People's Bank of China that has been handed over to SIPF.

11. Account liquidation: The basic aim of the account liquidation is to provide foundation for re-loan application, the third-party custody, asset liquidation, and investigation over the responsible persons. The scope of liquidation includes: (1) all accounts opened in the over-the-counter transaction system by the securities companies (in the system); (2) the accounts opened in the over-the-counter transaction system by the securities companies and their affiliated parties at the third-party financial institutions (outside the system); (3) the specified account for the securities transaction settlement funds of clients and deposit reservation for balance account opened by the securities companies in banks and clearing houses. The liquidation scope of the brokerage accounts mainly includes the fund accounts opened by the brokerage clients in the system, and that of non-brokerage accounts includes the fund accounts inside and outside the system.

12. Third-party custody: It refers to the bank custody, which is based on a strict management separation of the client securities from the fund according to the principal of "securities company manages securities and commercial bank manages funds". It builds up a separation wall between the securities company and its clients. Thus, the securities companies are responsible for the client's securities transaction, share management and calculation of the difference of purchases and sales by

the clients according to the transaction settlement data of the securities registration company. While the commercial banks are responsible for the transferring of funds from clients' transaction settlement accounts, cash deposit and withdrawal and fund settlement among the securities companies and securities registration companies and clients. They also take such directions from the securities as paying interest and appropriating commissions, etc.

13. Securities asset disposal: The disposal of physical assets required by normal operation of investment banking of the securities companies or maintaining normal function of the securities brokerage for clients, which includes physical assets and necessary transaction seats of those departments in securities exchanges, brokerage, IT, liquidation center, machinery room, operation maintenance and other relevant ones. Those assets that are not directly concerned with investment banking of the securities companies or maintaining normal function of the securities brokerage, such as real estates, automobiles, credit worthiness, deferred assets, self-trading securities, self-possessed funds and etc., are not included in the disposal scope. The specific scope shall be determined by the liquidation team.

14. General account: The accounts which are included in the account liquidation scope of disposed securities companies and opened in the transaction system of disposed securities companies and other securities companies.

15. Normal brokerage account: The account whose funds belong to securities transaction settlement funds of clients. The securities transaction settlement funds of client indicate funds deposited by the clients of securities brokerage into the accounts of securities companies so as to guarantee a full settlement, as well as all received funds on sales from portfolio (after deduction of brokerage commission and other justifiable expenditures), acquired dividend, cash dividend, bond interest, and all acquired interests from the funds mention above.

16. Dormant account: Dormant account is an account which satisfies the following conditions: Both securities account and fund account are completely included; no transactions and cash deposit and withdrawal had been carried out during the last three years before settlement date, and the clients cannot be contacted and no clients claim rights until accepted announcement date of bankruptcy.

17. Single fund account: It is an account without corresponding securities account on the settlement date and no clients claim rights until accepted announcement date of bankruptcy.

18. Account balance: The amount balance on the settlement date.

19. Right to indemnity of claim: The claim of SIPF against the disposed securities company, which is formed when a securities company is rescinded, closed, and bankrupted, or is under mandatory supervision measures such as administrative take-over or trusteeship management by CSRC, and

after the protection fund is used to purchase the personal claims and fill the funding gap of the securities transaction settlement funds of clients in accordance with the state's policies concerned.

The special fund of RMB1.5 billion used by China Southern Securities is paid to SIPF who has the right of subrogation. And special compensation fund of securities market of RMB259.6 million used by Xinhua Securities is also paid to SIPF, who has the right of subrogation.

20. Accepted indemnity of claim: The behavior of legal bankruptcy liquidation upon a disposed securities company and property distribution of SIPF with the acquisition of the right to indemnity of claim against the disposed securities company.

21. Deadline of statistics: December 31, 2012.



MEMORABILIA OF SIPF IN 2012

January	January 17, the 2011 annual summary meeting of SIFP was held.
February	February 24, "The Intelligent Integrated Electronic Information Disclosure Platform for Chinese Securities Industry" won the 2 nd Prize of Science & Technology of Securities and Futures Industry 2011. February 28, the 4 th SIFP Expert Committee was put in place and held the 1 st session.
March	March 2, the "2011 Securities Investor Comprehensive Survey Report" was published. March 30, the Securities Transaction Settlement Fund Monitoring System was available online for trial operation.
April	April 30, the online reporting of the final settlement of the protection fund in 2011 was completed for 106 securities companies.
May	May 2, the new fund NAV daily reporting system was put into formal operation. May 7, SIFP sponsored and held the "Conference on Innovative Development of Securities Companies". <i>The Measures for the Assessment of Innovative Proposals of Securities Companies</i> (trial version) and the <i>Administrative Measures for the Security and Confidentiality of the Securities Transaction Settlement Fund Monitoring System</i> (trial version) were promulgated for implementation. May 15, the "International Compensation Fund Meeting" was held by SIFP in cooperation with CIPF. May 24, the "corporate mission, core values and criteria for outstanding staff" were published.
June	June 20, part of data from the Securities Transaction Settlement Fund Monitoring System was formally published. June 25, a prize-winning quiz with respect to securities and futures was launched on www.xinhuanet.com.
July	July 6, the outstanding Party members and workers were honored in the "for Excellence" activities. July 24, the <i>Decision on Strengthening the Party Committee Construction</i> was issued. July 25, a <i>Special Analysis Report on Cash Dividend Policy and Implementation by Listed Companies of A-share Market</i> was issued. July 26, the assessment of the innovative custody proposal for China Merchants Private Equity Fund was completed.
August	August 7, the electronic information disclosure system of fund companies was improved and formally put into operation. August 20, CSRC Shanghai, Guangdong and Hubei Office began to participate in pilot program of handling the risk-alert information from the Monitoring System. August 23, the <i>Survey of Hot Issues of Chinese Securities Market 2012</i> was published. August 24, the advance payment of protection fund for the first half of 2012 was collected from securities companies. August 31, the mandatory administration agreement on dormant and single-fund accounts was signed with 18 companies to which securities assets were assigned.

September	September 16, attended the EFDI Annual Meeting and International Conference.
	September 26, held the 2012 Discipline Inspection Symposium of SIPF and Essence Securities Company & Exchange Meeting on Training of Party secretaries, discipline inspection members and correspondents.
October	October 18, organized the construction of the electronic information disclosure system for non-listed companies.
	<p>October 19, a meeting was held to summarize the pilot work in respect of CSRC provincial bureaus' participation in handling the risk-alert information from the Monitoring System.</p> <p>October 25, organize the middle-level cadres to compete for positions.</p>
November	November 9, Assistant Chairman of CSRC Wu Lijun visited the SIPF.
	<p>November 21, the 2012 commercial bank session meeting of the Monitoring System was held.</p> <p>November 28, the Assessment Report on <i>Investor Protection by Chinese Listed Companies in 2011</i> was published.</p> <p>November 30, investor protection upgrade and maintenance was launched for 100 branches of securities companies which carried out investor education projects.</p>
December	December 3, the <i>Securities Investor Confidence Survey</i> (November Edition) was published for the first time in the <i>People's Daily</i> and other newspapers and magazines.
	<p>December 4, a business development seminar was held with Assistant Chairman of CSRC Wu Lijun, Financial Department of the MOF, Financial Stability Bureau of the PBC, Office of Legislative Affairs of the State Council, relevant CSRC departments and Shanghai Stock Exchange to be present.</p> <p>December 6, a meeting was held to discuss the full participation of CSRC provincial bureaus in handling of the risk-alert information from the Monitoring System.</p> <p>December 21, the <i>Notice on the Payment and Settlement of Protection Fund for the Second Half of 2012</i> was issued.</p> <p>December 25, completed the auditing and investigation of the fund usage for dormant and single-fund accounts' activation of Guosen Securities, Huarong Securities, Guangfa Securities and China securities and urge them to made necessary rectifications.</p> <p>December 27, the final assessment of investor survey for 2012 was finished, with 10 outstanding securities companies, 10 outstanding excellent branches of securities companies and 20 outstanding individuals awarded.</p> <p>December 31, the construction work of the CSRC hotline system was launched.</p>



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