

2014 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

CONTENTS



1. MESSAGE FROM CHAIRMAN	02
---------------------------------	-----------

2. MESSAGE FROM GENERAL MANAGER	04
--	-----------

3. CORPORATE PROFILE	06
-----------------------------	-----------

Introduction and Organization	07
-------------------------------	----

Corporate Structure	08
---------------------	----

Main Functions	10
----------------	----

4. PERFORMANCE IN 2014 AND MAIN TASKS IN 2015	11
--	-----------

5. IMPORTANT MEETINGS AND ACTIVITIES OF THE COMPANY IN 2014	25
--	-----------

6. STATISTICAL FORMS	30
-----------------------------	-----------

Statistical Summary	31
---------------------	----

Business Report	34
-----------------	----

Glossary	47
----------	----

7. CHRONICLE IN 2014	49
-----------------------------	-----------



Liu Hongtao

Chairman of the Board of Directors

MESSAGE FROM CHAIRMAN

To protect small and medium investors is to protect capital market.

SIPF made fruitful achievements in 2014. Thanks to correct leadership of CSRC and support from MOF and PBC, SIPF arranged its activities in strict accordance with “Nine-Point Guidelines”, “Nine-Point Guideline for Investor Protection” and the requirements of CSRC about “to promote regulatory transformation in six aspects”, focused on systematic, institutional and fundamental undertakings, and successfully accomplished the tasks set forth at the beginning of the year. SIPF refined the transactions settlement fund monitoring system to safeguard the security of client funds, acted as the administrator for Hirisun Investor Compensation Fund to encourage the responsible party to voluntarily compensate investors, fairly operated 12386 Hotline and properly processed investor demands, and constructed a pool of individual and general institutional investors to enable investors to participate in the constructions of market institutions and the assessments of market participants. Tasks were effectively accomplished and the investor protection system was further improved.

Investor protection never ends. In 2015, on the one hand, SIPF will concentrate on innovative schemes, patterns and means of investor protection as well as the quality and efficiency improvement of all works in accordance with commitments made by the 18th CPC National Congress, the 3rd Plenary Session and 4th Plenary Session of the 18th CPC National Congress as well as Central Economic Work Conference, the new “Nine-Point Guidelines”, “Nine-Point Guidelines for Investor Protection”, Conference on Securities and Futures Supervision and specific requirements for six grasps (system establishment, complaint handling, dispute resolution, supervision & evaluation, typical cases and coordination) and one body (the investor protection bureau of CSRC) and two wings (SIPF & Medium and Small Investor Service Center Ltd.) of CSRC Chairman Xiao Gang in respect of investor protection. On the other hand, SIPF will firmly strengthen ideology and integrity of entire cadres and employees.



Liu Hongtao
Chairman of the
Board of Directors



Huang Tiejun
General Manager

MESSAGE FROM GENERAL MANAGER

2014 is a critical year for SIPF to fully unveil its investor protection undertakings. Led by CSRC Party Committee and with an eye to overall and innovative development, SIPF continued with the remaining work of securities companies' risk disposal, earnestly performed fund raising, managing and operating duties, expanded the depth and width of its investor protection activities, further implemented "Nine-Point Guidelines", "Nine-Point Guideline for Investor Protection" and the requirements of CSRC about "to promote regulatory changes in six aspects", and successfully accomplished various tasks set forth at the beginning of the year.

In the first place, SIPF focused on the Clients' Transactions Settlement Fund Monitoring System, utilizing it to monitor the safety of investors' funds and the risks of securities companies and fully protect investors' funds. In 2014, SIPF sent a total of 486 alert messages to 30 branches of CSRC, involving 72 securities companies, providing an important source and basis for daily supervision by regulatory authorities and effectively promoting securities companies to strengthen internal control and risk prevention; incorporated "Shanghai-Hong Kong Stock Connect and other innovative businesses under monitoring; deepened and refined the investor fund custody system and the Monitoring System; issued "A Notice on Regulating Clients' Transactions Settlement Fund Custody and Management Activities" (CSRC No.2014-86), specifying three baselines for fund custody to ensure the safety of

investors' funds; and processed 36 investor information enquires by CSRC Enforcement Contingent, involving 661 accounts, for the purpose of better cooperation, coordination and efficiency inside CSRC. In the second place, SIPF probed into the establishment of a multi-layered compensation system, acted the administrator of Hirisun Investor Compensation Fund, with 9823 eligible investors lodging a valid claim and reaching a valid settlement with four Hirisun shareholders, accounting for 95.7% of entire eligible investors, and RMB88,827,698 paid to eligible investors, accounting for 98.81% of total paid compensation fund; SIPF studied supplementary policies in connection with administrative settlement fund management, and attempted to find out alternative investor compensation approaches. In the third place, SIPF earnestly operated CSRC 12386 Hotline, which served as "show window" for resolving investor demands and problems. Throughout 2014, 1238 Hotline received a total of 100562 calls, with 93671 being directly handled, accounting for 93.15%. After coordination with parties concerned, 298 complaints were withdrawn and 46 letter of thanks were sent by investors, recovering more than RMB5 million for investors. In the fourth place, SIPF maintained CSRC MicroBlog and WeChat and assisted in monitoring, processing and reporting public opinion. In 2014, SIPF released 3693 MicroBlog messages and 103 WeChat messages, made 6 MicroBlog talks, and opened and properly operated SIPF MicroBlog and WeChat. In the fifth place, SIPF launched various investor surveys, and voluntarily collected and consulted investor opinions and comments to provide reference for regulatory authorities. SIPF established a pool that consists of 5538 individual investors and 744 institutional investors; published monthly investor confidence index, which was widely adopted by mainstream media. In the sixth place, SIPF intended its website to be "functional, interactive, and service-oriented", adjusted sections and columns and timely updated relevant information, with 70417 articles updated and 21 subject matters posted throughout 2014. In the seventh place, SIPF deepened international cooperation and engaged in various exchanges with international counterparts. In 2014, SIPF worked with US and Canadian investor protection funds to convene the first seminar on "Investor Protection: Our Common Cause", and formally established International Securities Investor Protection Conference as a regular mechanism for international investor protection cooperation and exchange. SIPF established mutual cooperation with its Russian counterparts, and signed an intention of MOU with Russian investor protection fund. In the eighth place, SIPF steadily pushed forward the amendment of "Measures for the Administration of Securities Investor Protection Funds", the study of key topics and IT support in connection with innovative business.

Due to the diligence of the management and the entire staff, SIPF has been able to put into place an operational process that "uses the monitoring system to protect the safety of investors' funds, uses the compensation system to provide post-event investor relief, uses the service system to enable investors to freely express their demand, uses fund raising and management skills as investor protection fund's keeper", and to carry out its tasks effectively. To consolidate these achievements and further enhance the confidence of small and medium investors, in 2015, SIPF will strive to cause Legislative Affairs Office of the State Council to include into the legislation plan the amendment of "Measures for the Administration of Securities Investor Protection Funds" and the drafting of "Regulations on Securities Investor Protection Funds", assist with regulatory transformation, fully play the role of "one body and two wings" of investor protection, further conduct a series of studies and investigations in connection with risk alert function for securities companies, build a monitoring system to monitor and supervise the safety of a broader range of Clients' Transactions Settlement Fund, focus on "macro-trend and meso-structure", and substantially enhance its capacity of data mining, analysis and application; SIPF will vigorously explore and study supplementary policies in connection with administrative settlement fund management, and basically put into place a multi-layered investor compensation system; SIPF will refine 12386 Hotline operation, promote investor protection assessment and other investor service brands, and go further onto a new step in all aspects.



Huang Tiejun

General Manager



CORPORATE PROFILE



BOARD OF DIRECTORS AND THE MANAGEMENT

Mr. Ma Donghao
Deputy GM

Mr. Yang Mingji
Vice Chairman

Ms. Liu Hongtao
Board Chair

Mr. Huang Tiejun
Vice Chairman
General Manager

Mr. Song Weigang
Vice Chairman

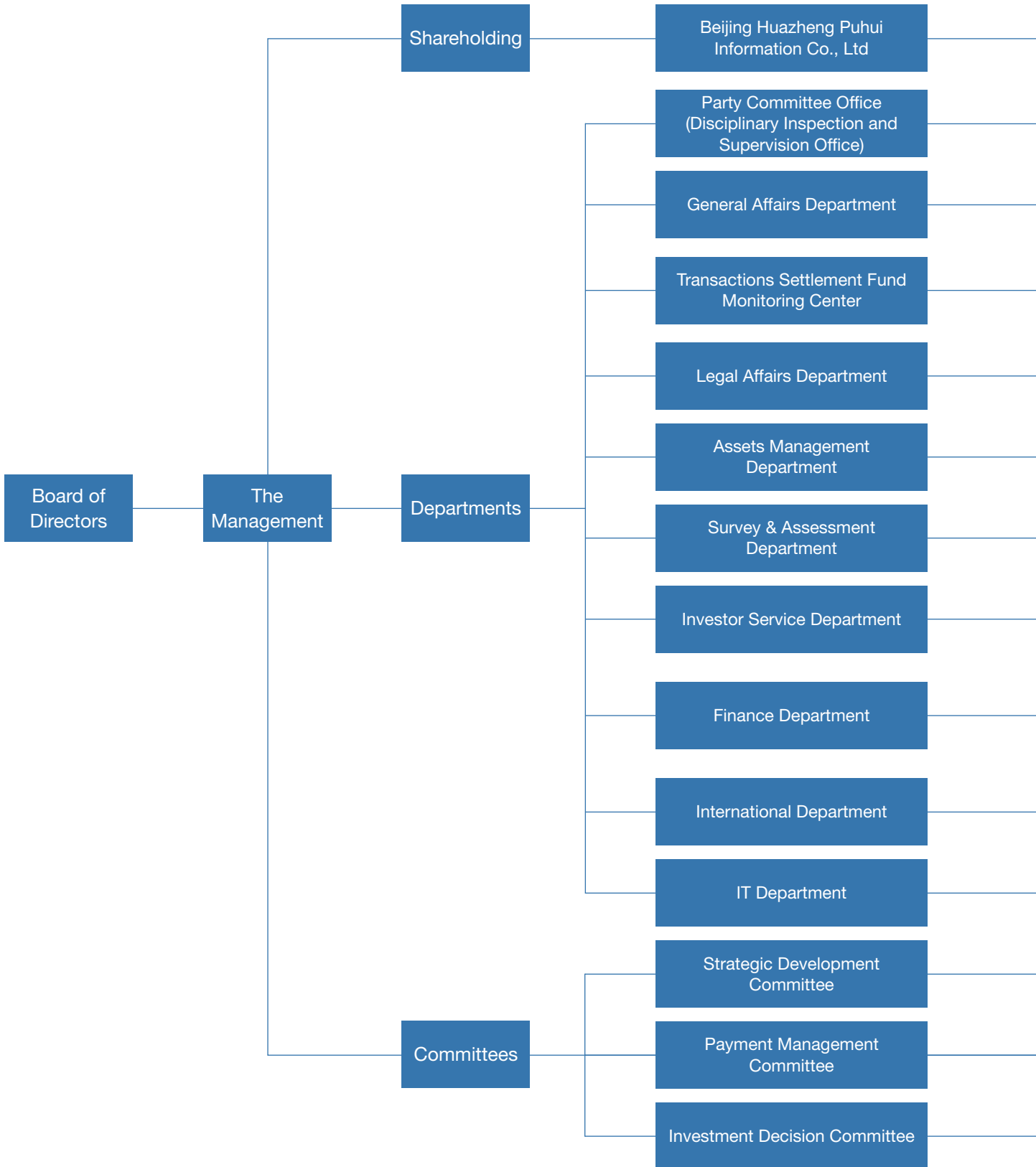
Ms. Zhang Xiaowei
Deputy GM

INTRODUCTION AND ORGANIZATION

With the approval of the State Council, the CSRC, MOF and PBC promulgated the *Measures for the Administration of Securities Investor Protection Fund (the “Measures”)* in June 2005, which provides for 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 with 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 subordinate to CSRC.

Decision making is the responsibility of the Board of Directors, and the management is responsible for corporate operation and management. Inside the SIPF there are 10 departments: Party Committee Office (Disciplinary Inspection and Supervision Office), General Affairs Department, Transactions Settlement Fund Monitoring Center, Legal Affairs Department, Assets Management Department, Survey & Assessment Department, Investor Education & Service Department, Finance Department, International Cooperation Department and IT Department; below the Board of Directors there are Strategic Development Committee, Remuneration Committee, and Investment Decision Committee; SIPF has 1 subsidiary: Beijing Huazheng Puhui Information Co., Ltd, and 1 shareholding company: Essence Securities Holding Co., Ltd.

CORPORATE STRUCTURE



Line of business: 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.

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

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

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

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

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

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

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

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 Management 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

China Securities Investor Protection Fund Corporation Limited (hereafter “SIPF”) was established by the State Council on August 30, 2005 and is a wholly state-owned company under the supervision of the CSRC. 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 disposal of these companies; to indemnify creditors as required by China’s relevant policies in case that a securities company is subject to compulsory regulatory measures, including dissolution, closure, bankruptcy, or administrative takeover, 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 regulatory and disposal suggestions to CSRC in case a securities company’s operation and management have material risks that may damage the legitimate interests of investors and the safety of the securities market; to work with relevant authorities in establishing a rectification mechanism for the potential risks arising in the course of the operation of securities companies.

In addition to dealing with the remaining work of securities companies’ disposal and earnestly raising, managing and operating the protection fund, SIPF has made use of the clients’ transaction settlement fund monitoring system to protect the safety of investors’ funds; served as the special compensation fund administrator, and actively explore alternative investor compensation mechanisms; strengthened investor protection and service system’s construction and integrated 12386 hotline, survey sample pool and other platforms to enable medium and small investors to report relevant issues in an unhindered manner.



PERFORMANCE IN 2014
AND MAIN TASKS IN 2015





In 2014, under correct leadership of CSRC Party Committee and pursuant to “Nine-Point Guidelines”, “Nine-Point Guideline for Investor Protection” and the requirements of CSRC about “to promote regulatory changes in six aspects”, SIFP properly arranged its tasks and focused on systematic, institutional and fundamental undertakings, with an aim to balance risk management, improve small and medium investor protection, move the focus to regulatory enforcement, strengthen mid-and post-event supervision, and carry out regulatory, and ensure operational fairness and transparency. With clear targets and positive efforts, SIFP effectively accomplished various tasks set forth at the beginning of 2014 and other additional tasks including synchronized transaction settlement fund monitoring for “Shanghai-Hong Kong Stock Connect”, options and “Hong Kong Stock Connect”. Below is a summary of SIFP performance in 2014 and main tasks in 2015.

1. PERFORMANCE IN 2014

1.1 Spared no effort to protect the safety of investors’ funds and facilitated regulatory authorities to focus on mid-and post-event supervision.

1.1.1 Put innovative businesses under monitoring, and further improved the investors’ funds custody scheme and the Monitoring System.

With a consensus that “innovative businesses that involve investors’ funds shall be incorporated into the Monitoring System”, SIFP clarified the objectives, boundaries and principles of monitoring the safety of investors’ funds, earnestly monitored the safety of investors’ funds in connection with Shanghai-Hong Kong Stock Connect, ETF option and other key innovative businesses, and actively extended the monitoring from spot transaction fund to options and other derivatives. Now, investor fund of Stock-Hong Kong Stock Connect is under monitoring, and data interface is released and subject to first round of testing to ensure that options related margins are monitored simultaneously. In light of rapid growth of over-the-counter, inter-institution quotation, online securities trading and other OTC markets, a plan was drafted to monitor the fund safety of small and medium OTC investors.

1.1.2 Optimized the risk alert mechanism and further improved the capacity to safeguard the safety of investors’ funds.

SIFP adjusted and optimized risk alert indicators and enhanced the timeliness, effectiveness and pertinence of alert; assisted with regulatory transition, put in place an innovative alert notification mechanism, and compiled with the Intermediary Supervision Department of CSRC “the Update of Securities Company Supervision”; strengthened

the special reporting on important and common issues that might affect the safety of investors' funds, established a mechanism for regular discuss and information sharing with regulatory authorities, and effectively transformed the supervisory model of investors' funds safety to become sharing-based and functional type. By the end of December, SIPF sent 486 alert messages to 30 branches of CSRC, involving RMB8224 million and 72 securities companies. Based on this, SIPF and the Intermediary Supervision Department of CSRC held a session to report and review clients funds custody in H1 2014, establishing a mechanism for parties concerned to discuss the issues about fund safety, identify the risks of fund safety, share information and communicate with each other, and providing beneficial reference and assistance for regulatory transition.

Through means such as on-site examination and inspection, SIPF assisted regulatory authorities in dealing with monitoring and alert issues as well as violations of securities companies, and based on SIPF's alert messages and proposals, the Intermediary Supervision Department of CSRC, in its securities company classification and assessment 2014, deducted the score of Hengtai Securities and Nanjing Securities on the ground of their client fund management problems, and the Monitoring system became an important basis and source of information for routine supervisory work of regulatory authorities. SIPF also helped the Intermediary Supervision department of CSRC resolving common issues in respect of fund custody, promoted CSRC to release the "Notice on Regulating Securities Companies' Client Transactions Settlement Fund Custody and Management Activities" (CSRC No.2014-86), which specifies three baselines for fund custody security. Meanwhile, SIPF worked with the Intermediary Supervision department of CSRC to make implementation, routine monitoring and alert arrangements of CSRC Decree No.86.

1.1.3 Assisted with assessment and routine supervision of innovative businesses and strengthened cooperation and support to regulatory enforcement efforts.

As authorized by the Intermediary Supervision department of CSRC, SIPF assessed and supervised two innovative businesses including securities companies' private fund custody and consumption payment with client fund. By the end of December, SIPF formally accepted the application for private fund custody from 21 securities companies and the application for consumption payment with client fund from 10 companies, and sent a no-objection letter to 13 securities companies to approve their applications, and the review of the remaining applications was almost finished. At the same time SIPF drafted the "Working Guide for Securities Companies to Carry Out Private Fund Custody Business", which, after comments from relevant industries and the Intermediary Supervision department of CSRC, will be published and implemented as soon as possible. SIPF further integrated data application and information sharing services, made the Monitoring System fully play its technical and data advantages, submitted to the Intermediary Supervision department of CSRC 12 special reports on issues that affect investors' fund security, and proposed 17 policies to resolve the segregation of client money and proprietary money of securities companies' open-ended fund accounts and excess deposit of client money, strengthen client fund security monitoring for securities margin trading business, and step up supervision and sanction of bank's violations and breaches, and vigorously pushed regulatory authorities to adopt diversified, consultative and open means of supervision and improve the efficiency of supervision. As for hot issues, SIPF strengthened data tracking and analysis and special study, prepared and submitted 9 issues of "Special Statistical Report" to relevant leaders and departments of CSRC, covering issues such as IPO re-launch, "Yu E Bao", "Yong Jin Bao", clients' transaction settlement fund exceeding one trillion and other major events, and "The Impact of Online Subscription of Wolwo and Xinbao on Transactions Settlement Fund" was quoted at the press conference of CSRC, providing a positive reference for regulatory decision making and public opinion.

SIPF strengthened enforcement cooperation and support, signed a memorandum on cooperation with CSRC Enforcement Contingent in early 2014 to put in place a regular mechanism for enforcement assistance, and gradually extended the scope of enforcement assistance to securities supervision offices at Shanghai Stock Exchange and Shenzhen Stock Exchange and the branches of CSRC. By the end of December, SIPF processed 40 information requests from enforcement authorities, involving 800 accounts. Such assistance substantially reduced enforcement cost, time and inefficiency, received full recognition from regulatory authorities, and SIPF received a reward from CSRC for its assistance in relevant cases.

1.2 Actively worked to build an investor compensation system that consists of SIPF, administrative settlement and special compensation fund so as to “provide better protection to small and medium investor” as required.

1.2.1 Properly handled the remaining risk resolution, and studied the schemes for securities companies’ risk disposal and investor compensation.

SIPF earnestly audited the applications of acquisition fund, and launched a special audit for dormant accounts and single-fund accounts of disposed securities companies that were assigned and under the custody of other companies. SIPF earnestly performed duties as a creditor to safeguard the national interest, properly manage claim payments and actively promote the bankruptcy process of disposed securities companies, and throughout 2014, SIPF voted for 48 times. In 2014, bankruptcy proceedings for Zhongfu Securities, Min’an Securities and Hantang Securities were concluded and SIPF received 8 payments with a total of RMB260 million. SIPF duly recovered transactions settlement fund that were frozen and deducted, and throughout 2014, receiving 9 amounts with a total of RMB795 million that were frozen or deducted by judicial authorities and commercial banks. All the funds to be deducted by commercial banks

were recovered. SIPF further summed up experience on the risk disposal of securities companies and commenced to study relevant mechanisms for the risk disposal of securities company and investor compensation under normal circumstances.

1.2.2 Explored advance compensation by responsible parties and successfully accomplished the work as the administrator for Hirisun Investor Compensation Fund.



Following acting as the administrator of Wanfu Biotech Investor Compensation Fund, as another positive attempt for market-based investor compensation, SIPF took the lead in setting up the “Coordinating Team for Hirisun Investor Compensation” (hereafter “Coordinating Team”), harmonized external propaganda and disclosure, work arrangement and coordination, took charge of the Special Compensation Fund management, was involved throughout the process from formulating the compensation plan, establishing compensation procedures, publishing relevant announcements to contacting eligible investors, and repeatedly discussed and communicated and settled every detail with the Supreme People’s Court, controlling shareholders, Ping An Securities and other stakeholders. Thus, in the duration of the special compensation fund, various work proceeded as scheduled and compensation was successfully accomplished. By September 10, 2014, 9823 eligible investors lodged a valid claim and reached a valid settlement with four Hirisun shareholders,

accounting for 95.7% of entire eligible investors, and with RMB88,827,698 paid to eligible investors, accounting for 98.81% of total compensation to be paid. SIPF just took two months to complete the compensation, receiving universal praises from market and investors.

1.2.3 Commenced to study relevant supporting policies for administrative settlement fund management and prepared for the piloting of administrative settlement.

SIPF held a meeting on administrative settlement management rules and invited NPC Legislative Affairs Commission, the Supreme People's Court, Legislative Affairs Office of the State Council, Ministry of Finance and relevant departments of CSRC to review key and thorny issues in connection with administration settlement fund management, and subject to the overall arrangement of CSRC, SIPF started to probe into relevant supplementary rules for the management of administrative settlement fund.

1.3 Earnestly carried out investor service by offering more options for investor communication and service.

1.3.1 Carefully operated 12386 Hotline and timely resolved investor demands.

With 12386 Hotline as a frontline, SIPF closely cooperated with the Investor Protection Bureau of CSRC to establish a mechanism to process investor demands, improved the coordination and cooperation between the Hotline and other channels of investor communication, including petitions, whistle-blowing, disciplinary inspection, administrative reconsideration, information disclosure and etc., and fully consolidated regulatory resources to accommodate and resolve investor demands and issues and carry out investor service. Throughout 2014, 12386 Hotline received a total of 100562 calls, with 93671 being directly handled, accounting for 93.15% and 6891 forwarded to the Investor



Protection Bureau of CSRC, accounting for 6.85%. After the coordination by Hotline, 298 complaints were withdrawn, and 46 letters of thanks were received, recovering more than RMB5 million for investors.

SIPF built a remote call system on the basis of 12386 Hotline, completed system development as scheduled and provided the guarantee for the “one-stop” access to the outside.

1.3.2 Did the best to operate and maintain Microblog and Wechat of CSRC, and assisted with the monitoring of public opinion, processing and reporting.

SIPF carefully released, operated and maintained Microblog and Wechat of CSRC, assisted the press release of CSRC via new media, and provided a firm safeguard for fair, transparent and efficient supervision. In 2014, SIPF released 3693 Microblog messages and 103 Wechat messages, made 6 Microblog talks, without any error. SIPF timely responded and actively monitored, processed and reported public opinion, and sorted out and handled 4522 comments, with 127 ones reported to CSRC and 4395 negative ones deleted. SIPF prepared 233 issues of “Microblog Operation Briefing” and 277 issues of “Microblog Opinion Briefing”, closely tracked the momentum of investor mentality, and made use of collective wisdom to properly guide Microblog opinion. SIPF organized 120 Microblog commentators from 58 units of CSRC to comment on CSRC’s hot issues, totaling 56 times and more than 4000 messages, and successfully guided public opinion. Moreover, “@CSRC Release” received an award for innovative new media communication by the Ministries of central government from “the First Internet Government Affairs Summit 2014-Connect, Integrate and Communicate” sponsored by Tencent.

1.3.3 Voluntarily collected and consulted investor opinions and comments on the basis of the investor sample pool and provided policy consulting to regulatory authorities.

SIPF established a pool that consists of 5538 individual investors and 744 institutional investors; successfully

accomplished “A Public Survey of Administrative Approvals of CSRC” to provide a valid, scientific basis for CSRC to streamline its administrative approvals and filings; published monthly investor confidence index, which was widely adopted by major medias; SIPF cooperated with the Listed Company Supervision Department and Investor Protection Bureau of CSRC in investigating 7 special issues, including investment requires for listed companies’ information disclosure, Shanghai-Hong Kong Stock Connect and etc., and 12 hot issues, including IPO, delisting and etc., and completed the assessment of listed companies’ investor protection, and the assessment results were provided to assist with the branches of CSRC, Shanghai Stock Exchange and Shenzhen Stock Exchange in routine supervision and, meanwhile, used as the basis to screen and choose “Listed Companies Most Respected by Investors”, and became a market recognized reference for listed companies’ assessment.



1.3.4 Conducted investor education, compiled and published “Important Cases of Investor Protection in the United States”, adapted some cases into investor education tales, publishing an issue at four securities newspapers and SIPF website per week for four consecutive months to distribute the philosophy of rational investment.

1.4 Strengthened fund raising and management to preserve and increase the value of state-owned assets.

1.4.1 Raised fund and collected what should be collected. In 2014, SIPF raised RMB3172 million, including 1076 million from contribution by securities companies, 1568 million from transaction handling fee paid by Shanghai Stock Exchange and Shenzhen Stock Exchange, and 528 million from interest of frozen subscription fund. The Fund amounted to a total of RMB39485 million, and SIPF net assets stood at RMB55993 million.

1.4.2 Subjected assets to scientific decision making, unified and refined management. Bank deposit investments had a yield of 4.38% per annum, and entrusted investments 5.47% per annum; SIPF reduced CMST share holding, realizing 13.95% appreciation, and preserved and increased the value of state-owned assets.

1.5 Actively promoted relevant amendment and legislation to provide a higher-level law for expanded SIPF operations.

Firstly, pushed forward the amendment of the “the Measures for the Administration of Securities Investor Protection Funds” (hereafter “Measures”), and the submission of Measures was made to the State Council by CSRC, MOF and PBC. Secondly, SIPF actively cooperated with the *Securities Law* amendment panel and relevant departments of CSRC and put forth 6 proposals, that is, expand SIPF’s financing and coverage, provide SIPF with subrogation, improve investor assets’ protection, and establish an external mechanism to supervise investor assets’ security. Thirdly, SIPF continued to study the framework, scope of adjustment and major institutional designs and other aspects of the “Regulations on Securities Investor Protection Funds” (“Regulations”), which now is incorporated by State Council into its 2015 legislation plan.

1.6 Strengthened information release and disclosure and further improved operational transparency.

1.6.1 Improved press release and publicity management and managed public opinion in a more voluntary, timely and effective manner.

SIPF promulgated the “Measures for Press Release and Publicity Management”, specifying departmental responsibilities and operational procedures in respect of press release, media interview, public opinion monitoring and crisis handling, and improving the press release and publicity system. SIPF expanded media partnership, strengthened publicity efforts, provided media training, maintained close exchange and communication with journalists, and successfully dealt with negative press reports and crisis. SIPF initiated public opinion monitoring system and prepared “Public Opinion Report”.

1.6.2 SIPF intended its website to be “functional, interactive, and service-oriented”, adjusted sections and columns and timely updated relevant information.

Based on extensive investigation, SIPF assigned three functions to its website: handle operations of the Fund Raising and Reporting System, the Transactions Settlement Fund Monitoring System and the Special Compensation Fund System, provide investor survey, investor call and other means of investor communication, and serve market participants with financial news update, data release and investor education tools. Throughout the year, SIPF website updated 70417 articles, posted 21 subject matters and 118 pictures, and the number of visits amounted to 76.05 million, rising by 20% on a year-on-year basis, with November having more than 9 million visits, rising by 154% when compared with the same period of the previous year.



1.6.3 Opened and operated SIPF Microblog and Wechat as an effective means of investor service and education.

On June 17, SIPF's official Microblog was opened at Xinhuanet, People's Daily, Sina and Tencent, and so was SIPF's official Wechat, and in 2014, SIPF released 500 Microblog messages and 60 Wechat messages and acquired another effective means of information disclosure and investor education & service. Microblog fans were more than 589800, ranking No.3 among the units of CSRC, and the number of Microblog messages ranked No.4.

1.7 Strengthened the study of key issues, deepened international cooperation and enhanced informational security.

1.7.1 Actively carried out the study of highlighted and key issues.

Subject to investor protection requirements specified in the new "Nine-Point Guidelines" and "Nine-Point Guidelines of Investor Protection" as well as supervisory transition and requirement for stronger mid-and-post event supervision, SIPF further defined its mission and functions, worked out

the "Strategic Plan 2015-2017), properly arranged and conducted the study of key or hot issues, actively optimized the clients' fund custody mechanism in accordance with the new "Nine-Point Guidelines", strengthened relevant studies, launched and completed a study of "Client's Transaction Settlement Fund Security Reassessment and Monitoring System Adjustment in a New Situation", and assisted the Intermediary Supervision Department of CSRC in preparing "A Study on the Scheme for Securities Company Client Fund Custody".



1.7.2 Deepened international cooperation and conducted various exchanges with international counterparts.

SIPF established a multilateral cooperation framework. Working with US and Canadian investor protection agencies, SIPF formally established International Securities Investor Protection Conference as a regular mechanism for international investor protection cooperation and exchange to enable investor protection bodies to learn each other's advanced experience and mature practice and to further enhance the influence of China in the field of international securities investor protection. In 2014, SIPF convened the first seminar on "Investor Protection: Our Common Cause". Also, SIPF inaugurated China-Russia cooperation, discussed securities investor protection issues with Russian securities regulatory authorities and SROs, and signed an intention of MOU with Russian investor protection agency.

1.7.3 Provided IT support to innovative businesses and did the best to carry out investor protection.

SIPF organized and coordinated IT support to Hirisun Investor Compensation Fund ("Special Compensation Fund" with respect of compensation calculation system development), website construction and maintenance and the like to ensure smooth operation of the Special Compensation Fund, reviewed IT system construction proposals contained in securities companies' plans for private fund custody and consumption payment with clients' fund to safeguard rapid and efficient review of business plans. SIPF carried out special informational security inspections, and proposed 26 rectifications in 5 aspects. SIPF effectively enhanced its website security and capacity against attacks, vigorously supported IT construction, facilitated banks and other external institutions to access to Securities Network, and provided useful comments on building a central informational monitoring platform.



1.8 Strengthened self-construction to ensure effective SIPF operation.

Subject to the overall requirements of CSRC with respect to Party construction, discipline inspection, the units of CSRC and personnel management, SIPF did the following in 2014:

1.8.1 Undertake Party construction and clean governance through rigorous institutional improvement. Party branches became oriented to learning and service, and Party members turned to be more disciplined in ideological, organizational and work style aspects. SIPF earnestly implemented 25 rectifications as required to provide forceful supports for its works. Party Committee was able to play a main responsibility and Disciplinary Inspection Committee played a supervisory role, with a stress on anti-corruption and clean governance as well as accountability for Party construction and clean governance. SIPF improved organization and institution for disciplinary inspection to prevent integrity risk and conflict of interest. SIPF strictly followed “Three Important and One Big” decision making principle and the rules concerning the projects, finance and business operation, with no violation. SIPF inspected the implementation of “Eight-Point Regulations” of CPC central committee and “15 Prohibitions” of the Disciplinary Inspection Committee of CSRC.

1.8.2 Enhanced the standardization of SIPF business operation through strict internal management. SIPF earnestly implemented CSRC’s requirements to strengthen institutional improvement and institution-based governance. Based on job rotation, SIPF straightened up departmental responsibilities, strengthened awareness of overall situation, and consolidated inter-departmental coordination, consultation and service facilitation, ensured well regulated, orderly and efficient operation and facilitated better teamwork. SIPF improved rules and provisions related to finance, personnel and asset management, enhanced management level, refined incentive and disincentive mechanisms, and reinforced the overall efficiency and effectiveness of SIPF.

1.8.3 Improved duty performance capacity through earnest team construction. SIPF strengthened and improved Party team-based theory study that might be an effective means of enhancing the management’s ideological, political qualifications and decision making capacity and play a crucial role in unifying thought, raising awareness and gathering strength. With “one lecture per month”, Party cadres were subject to stronger integrity education. SIPF carried out the Mass Line Education Campaign on the basis of 25 rectifications in 7 aspects as outlined in “Two Schemes and One Plan”, rectified “Four styles” problems, reinforced Party cadres’ awareness of mission, overall situation, reform and responsibility, refined Party Committee’s decision making process and properly resolved some prominent issues.



2. MAIN TASKS IN 2015

In 2015, led by CSRC Party Committee, SIPF on the one hand, will earnestly follow commitments made by the 18th CPC National Congress, the 3rd Plenary Session and 4th Plenary Session of the 18th CPC National Congress as well as Central Economic Work Conference, the new “Nine-Point Guidelines”, “Nine-Point Guidelines of Investor Protection”, Conference on Securities and Futures Supervision and specific requirements of CSRC Chairman Xiao Gang in respect of investor protection, strive to cause

Legislative Affairs Office of the State Council to include into the legislation plan the amendment of “Measures for the Administration of Securities Investor Protection Funds” (“Measures for the Administration”) and the drafting of “Regulations on Securities Investor Protection Funds” (“Regulations”), strengthened risk monitoring and alert of securities transaction settlement fund, and do the best to reach a new height in all aspects. On the other hand, SIPF will firmly strengthen ideological, working style construction and clean governance.

2.1 Continue to push forward relevant legislation.

Continue to promote the amendment of “Measures for the Administration” and actively probe into relevant supplementary policies, striving to make some legislative breakthroughs in fund raising and coverage of compensation. SIPF will also to promulgate the “Regulations”.

2.2 Improve investor fund security protection mechanism and risk monitoring of securities companies.

2.2.1 Build a monitoring system to monitor and supervise a broader range of clients’ transaction settlement fund of securities companies.

With purpose to better protect investors’ fund security, SIPF will implement the “Measures for the Administration of the Pilot of Stock Option Transactions” and subject securities companies’ stock option margins to routine monitoring and alert; study and extend the monitoring to client fund in connection with securities margin trading business; continue to support and closely follow the track of securities companies’ innovative businesses, and provide daily monitoring to investors’ fund security in connection with securities companies’ OTC market, online securities trading, inter-institution private product quotation. SIPF will promote investors’ fund security monitoring in connection with Shanghai FTZ, securities companies’ asset management

and custody businesses, prepare for investor fund security monitoring for Shenzhen-Hong Kong Stock Connect; further improve the regular consultation on investors’ fund security, assist regulatory authorities with timely analysis and resolution of important and common issues, and continue to cooperate and support regulatory authorities to explore and establish a mid-and-post event supervision that is “vitality-arousing, information-driven, intelligence-intensive and cost-saving”.

2.2.2 Continue to make use of data advantage, vigorously improve statistical analysis and study capability, provide regulatory authorities with better data and information service and assist with regulatory transition and efficiency.

SIPF will test run the statistical inquiry and analysis system and improve its functions. SIPF will focus on “macro trend and meso-structure” as well as data mining and specific studies, and strive to move from single-risk monitoring indicators to an integrated system of risk indicators. SIPF will further strengthen data and information sharing, continue to support the establishment of a central supervisory informational system, and consolidate cooperation and support for enforcement-related inquiries. SIPF will further cooperate and communicate with CSDC, CMSMC, Shanghai Stock Exchange, Shenzhen Stock Exchange and China Securities Finance (CSF) via MOU signing, strive to deepen information exchange, sharing and cooperation with the units of CSRC through a series of fund analysis seminars, joint special studies and joint cash management business monitoring, and identify “macro trend and meso-structure” through in-depth mass data exploration and analysis. SIPF will focus on and undertake in-depth study on new issues in connection with cross border and cross spot-and-futures market transaction fund security, put forth policy recommendations to regulatory authorities, properly operate the “Alternative Platform for Inquiring SSE50 Options Investor Fund”, and enable statistical data to serve investors.

2.3 Focus on the study of supplementary policies for administrative settlement fund management and roughly form a multi-layered investor compensation system.

2.3.1 Complete the formulation of supplementary policies in connection with administrative settlement fund management. SIPF will formulate “Measures for the Management of Administrative Settlement Fund”, specifying investor eligibility, procedures of administrative settlement claim and eligibility review, administrative settlement fund distribution, investor compensation procedures and expenses in connection with the implementation of administrative settlement plan, promulgate finance management and accounting measures for administrative settlement fund, and pilot administrative settlement in accordance with CSRC arrangement.

2.3.2 Continue to perform duties as the administrator of special compensation fund. SIPF will compile cases of Hirisun Investor Compensation Fund, sum up work experience, establish effective measures, and continue to introduce a mediation mechanism into the Special Compensation Fund. Pursuant to “Several Opinions on Renovating, Improving and Strictly Implementing the Delisting System of Listed Companies”, SIPF will study and carry out on a case-by-case basis investor compensation that may arise from delisted companies, and refine the special compensation fund in respect of the system, approach, function and compensation mechanism.

2.3.3 Continue to deal with matters related to risk disposal. SIPF will carefully review the applications of acquisition fund, conduct special audits and inspections, earnestly perform creditor’s duties, and proceed with the bankruptcy and liquidation of 17 disposed securities companies pursuant to the principle of “supervising distribution and facilitating bankruptcy”. SIPF will further sum up the experiences of securities companies’ risk disposal and formulate the routine mechanism of securities companies’ risk disposal

and investor compensation, and study the possibility of Essence Securities as a platform of securities companies’ risk disposal and provide reference for possible risk disposal of securities companies in the future.

2.4 Cultivate a series of investor service brands.

2.4.1 Further optimized 12386 Hotline operation process and efficiency. 12386 Hotline is an important platform for SIPF to provide considerate investor service, assume social responsibility and enhance influence. In 2015, SIPF will further improve the service quality and efficiency of 12386 Hotline, earnestly respond to investor concerns, and help investors resolving practical problems. SIPF will improve and cause 12386 Hotline to screen and ensure the quality of investor demands, work with the Investor Protection Bureau of CSRC to build the Hotline as a “one-stop” window of CSRC to handle investor demands. SIPF will promulgate investor complaint handling measures, improve cooperative mechanism of investor complaint handling, optimize internal process and enhance investor satisfaction. SIPF will optimize Hotline operation, improve and replenish the knowledge base, amend the classification of complaints, properly analyze and report Hotline data, identify investor demands, compile classical investor protection cases in accordance with investor demand satisfaction, and acquire a market influence.

2.4.2 Steadily release, operate and maintain CSRC Microblog and Wechat. Subject to CSRC’s overall arrangement, SIPF will study, prepare in advance as the case may be, keep on improving efficiency and quality of message release; strengthen monitoring, guiding and processing of public opinion, and strive to build “@CSRC Release” as an important platform of new media that helps CSRC improving regulatory transparency and maintaining a stable market anticipation.

2.4.3 Expand investor protection assessment. SIPF will prepare China Securities Market Investor Confidence Index

on its sample pool of individual and institutional investors rather than online public survey so as to make the Index more scientific, representative and stable. SIPF will study and launch Securities Companies' Branch Manager Confidence Index to provide a broader range of index products; optimize investor protection assessment for listed companies and enhance the scope of application and usability of assessment results; actively probe into investor protection assessment mechanisms of securities companies and gradually establish an inclusive investor protection assessment. SIPF will conduct investor survey at multiple levels and from multiple perspectives, reinforce the study and analysis of investor survey results, enrich the contents of investor survey reports, and voluntarily study investor needs, behaviors and psychology to further enrich investor survey results and provide regulatory transition with a basis for scientific decision making. SIPF will further cooperate and interact with stock exchanges, CSDC and other CSRC units, enrich sources of survey and assessment data, promote the application of survey and assessment results, establish a cooperation mechanism for industry-wide investor protection assessment, and continue to implement relevant matters as specified in the framework agreement signed with China Association for Public Companies.

2.5 Continue to properly raise and manage fund.

SIPF will optimize fund raising and collect what should be collected, promote the amendment of Fund raising related policies, and study how to raise and use the Fund in a new market situation. SIPF will earnestly carry out asset management to preserve and increase the value of state-owned assets, continue to invest and manage stocks recovered, and cooperated with SDIC in restructuring and listing Essence Securities.

2.6 Continue to educate investors.

SIPF will overhaul, evaluate, optimize and utilize existing investor education tools, continue to compile important investor protection cases in the United States to disseminate the philosophy of rational investment and to provide reference for better investor protection.

2.7 Strengthen international exchange and cooperation.

SIPF will prepare for the 2nd International Securities Investor Protection Conference and strive to put well-targeted and useful topics on agenda. SIPF will sponsor the Sino-Russian security investor protection forum and signed a formal MOU with Russian counterpart.



2.8 Strengthen Party construction and clean governance.

SIPF will implement the key points of party construction and clean governance, in strict accordance with CSRC Party Committee and Disciplinary Committee's requirements, earnestly carry out "Three Strict and Three Solid" education activities, strictly follow "Eight-Point Regulation" of CPC central committee and "15 Prohibitions" of CSRC, further strengthen working style and consolidate and expand education results. Based on the business needs, SIPF will step up the investigation and study of strategic and forward-looking issues, proceed to build a system of punishment and prevention in accordance with "Implementation Rules for Building a Corruption Prevention and Punishment System", further take precautions against integrity risks and conflict of interest, continue to strengthen disciplinary inspection team, reinforce regulatory accountability, implement "Three Change", and provide forceful safeguard for investor protection and SIPF's development.

2.9 Improve corporate governance

In the first place, SIPF will enhance operational transparency, carry out press release and publicity as is necessary, modify SIPF website, and properly build, operate and maintain Microblog and Wechat.

In the second place, SIPF will engage in strict personnel management, formulate the HR development plan, amend the personnel plan, duly recruit necessary specialized talents, regularly rotate cadres of key departments, key posts and different levels, formulate HR and relevant internal management rules, provide cadres and employees with opportunities of career development, subject the management to stringent requirements, and put in place strict conditions and procedures for cadre appointment.

In the third place, SIPF will strengthen financial management, overhaul and refine finance related rules and measures, and assess and improve the accounting system.

In the fourth place, SIPF will reinforce informational and data security management, step up monitoring, operation and maintenance, and ensure absolute operational system, network and information security.



The Mechanism of International Securities Investor Protection Conference Was Launched

Jointly sponsored by China Securities Investor Protection Fund (SIPF), US Securities Investor Protection Corporation (SIPC) and Canadian Investor Protection Fund (CIPF), SIPF held the 2014 International Securities Investor Protection Conference in Shanghai from May 14 to 16, 2014, attracting nearly 50 persons from 11 overseas regulatory agencies from the United States, Canada, EU, Finland, Russia, Spain, Japan, South Korea and Hong Kong, China and 20 domestic agencies, including among others CSRC, NPC Legislative Affairs Commission, Legal Affairs Office of the State Council, People's Bank of China, CIRC and etc. The purpose of this Conference, on the one hand, is to discuss investor protection innovation and development, promote further contact and communication among national (regional) investor protection schemes, and establish, as called for by China, the United States and Canada, International Securities Investor Protection Conference as a regular mechanism for international exchange and cooperation, and on the other hand, is to share advanced experience and mature practice and to provide relevant countries (regions) positive reference to investor protection undertakings.

SIFP 6th Expert Committee Convened the 1st Session

On December 26, 2014, SIPF held the 1st Session of the 6th Expert Committee in Beijing, and 13 experts from Supreme People's Court, Ministry of Finance, the Legal Affairs Department and Enforcement Contingent of CSRC, CSDC, universities, securities companies, law firms and accounting firms attended the session.

First of all, SIPF briefed its performance in 2014 and next steps. All the experts fully appreciated SIPF performance in 2014, and considered that SIPF, as a statutory investor protection agency, played an important role in the investor protection system by gradually constructing an operational process that "uses the monitoring system to monitor securities companies' risks and protect the safety of investors' funds, uses the compensation system to provide post-event investor relief, uses the service system to enable investors to freely express their demand, and enables SIPF act as a skillful and reliable fund keeper".

Next, SIPF introduced its activities as the administrator of Special Compensation Fund for Hirisun Investors (hereafter "Special Compensation Fund), and experts thought highly of these efforts, considering them as another successful



practice of investor protection. As the administrator of the Special Compensation Fund, SIFP was involved throughout the process on a nonprofit, free-of-charge and independent basis and strove to protect investors and allowed eligible investors to participate to the greatest extent, and these efforts proved to be effective and received wide recognition from investors. In particular, after many rounds of discussions and studies, the scope and the amount of compensation was finalized, being the highest of the three options and worth RMB27 million more than the lowest-amount option, providing investors better compensation and being more consistent with the principle of “full compensation”. Experts agreed, the practice of Hirisun investor compensation offered valuable experience for establishing an investor compensation scheme for listed companies. With SIFP as the administrator, Special Compensation Fund is a fully market-based approach of investor compensation that accommodates both public trust and compensation efficiency, is easily accepted by market and investors and may be reproduced and further expanded.



Media Training Session Held to Build Up Communication and Consensus

Since the beginning of this year, securities transactions settlement fund monitoring data, securities investor confidence index and other information regularly disclosed by SIFP have received wide attention and coverage from central and specialized media. To provide a panoramic view of SIFP operations and enable the media to interpret and make use of relevant data and information more accurately, on October 29, 2014, SIFP held a training session for reporters from Xinhua News Agency, CCTV News Channel and Finance Channel, CNR and four securities newspapers, where full exchange was made, mutual understanding and consensus were strengthened and a desired outcome was achieved.

At the session, SIFP Chairman Liu Hongtao introduced SIFP’s evolution and main operations. She indicated, upon completing the risk resolution for securities companies, SIFP would turn to monitor security company risks and safeguard investor fund security through the Securities Transactions Settlement Fund Monitoring System and protect and serve investors through a variety of approaches. So far, relevant operations and regular data disclosures had received wide attention from market and the media, and such a training session would help the media find out how relevant data was produced and interpreted and report use such data and market situation more precisely and objectively.

Transactions Settlement Fund Monitoring Department and Survey & Assessment Department offered a detailed introduction of relevant operations and data interpretation.

Media reporters all showed a keen interest in the progress of relevant SIPF operations, regular data disclosure and the role of sample investor pool, inquired about data interpretation and use of sample investor pool and raised many suggestions. After such exchange and communication, both sides deepened mutual understanding and reached a consensus.

For the better service of market, next, SIPF would take a number of measures to further strengthen its press and publicity efforts: 1) continue to hold media training session to inform the progress of SIPF operations and to find out the needs of media reporters; 2) provide interpretation guidance instead of data disclosure alone, that is, a simple instruction would be provided in case of great data fluctuation so that the media could understand and use relevant data more accurately; 3) establish an expert interpretation mechanism, and recommend relevant experts to media reporters so as to enhance the authoritativeness and objectivity of interpretations; 4) use the sample pool to find out investor opinions on issues that the media are interested in; and 5) fully make use of the Wechat channel for timely communication with media reporters and timely information disclosure and clarification.



Important Meetings: Photo and Summary

On July 31, 2014, SIPF and CSRC Department of Fund and Intermediary Supervision co-sponsored a session to report and review client fund custody in H1 2014, establishing a platform for interested parties to discuss and assess issues and risks in connection with fund security and promote their resolutions and probe into approaches to regulatory transition.

Agreement of Intent for MOU Signed with Russian Federal Public-State Foundation for the Protection of Investors and Shareholders Rights (FedFond)

Sponsored by Russian Central Bank and FedFond, Russia-China Securities Investor Protection Conference was held in Moscow from November 20 to 21 of 2014, and SIPF send a delegation to attend in-depth discussions in respect of the practice, experience and future development of securities investor protection schemes in Russia and China. Representatives from Russian Central Bank, Russian Financial Consumer Protection Union, FedFond, FinPotrebSouz, Russian National Association of Securities Market Participants, Eurasian Economic Commission and other relevant Russian financial regulatory authorities and self-disciplinary organizations attended and delivered theme speeches at the Conference. During the Conference, investor protection agencies of China and Russia signed the



intention of MOU and reached a substantial agreement on further exchange, interaction and establishment of a mutual cooperation mechanism.

SIPF Meeting to Summarize and Assess Hirusun Investor Compensation

On December 22, SIPF convened a meeting in Shenzhen, inviting relevant leaders from the Enforcement Bureau, Department of Legal Affairs, Administrative Sanction Committee, Investor Protection Bureau and Shenzhen Branch of CSRC as well as relevant persons from Shenzhen Stock Exchange, CSDC, Securities Association of China, Shenzhen Securities and Futures Dispute Resolution Center (hereafter "Shenzhen Resolution Center"), Ping An Securities and other members of Hirusun Investor Compensation Coordination Group (hereafter "Coordination Group") to summarize and assess the efforts concerning Hirusun investor compensation.

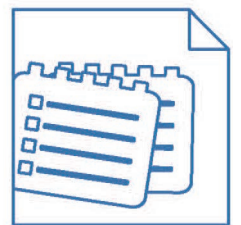
During the meeting, SIPF introduced its activities as the administrator of Special Compensation Fund for Hirusun

Investors (hereafter "Special Compensation Fund), which received full recognition from attendants. It was agreed that Hirusun investor compensation was successfully and effectively concluded, and SIPF, as the Special Compensation Fund administrator and the leader of Coordination Group, vigorously took part in and organized the entire process of Fund raising and operation, and in particular, played an important role in communicating and coordinating the compensation coverage and calculation method. It was also agreed that the compensation was full and effective to facilitate effective Fund operations and more efficient and convenient investor compensation. Meanwhile, Fund operation procedures and relevant processes were further optimized and improved when compared with the case of Wanfu Biotechnology Investor Compensation, so relevant experience and practice needed to be summarized and expanded. Moreover, an effective, smooth and synergic multi-party coordination mechanism, as an important safeguard for successful compensation, may be converted into a regular long-term effective mechanism.





STATISTICAL FORMS

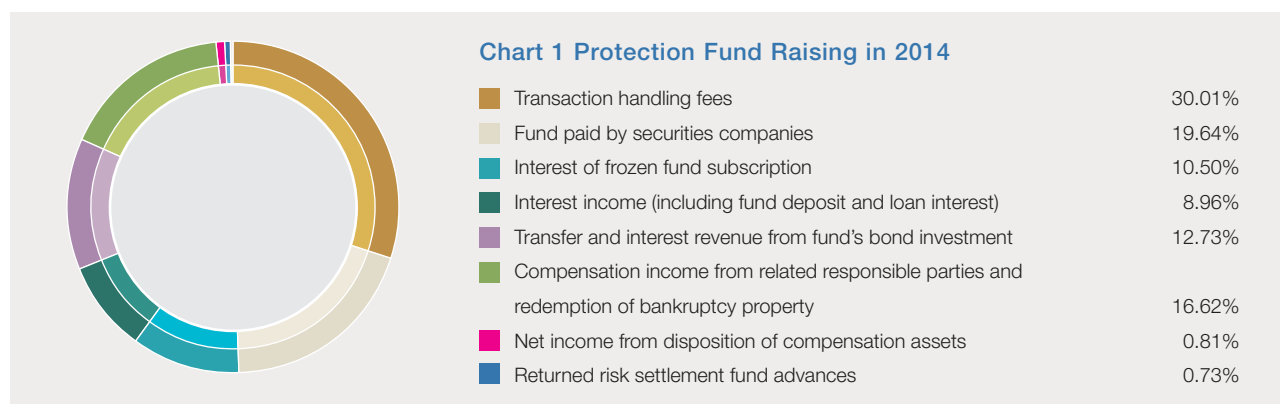


STATISTICAL SUMMARY

[Protection fund raising and usage]

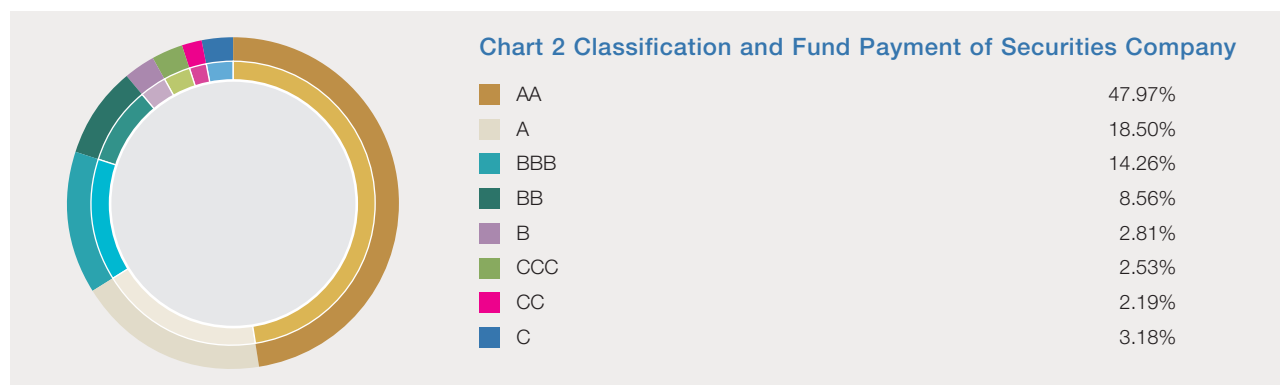
In 2014, RMB5031.3 million was raised, including RMB1509.9 million from transaction handling fees, accounting for 30.01%; RMB988.2 million from funds paid by securities companies, accounting for 19.64%; RMB528.4 million from the interest of frozen subscription fund, accounting for 10.50%; RMB450.9 million of interest income (including interest from fund deposit and loan), accounting for 8.96%; RMB640.5 million from the transfer and interest of fund's bond investment, accounting for 12.73%; RMB836.4 million from recovery from related responsible parties and redemption of bankruptcy property, accounting for 16.62%; and RMB40.5 million from assets recovered, accounting for 0.81%; RMB36.5 million from returned risk settlement fund advances, accounting for 0.73%.

In 2014, SIPF, cumulatively, spent 2171.4 million, with 2000 million for bond investments and 171.4 million for other expenses.



[Category of securities company and funds paid to SIPF]

In 2014, securities companies had paid RMB988.2 million to SIPF in accordance with percentages set by the CSRC, including RMB474.1 million from securities companies of category AA, RMB182.8 million from securities companies of category A, RMB140.9 million from securities companies of category BBB, RMB84.6 million from securities companies of category BB, RMB27.8 million from securities companies of category B, RMB25.0 million from securities companies of category CCC, RMB21.6 million from securities companies of category CC, and RMB31.4 million from securities companies of category C.



[Protection fund payment]

By the end of December 2014, SIPF had paid a total of RMB22,520.5 million to 24 disposed securities companies, including RMB16,265 million to fill the gap of customer securities transactions settlement fund, accounting for 72.22%, and RMB6255.5 million to acquire personal claim, accounting for 27.78%.

Chart 3 Issuance of the Protection Fund



[Risk disposal]

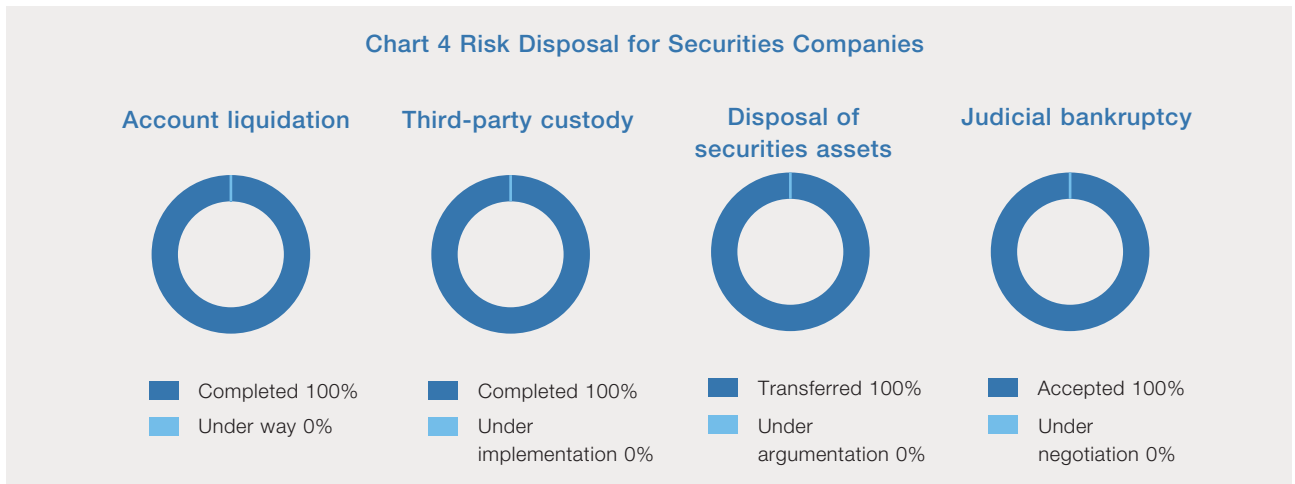
Account liquidation: by the end of December 2014, account liquidation had been finished for 24 disposed securities companies, accounting for 100% (24 companies, the same as below).

Third-party custody: by the end of December 2014, third-party custody was completed for 24 disposed securities companies, accounting for 100%, and 624 sales offices of entire disposed securities companies were 100% accessible online.

Securities assets disposal: by the end of December 2014, the transfer of securities assets had been finished for 24 disposed securities companies.

Judicial bankruptcy: by the end of December 2014, the bankruptcy cases of 24 disposed securities companies (accounting for 100%) had been accepted by competent courts.

Chart 4 Risk Disposal for Securities Companies



[Accounts and personal creditors related to appropriated protection fund]

By the end of December 2014, RMB16,265 million had been used to fill the gap of clients' 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 61310 personal creditors.

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

By the end of December 2014, 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' transaction settlement fund]

By the end of December 2014, based on the account liquidation result for disposed securities companies, RMB16,528.9 million was necessary to fill the gap of clients' 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' transaction settlement fund (not including 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 2014, 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 RMB25,263.1 million, and pre-declared claims amount to RMB2,927.7 million.

[Payment of SIPF claims]

By the end of December 2014, 23 securities companies had entered into bankruptcy proceedings. SIPF had received RMB3,777.0 million in cash (including RMB5.4 million managed on behalf of the MOF) and stocks of ten companies as well as two stocks on behalf of the MOF.

[Special audit]

By the end of December 2014, formal audit reports had been issued for clients' transaction settlement fund of 24 disposed securities companies, and 22 companies had been provided a formal audit report on personal claim.

[Basic Situation of Hotline]

The Hotline operated smoothly and by December 31, 2014, it received a total of 100562 investor calls, and generated and processed 42331 valid orders, with 15113 for suggestions, accounting for 35.70%, 17309 for inquiries, accounting for 40.89%, and 9909 for complaints, accounting for 23.41%.

BUSINESS REPORT | Table 1 Protection Fund Raising and Using

Item	Line	2014	2013	Item	Line	2014	2013
I Re-lending from the People's Bank of China				3. Fund using in 2014	18	21.714	-2.034
1. Balance of re-lending deposit at the beginning of 2014	1	-	-	(1) Appropriation fund for risk disposition	19		-2.506
2. Re-lending obtained throughout 2014	2	-	-	(2) Bond issuance expenses	20		
3. Net interest income from re-lending deposit	3	-	-	(3) Payment of bond interest payable	21		
4. Re-lending utilized in 2014 (minus: the amount returned)	4	-	-	(4) Payment of bond principal payable	22		
5. Balance of re-lending at the end of 2014 (5=1+2+3-4)	5	-	-	(5) Interest payment for PBC re-lending	23		
II Fund raised by SIPF				(6) Principal payment for PBC re-lending	24		
1. Balance of fund deposit at the beginning of 2014	6	249.364	207.052	(7) Cost expense of bond investment	25	20.000	
2. Fund raised in 2014	7	50.313	40.278	(8) Other expenses	26	1.714	0.472
(1) Transaction handling fees	8	15.099	11.922	4. Fund balance at the end of 2014 (26=6+7-17)	27	277.963	249.364
(2) Fund paid by securities companies	9	9.882	9.601	III SIPF bond issuance			
(3) Interest of frozen subscription	10	5.284	0.453	1. Balance of deposit of bond issuance at the beginning of 2014	28		
(4) Acceptance of donation	11			2. Revenue from bond issuance	29		
(5) Interest income (including fund deposit and loan interest)	12	4.509	6.773	3. Fund used for bond issuance in 2014	30		
(6) Transfer and interest revenue from fund's bond investment	13	6.405	1.416	4. Balance of deposit of bond issuance at the end of 2014 (30=27+28-29)	31		
(7) Compensation income from related responsible parties and redemption of bankruptcy property	14	8.364	4.049	IV Total fund raising and using			
(8) Net income from disposition of compensation assets	15	0.405	6.064	1. Balance at the beginning of 2014 (31=1+6+27)	32	249.364	207.052
(9) Returned risk settlement fund advances	16	0.365		2. Fund raised in 2014 (32=2+3+7+28)	33	50.313	40.278
(10) Other incomes	17			3. Fund used in 2014 (33=4+17+29)	34	21.714	-2.034
				4. Balance at the end of 2014 (34=31+32-33)	35	277.963	249.364

Note: As from January 1, 2014, "returned risk settlement fund advance" is added to "Fund Raised by SIPF", to represent risk settlement fund advances returned by custodians, bankruptcy administrator, commercial banks and other institutions. In 2013, it is a negative figure under "net risk settlement fund advances".

BUSINESS REPORT | Table 2 Classification and Fund Payment of Securities Company

Classification result		Number of securities companies	Proportion of payment (%)	Accumulative amount paid in 2014
A	AAA			
	AA	28	0.50%	4.741
	A	23	0.50%	1.828
B	BBB	22	0.75%	1.409
	BB	21	0.75%	0.846
	B	13	0.75%	0.278
C	CCC	4	1.00%	0.250
	CC	2	1.00%	0.216
	C	2	1.00%	0.314
D	D			
TOTAL		115		9.882

- 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 refers to the proportion that is approved by the CSRC for the company to pay the fund to SIPF based on its operation income.

BUSINESS REPORT | Table 3 Issuance of the Protection Fund by SIPF

Unit: RMB10,000

	Clients' securities transaction settlement fund	Personal claims
Deheng Securities	5.075	9.051
Hengxin Securities	0.311	1.239
Zhongfu Securities	-	0.931
Hantang Securities	17.520	1.739
Minfa Securities	7.306	8.022
China Eagle Securities	16.258	3.643
Asia Securities	18.751	10.329
Northern Securities	11.070	0.068
Wuzhou Securities	3.247	-
Min'an Securities	5.157	6.689
Wuhan Securities	5.014	0.045
Gansu Securities	1.521	0.257
Kunlun Securities	1.749	0.688
Guangdong Securities	18.568	2.299
Dogain Securities	2.318	0.019
Northwest Securities	2.344	-
China Securities	15.881	4.404
Xing'an Securities	0.301	0.013
Hebei Securities	2.481	0.050
Xinjiang Securities	3.217	1.295
Centergate Securities	5.820	3.746
China Sci-Tech Securities	12.289	0.478
Tiantong Securities	3.264	7.246
Tianyi Securities	3.185	0.305

BUSINESS REPORT | Table 4 Basic Information of Risk Disposition of Securities Companies

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	Deliang Securities	3-Sep-04	Shanghai Commissioner Office	14	Huang Company	Huang Company	CACPA	Completed	Completed	14	Transferred	Huang Securities	Accepted	Shanghai No.1 Intermediate People's Court	9-Nov-07	
2	Hengyin Securities	3-Sep-04	CSRC Hubei Office	7	Huang Company	Huang Company	CACPA	Completed	Completed	7	Transferred	Huang Securities	Accepted	Changsha Intermediate People's Court	21-Aug-07	
3	Zhongli Securities	3-Sep-04	Shanghai Commissioner Office	13	Shanghai Securities	Guoping & 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	Hendang Securities	3-Sep-04	CSRC Shenzhen Office	22	CINDA	CINDA	Xiamen Tianjin Huatian Huatian Accountants' Firm	Completed	Completed	22	Transferred	CINDA Securities	Accepted	Shenzhen Intermediate People's Court	7-Sep-07	
5	Mirita Securities	16-Oct-04	CSRC Fujian Office	29	Orient Company	Orient Company	Xiamen Tianjin Huatian Huatian Accountants' Firm	Completed	Completed	29	Transferred	Dongying Securities	Accepted	Fuzhou Intermediate People's Court	18-Jul-08	
6	China Eagle Securities	14-Jan-05	Shenzhen Commissioner Office	31	Changjiang Securities	China Audit Asia Pacific CPA Co., Ltd.	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	Haitai 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 Lun 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 Zhongyong CPA	Beijing Zhongyong CPA	Completed	Completed	7	Transferred	Donghai Securities	Accepted	Luoyang Intermediate People's Court	4-Sep-06	
10	Mirlian Securities	10-Jun-05	CSRC Guangdong Office	17	Gusen Securities	Beijing King & Wood Law Firm	Beijing Zhongyong CPA	Completed	Completed	17	Transferred	Gusen 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 Zhongyuan 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 Laused & Tian Law Firm	Deloitte Touche Tomatsu CPA Ltd.	Completed	Completed	9	Transferred	Haitong Securities	Accepted	Lanzhou Intermediate People's Court	7-Dec-07	
13	Kunlun Securities	21-Oct-05	CSRC Chongqing Office	5	Everbright Securities	Guantao Law Firm	Shenzhen Daxua Tancheng 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	China Audit Asia Pacific CPA Co., Ltd.	CACPA	Completed	Completed	58	Transferred	Essence Securities	Accepted	Guangzhou Intermediate People's Court	2-Jan-08	
15	Dogan Securities	25-Nov-05	CSRC Beijing Office	13	Guoyuan Securities	Lantai Partners	Beijing Xinghua CPA	Completed	Completed	13	Transferred	Guoyuan Securities	Accepted	Beijing No.1 Intermediate People's Court	15-Sep-07	
16	Northwest Securities	9-Dec-05	CSRC Ningxia Office	20	Nanjing Securities	JunZaiJun Law Office	Xiamen Tianjin Huatian Accountants' Firm	Completed	Completed	20	Transferred	Nanjing Securities	Accepted	Yinchuan Intermediate People's Court	11-Jan-07	

BUSINESS REPORT | Table 4 Basic Information of Risk Disposition of Securities Companies

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	
17	China Securities	16-Dec-05	Beijing Municipal Government	87	N/A	CINDA	CACPA	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	Halong Securities	Beijing Dazheng Law Firm	Xiamen Tianjin Huatan Accountants Firm	Completed	Completed	Transferred	Halong Securities	Accepted	Harbin Intermediate People's Court	19-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	Transferred	Guangfa Securities, Caida Securities	Accepted	Shijiazhuang Intermediate People's Court	24-Jul-07	
20	Xinjiang Securities	17-Feb-06	CSRC Xinjiang Office	24	Honguan Securities	Huazheng CPA Co., Ltd.	Huazheng CPA Co., Ltd.	Completed	Completed	Transferred	Honguan Securities	Accepted	Urumchi Intermediate People's Court	26-Feb-08	
21	Centagle Securities	24-Feb-06	Sherzhan Commissioner Office	14	Essence Securities	Beijing JiCheng TongDa & Neal Law Firm	Beijing Xinghua CPA	Completed	Completed	Transferred	Essence Securities	Accepted	Beijing No.1 Intermediate People's Court	7-Sep-07	
22	China Soc-Tech Securities	24-Feb-06	Sherzhan Commissioner Office	23	Essence Securities	Beijing Zhongrong CPA	Beijing Zhongrong CPA	Completed	Completed	Transferred	Essence Securities	Accepted	Beijing No.2 Intermediate People's Court	7-Sep-07	
23	Tiering Securities	17-Mar-06	CSRC Shandong Office	57	Qilu Securities	Shandong Provincial Government	Beijing Jingpu CPA Co., Ltd.	Completed	Completed	Transferred	Qilu Securities	Accepted	Jinan Intermediate People's Court	15-Jan-08	
24	Tianyuan Securities	7-Jul-06	CSRC Ningbo Office	20	Everbright Securities	Beijing Zhongwen Law Firm	Shanghai Xun Chengiang CPA Co., Ltd.	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 Tomatsu CPA Ltd.	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	Transferred	CINDA Securities	-	-	-	Compromise
	Capital-Bridge Securities	24-Mar-06	CSRC Shaanxi Office	12	Western Securities	Beijing King & Wood Law Firm	-	Completed	Completed	Transferred	Western Securities	Accepted	Xian 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	Transferred	Guangfa Securities	-	-	-	Converted into an industrial corporation
	Jiutian Securities	13-Oct-06	Sherzhan Commissioner Office	16	Merchants Securities	Beijing Hama Law Firm	CACPA	Completed	Completed	Transferred	Merchants Securities	-	-	-	Compromise
	CIFCO Securities	24-Nov-06	CSRC, Jiangsu Provincial Government	9	Hengta Securities	N/A	-	Completed	Completed	Transferred	Xinfu 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, Datong Securities, First Securities, Jiutian Securities and CIFCO Securities.

BUSINESS REPORT | Table 5 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	Minta Securities	523,500	516,879	175,011	7,307	7,579	8,022
6	China Eagle Securities	402,481	400,941	132,173	16,258	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	756	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	2,481	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	3,263	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	162,645	61,313	62,555

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

2. There is no need for Zhongfu Securities to apply for 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.

BUSINESS REPORT | Table 6 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	1,652.82
2	Hengxin Securities	220.49	15.31	241.40
3	Zhongfu Securities ¹	-	-	-
4	Hantang Securities ²	1,513.11	171.95	1,724.03
5	Minfa Securities	2,459.72	306.50	2,859.47
6	China Eagle Securities	4,418.87	551.72	5,012.72
7	Asia Securities	2,284.47	313.10	2,653.87
8	Northern Securities	883.20	185.33	1,080.44
9	Wuzhou Securities	2,074.19	6.68	2,113.97
10	Min'an Securities	1,057.96	31.98	1,118.97
11	Wuhan Securities	1,859.76	724.45	2,632.02
12	Gansu Securities	448.57	76.62	534.71
13	Kunlun Securities	964.61	150.44	1,118.82
14	Guangdong Securities	5,342.39	721.09	6,167.92
15	Dogain Securities	443.83	118.01	569.61
16	Northwest Securities	288.79	60.02	352.11
17	China Securities	5,435.98	588.73	6,170.63
18	Xing'An Securities	1,356.37	157.36	1,538.14
19	Hebei Securities	1,569.96	121.37	1,863.10
20	Xinjiang Securities	2,357.02	110.68	2,497.49
21	Centergate Securities	902.29	82.49	997.25
22	China Sci-Tech Securities	2,522.18	180.29	2,736.41
23	Tiantong Securities	4,621.10	1,017.96	5,742.67
24	Tianyi Securities	702.02	585.88	1,300.29
	TOTAL	45,002.27	6,612.08	52,678.86

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.

BUSINESS REPORT | Table 7 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 since the adjustment gap is unreported, 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.

BUSINESS REPORT | Table 8 Basic Information of Creditor's Rights of SIFP

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		
1	Deheng Securities	Shanghai No.1 Intermediate People's Court	7 units, including Huang Shanghai Office, Shanghai Commissioner Office	21.62	16.100	6.076	Y	N	N	
2	Hengyin Securities	Chengsha Intermediate People's Court	Huang Changsha Office	2.09	1.718	2.176	N	N	N	
3	Zhongfu Securities	Shanghai No.2 Intermediate People's Court	Geopeng & Partners	3.75	1.045	-	N	Y	Y	The termination of the subject is requested, and no withdrawal is made for the remaining SIFP claims.
4	Hanting Securities	Shenzhen Intermediate People's Court	Zhongjun Law Firm	27.25	20.392	0.172	Y	Y	Y	The termination of the subject is requested, and no withdrawal is made for the remaining SIFP claims.
5	Minfa Securities	Fuzhou Intermediate People's Court	China Orient AMC, Zhongjun Law Firm, Luxin CPA Co., Ltd.	21.04	14.922	-	Y	Y	Y	The termination of the subject is requested, and no withdrawal is made for the remaining SIFP claims.
6	China Eagle Securities	Shenzhen Intermediate People's Court	Zhongjun Law Firm, etc.	22.21	20.249	-	Y	Y	Y	The termination of the subject is requested, and no withdrawal is made for the remaining SIFP 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	
8	Northern Securities	Shanghai Intermediate People's Court	Shanghai Luxin Changjiang Certified Public Accountants	13.03	11.533	-	Y	Y	Y	
9	Wuzhou Securities	Luyzhou Intermediate People's Court	Beijing Haolin Law Firm	4.23	3.120	-	Y	Y	Y	
10	Min'an Securities	Guangzhou Intermediate People's Court	Beijing King & Wood Law Firm	6.66	12.895	1.901	Y	Y	Y	The termination of the subject is requested, and no withdrawal is made for the remaining SIFP claims.
11	Wuhan Securities	Wuhan Intermediate People's Court	Beijing Forever Law Firm, JunZeJun Law Offices, Wuhan Zhengyuan Law Firm, BDO International Wuhan Zhonghuan CPA	5.89	5.082	0.824	N	Y	Y	
12	Gansu Securities	Lanzhou Intermediate People's Court	Gansu Pacific Law Firm	0.89	1.819	0.101	N	N	N	The termination is judged by the court.
13	Kunlun Securities	Xining Intermediate People's Court	Guantao Law Firm	2.60	2.406	0.098	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	
15	Doguan Securities	Beijing No.1 Intermediate People's Court	Lantai Partners	1.90	2.349	-	Y	Y	Y	The termination of the subject is requested, and no withdrawal is made for the remaining SIFP claims.
16	Northwest Securities	Yinchuan Intermediate People's Court	JunZeJun Law Offices, Feng He Yuan Law Firm	2.69	2.241	0.333	Y	Y	Y	
17	China Securities	Beijing No.2 Intermediate People's Court	CNDA AMC	19.68	21.217	0.848	Y	Y	Y	
18	Xing'an Securities	Harbin Intermediate People's Court	Beijing Dacheng Law Firm	2.79	0.319	-	N	N	N	Full repayment is made, the administrator will not withdraw for the remaining SIFP 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	Full repayment is made, the administrator will not withdraw for the remaining SIFP claims.
20	Xijiang Securities	Urumchi Intermediate People's Court	Beijing Wei Heng Law Firm	5.71	4.555	-	Y	Y	Y	The termination of the subject is requested, and no withdrawal is made for the remaining SIFP claims.
21	Centangle Securities	Beijing No.1 Intermediate People's Court	Beijing Jincheng Tongda & Neal Law Firm	12.19	9.972	2.088	Y	Y	Y	
22	China Sci-Tech Securities	Beijing No.2 Intermediate People's Court	ShenWing CPA	17.18	12.988	0.116	Y	Y	Y	
23	Tiantong Securities	Jinan Intermediate People's Court	Tianbao Law Firm	16.22	11.151	0.493	Y	N	N	
24	Tianyi Securities	Ningbo Intermediate People's Court	Beijing Zhongwen Law Firm, Keim CPA	7.92	3.511	4.142	Y	N	N	
Others	China Southern Securities	Shenzhen Intermediate People's Court	Beijing King & Wood Law Firm	102.24	15.746	-	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	Act as a creditor as authorized by the CSRC
	TOTAL				292.631	29.277				

Note: For China Southern Securities, the amount approved by the State Council includes RMB1500 million grant from the State treasury.

BUSINESS REPORT | Table 9 Payment of SIFP Claims

S/N	Bankrupted Company	Confirmed amount of claims	Estimated payment		Claims already paid				Remarks	
			Minimum	Maximum	Cash paid	Stocks paid				Actual repayment ratio
						Name	Number	Value		
1	Deheng Securities	16.100	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%	0.307				29.42%	
4	Hantang Securities	20.392	43.10%	50.00%	2.156	Stock 1	18,609,302	1.727	46.70%	
						Stock 2	9,408,047	1.472		
						Stock 3	6,516,319	1.028		
						Stock 4	9,044,917	1.901		
						Stock 5	3,428,113	0.533		
5	Minfa Securities	14.922	63.01%	65.00%	2.998	Stock 1	14,008,381	3.506	63.01%	
						Stock 2	7,559,899	2.695		
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	12.895	12.61%	14.00%	1.833				14.21%	
11	Wuhan Securities	5.062	7.70%	10.75%	0.553				11.00%	
12	Gansu Securities	1.819	3.63%	5.59%	0.087				4.80%	
13	Kunlun Securities	2.406	2.32%	8.87%	0.115				4.77%	
14	Guangdong Securities	21.443	15.05%	16.00%	3.228				15.05%	
15	Dogain Securities	2.349	3.56%	3.56%	0.084				3.56%	
16	Northwest Securities	2.241	23.30%	28.00%	0.236	Stock 1	2,708,541	0.290	22.29%	
17	China Securities	21.217	20.00%	33.23%	3.382				16.00%	
18	Xing'An Securities	0.319	100.00%	100.00%	0.315				100.00%	Paid off completely with acquisition and declared interest appropriated by SIFP
19	Hebei Securities	2.242	100.00%	100.00%	2.236				100.00%	
20	Xinjiang Securities	4.555	13.50%	23.00%	0.947				20.80%	
21	Centergate Securities	9.972	15.55%	23.95%	0.997				10.00%	
22	China Sci-Tech Securities	12.998	15.08%	25.00%	2.494				19.19%	
23	Tiantong Securities	11.071	12.31%	21.79%	1.873				16.80%	
24	Tianyi Securities	3.511	10.00%	30.00%	0.878				25.00%	
Others	China Southern Securities	15.580	62.00%	70.00%	5.037	Stock 1	8,474,964	2.048	68.40%	
		0.166				Stock 2	32,625,414	3.572		
						Stock 1	90,406	0.022		
		Stock 2				348,032	0.038			
Xinhua Securities	2.829								Assets managed on behalf of the MOF	
TOTAL		252.551			37.770			18.832		

- 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.

BUSINESS REPORT | Table 10 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 refers to the date for the audit of the latest applications.

BUSINESS REPORT | Table 11 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.

BUSINESS REPORT | Table 12 CSRC 12386 Hotline Data Summary

Subtable 1: Aggregate Data

S/N	Category	Amount	Proportion
1	Incoming calls	27857.00	27.70%
2	Outgoing calls	14602.00	14.52%
3	Valid online work orders	14540.00	14.46%
4	Invalid online work orders	43563.00	43.32%
TOTAL		100562.00	100%

Subtable 2: Valid Work Orders

S/N	Category	Amount	Proportion
1	Complaints	9909.00	23.41%
2	Inquiries	17309.00	40.89%
3	Suggestions	15113.00	35.70%
TOTAL		42331.00	100%

GLOSSARY

1. Content of Statistics: Including 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 right to indemnity of claim of SIPF, special audit, and intermediary institutions participated into the risk disposal, 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 for 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, but no balance was assumed by SIPF. Capital-Bridge Securities, Daton Securities, First Securities, Jutian Securities and CIFCO Securities did not use the protection funds. Therefore, here the so-called "all disposed securities companies" refer to the 24 disposed securities companies related to SIPF, while China Southern Securities, Liaoning Securities, Daton Securities, Capital-Bridge Securities, First Securities, Jutian Securities and CIFCO Securities are excluded.

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

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

4. Monetary Unit: Unless specified, the monetary unit shall all be the 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 fee commission and other justifiable expenditure), acquired dividends, cash dividends, bond interests 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

accounts 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 Call: The mechanism of investor call 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* 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. Its scope of liquidation includes: (1) all accounts opened (in the system) in the over-the-counter transaction system by the securities

companies; (2) the accounts opened (outside the system) in the over-the-counter transaction system by the securities companies and their affiliated parties under the third-party financial institution; (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 to pay interest, to appropriate commissions, etc.

13. Securities Asset Disposal: The disposal of securities assets indicates physical assets required by 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 involved in the disposal scope. The detailed 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 are opened in the transaction system of disposed securities companies and other securities companies.

15. Normal Brokerage Account: The funds in brokerage accounts belong to securities transaction settlement funds of clients. According to the requirements of such policy as *Acquisition Opinions*, *Administration Measures*, 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 dividends, cash dividends, bond interests, 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. Besides, the clients can not be touched and no clients assert 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 assert 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 goes to bankruptcy, or is under mandatory supervision measures such 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 RMB15 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, 2014.



CHRONICLE IN 2014

January 2014	<p>January 17, notified CSRC's Fujian Branch of problems identified through the monitoring system concerning Huafu Securities and Industrial Securities in distributing Industrial Bank's wealth management products.</p> <p>January 22, completed the assessment of investor survey in 2013, and published the "Announcement on Results of the Assessment of SIPF Investor Survey Performance in 2013" through the CSRC CSIP system to cooperating securities companies.</p> <p>January 23, accompanied CSRC's Investor Protection Bureau officials to visit the Hotline workplace.</p> <p>January 24, issued the "Notice on Adopting the Specifications for Securities Company to Interface with the Securities Transaction Settlement Fund Monitoring System (V1.5)" to put consumption expenses out of client funds under monitoring.</p> <p>January 28, in order to implement the "Nine-Point Guidelines", launched "A Study on the Compensation for the Default of Controlling Shareholder or Ultimate Controller".</p> <p>January 30, signed an agreement with Dacheng Law Offices for prior cooperation termination.</p>
February 2014	<p>February 18, launched "I Give Advice".</p> <p>February 21, the Board of Directors convened its 1st session in 2014 (the 13th in total).</p>
March 2014	<p>March 9, "February Report on Securities Investor Confidence Survey" was reported by CSRC to the General Office of the State Council, with a part of conclusions adopted by the General Office.</p> <p>March 14, compiled "March 15 Securities Investor Protection" out of complaints received through 12386 Hotline and posted it at SIPF website.</p> <p>Issued "A Notice on Improving the Monitoring and Early Warning Functions of the Securities Transactions Settlement Fund Monitoring System" (No.2014-22) to refine risk alert and regulatory transition.</p> <p>March 21, completed the network line optimization for the Securities Transactions Settlement Fund Monitoring System and resolved potential security problems.</p> <p>March 25, conducted a study on listed companies with shares held by SIPF.</p> <p>March 28, held a seminar to probe liquidity risk monitoring for securities companies' cash management products, and worked with Shenzhen Stock Exchange and CSDC to identify liquidity risk of cash management products.</p> <p>On the same day, SIPF 2nd Investment Decision Committee convened its 1st session in 2014.</p> <p>March 31, the Board of Directors convened its 2nd session in 2014 (the 14th in total).</p>
April 2014	<p>April 4, signed a framework agreement on strategic cooperation with China Association for Public Companies, agreeing to "strengthen mutual cooperation and work together to encourage listed companies to strengthen investor relationship management and enhance awareness and level of investor protection".</p> <p>April 15, met with securities firms, commercial banks and counter system developers to discuss the monitoring of stock option margins.</p> <p>April 16, held a meeting to sum up SIPF cooperation with enforcement activities, and signed a MOU with CSRC Enforcement Contingent.</p> <p>April 17, issued "Interface Specifications for Securities Companies" (V1.6.1) and "Annexes to Interface Specifications" (V1.1), specifying requirements for securities companies to monitor stock option investors' fund security.</p> <p>April 20, SIPF 2nd Investment Decision Committee convened its 2nd session in 2014.</p> <p>April 29, issued "Interface Specifications for CSDC" (V2.0), specifying CSDC interface with the transactions settlement fund monitoring system.</p> <p>April 30, published "Investor Protection Studies 2007-2013".</p>

May 2014	<p>May 13, published “Monitoring System FAQ” (for “Interface Specifications for Securities Companies” (V1.6.1) and “Interface Specifications for Commercial Banks” (V1.4.1)) to resolve problems in connection with securities companies’ data reporting.</p> <p>May 15, held the International Securities Investor Protection Conference 2014 in Shanghai. “The Case of Wanfu Biotechnology Investor Compensation Fund” was officially released.</p> <p>May 21, attended the annual shareholders’ meeting of Liaoning Chengda, Bai Hua Cun and China Resources-Double Crane.</p> <p>May 27, communicated with MOF and SAT and submitted to MOF Tax Policy Department the “Application for Extending Tax Reduction and Exemption Treatment for SIFP”.</p> <p>May 30, completed the verification of SIFP final settlement 2013.</p> <p>May 31, completed the first round of options business testing for securities companies and custodian banks.</p>
June 2014	<p>June 4, issued and sent a “Rectification Notice” to Founder Securities, Donghai Securities and Haitong Securities, requiring them to rectify the occurrence of more than 5 cases of problematic data reporting and mistaken client fund transfer.</p> <p>June 6, send a letter to the Intermediary Supervision Department of CSRC, requesting to deduct the score of Hengtai Securities, Founder Securities, Donghai Securities, Haitong Securities and Nanjing Securities under Securities Company Classification 2014.</p> <p>June 9, published “May Report on Securities Investor Confidence Survey” for the first time through the official Wechat account.</p> <p>June 10, SIFP 2nd Investment Decision Committee convened its 3rd session in 2014.</p> <p>June 13, formally commenced the sample recruitment, taking 315 branches of securities companies as samples, involving 52 securities companies and 95 cities across the country.</p> <p>June 17, official SIFP Microblog was opened at Xinhuanet, People’s Daily, Sina and Tencent, and so was an official SIFP Wechat.</p> <p>June 18, held a seminar on liquidity risk monitoring for some innovative businesses and cash management products.</p> <p>June 19-20, worked with CSRC’s Press Office to hold a “@CSRC Release” commentator training session in Hefei, Anhui Province.</p> <p>June 20, published the “Notice on Monitoring the Security of Client Funds Involved in Innovative Businesses (Products) of Securities Companies”, specifying the monitoring system’s role in promoting securities companies’ innovative undertakings and monitoring client fund security as well as relevant monitoring requirements.</p> <p>June 24, inaugurated “Clients’ Transaction Settlement Fund Security Reassessment and Monitoring System Adjustment in a New Situation”.</p> <p>On the same day, “A Study on the Role of SIFP in Preventing and Resolving Liquidity Risk of Securities Industry” was launched.</p> <p>June 27, attended the annual shareholders’ meeting of Nanfang Textile and Harbin Pharmaceutical.</p>

July 2014	<p>July 4, the monitoring system reported the information about concentration of securities companies' client fund deposited at custodian banks to CSRC's branches, alerting CSRC's branches to pay attention to relevant risk.</p> <p>July 10, issued and provided CSDC the "Minutes" concerning the meeting to be held on June 11, 2014 about mutual cooperation in monitoring system data reporting.</p> <p>July 15, published "Important Cases of Investor Protection in the United States (Chinese/English)" through Law Press of China.</p> <p>July 16, the Board of Directors convened its 3rd session in 2014 (the 15th in total).</p> <p>On the same day, SIPF Strategic Development Committee held its 1st session in 2014.</p> <p>July 17, held a seminar on margin monitoring for Shanghai-Hong Kong Stock Connect Program.</p> <p>July 18, issued the "Announcement of SIPF as the Administrator of Special Investor Compensation Fund for Hirisun Misrepresentations".</p> <p>On the same day, opened a website for Hirisun Investor Compensation Fund, and developed the software for compensation calculation.</p> <p>On the same day, a seminar was held with CSRC's Credit Reference Office, CSDC and commercial banks to discuss the special line for the Securities Transactions Settlement Fund Monitoring System.</p> <p>July 22, held a workshop to review the modeling and methodology for the alert function of the transaction settlement fund monitoring system.</p> <p>July 23, held the 1st investor survey training session in 2014.</p> <p>On the same day, the monitoring system identified 100M shortfall of Founder Securities' client transactions settlement fund and reported the case to the Intermediary Supervision Department of CSRC.</p> <p>July 25, held a seminar to discuss the piloting of online securities businesses by securities companies.</p> <p>July 29, successfully transferred the XBRL system to Zhongzheng Information Technology Service Co., Ltd.</p> <p>July 30, published "Capital Market Investor Protection Studies" (Issue 1-6).</p> <p>July 31, held a session with the Intermediary Supervision Department of CSRC to report and review clients' fund custody in H1 2014, establishing a mechanism for informational sharing and communication among related parties.</p> <p>On the same day, "A Collection of Monitoring Reports 2013" was published.</p>
August 2014	<p>August 6, held the 2nd investor survey training session in 2014.</p> <p>August 8, submitted a briefing of "Continuing to Prevent Integrity Risk through the Online Platform" to CSRC's Disciplinary Inspection Committee.</p> <p>August 10, SIPF 2nd Investment Decision Committee convened its 4th session in 2014.</p> <p>August 12, published "Investor Satisfaction Survey 2013" at Xinhua News, four securities newspapers and SIPF website, Wechat and Microblog.</p> <p>August 14, issued "Interface Specifications for Securities Companies" (V1.6.2) and "Annexes to Interface Specifications" (V1.3), with a purpose to fairly monitoring transaction settlement funds in connection Shanghai-Hong Kong Stock Connect Program.</p> <p>August 20, attended the fourth interim shareholders' meeting held by Essence Securities in 2014.</p> <p>August 25, SIPF 3rd Investment Decision Committee convened its 1st session in 2014.</p> <p>August 28, held a seminar on the amendment of the "Measures for the Management of Client Transactions Settlement Fund".</p>

September 2014	<p>September 1, issued “Interface Specifications for CSDC” (V3.0), specifying how CSDC should report data related to Shanghai-Hong Kong Stock Connect Program to the transaction settlement fund monitoring system.</p> <p>September 2, CSRC officially moved its Microblog and Wechat to SIPF Microblog and Wechat press room.</p> <p>September 4-5, “Investor Confidence Index in August” was published at Xinhuanet and reported by CCTV evening news, and became a headline of <i>China Securities Journal and Shanghai Securities News</i>.</p> <p>September 9, issued the “Notice on Accepting the Application for Private Fund Custody and Consumption Payment with Client Fund” pursuant to “The Circular on the Monitoring of Securities Companies’ Private Fund Custody and Consumption Payment with Client Fund” issued by the Intermediary Supervision Department of CSRC on August 27, 2014.</p> <p>September 10, launched the study of “Fairness and Efficiency: Rationale and Dimension of Small and Medium Investor Protection”.</p> <p>September 12, worked with the Intermediary Supervision Department of CSRC to compile and publish “Securities Company Supervision Update” (Issue 1).</p> <p>Issued and sent a “Rectification Notice” to Hongyuan Securities, requiring it to rectify the occurrence of more than 5 cases of problematic data reporting.</p> <p>September 17, held a seminar on private fund custody monitoring to discuss the definition and scope of private fund, the meaning and pattern of custody, account system and other relevant issues.</p> <p>September 19, issued the “Announcement on Terminating Special Investor Compensation Fund for Hirisun Misrepresentations”.</p> <p>September 22, published the press release “The Compensation Fund Administrator Will Do the Utmost to Protect Investors’ Legitimate Rights and Interests” at three securities newspapers.</p> <p>September 24, published “Assessment of Investor Protection of Listed Companies in 2013”, which became a headline of <i>China Securities Journal</i>, with a full text provided, and was heavily reported by <i>Shanghai Securities News</i>, <i>Securities Daily</i> and <i>Securities Times</i>.</p> <p>September 28, co-sponsored and officially launched “Listed Companies Most Respected by Investors” with China Association for Public Companies.</p> <p>September 30, conducted an on-site inspection for Kaiyuan Securities together with the Intermediary Supervision Department and Shaanxi Branch of CSRC, and issued and sent a “Rectification Notice” to Kaiyuan Securities, requiring it to rectify the occurrence of more than 5 cases of problematic data reporting.</p>
October 2014	<p>October 5, released and interpreted “Investor Confidence Index in September” through live CCTV News and News Simulcast for the first time.</p> <p>October 6, released “Investor Confidence Index in September” at Xinhuanet, which then was published at cs.com.cn, p5w.net, Sina and eastmoney.com.</p> <p>October 8, <i>China Securities Journal</i> and <i>Shanghai Securities News</i> all made a headline report.</p> <p>October 14, the Board of Directors convened its 4th session in 2014 by means of communication (the 16th in total). On the same day, worked with the Intermediary Supervision Department and Shanghai Branch of CSRC and China Futures Margin Monitoring Center to conduct a special investigation into the account system for Shanghai FTZ.</p> <p>October 23, worked with the Intermediary Supervision Department of CSRC and Shanghai Stock Exchange to hold a seminar on “Secure Custody of Securities Companies’ Client Fund”, clarifying the requirements specified in CSRC “Notice on Regulating Securities Companies’ Client Transaction Settlement Fund Custody and Management Activities” (CSRC No.2014-86), which is issued on October 10, 2014, and Assistant Chairman of CSRC, Zhang Yujun attended and delivered a speech.</p> <p>October 24, went to MOF and SAT to negotiate SIPF’s preferential tax treatment.</p>

November 2014	<p>November 3, held a seminar with securities companies to discuss CSRC Decree No.86 implementation and subsequent monitoring solutions.</p> <p>November 6, finished the assessment and issued a “No Objection Letter” for Essence Securities and Changjiang Securities’ innovative private fund custody proposals.</p> <p>November 14, the Board of Directors convened its 4th session in 2014 by means of communication (the 16th in total).</p> <p>November 20, an intention of MOU was signed with Russian Investor Protection Agency.</p> <p>November 21, Co-sponsored with CSRC’s Shanghai Branch the “Special Conference on Client Transaction Settlement Fund Supervision” to discuss implementation and regulatory arrangements for CSRC Decree No.86.</p> <p>November 25, held a meeting to review the rules for administrative settlement.</p> <p>November 28, SIPF 3rd Investment Decision Committee convened its 2nd session in 2014.</p> <p>On the same day, “A Study on the Legal Relationship between Securities Companies and Investors & Securities Investor Protection Fund Compensation Mechanism under Financial Innovation context” was inaugurated.</p>
December 2014	<p>December 4, sent to CSRC’s Jiangsu Branch “A Notification Issues Concerning 114.4M Shortfall of Client Transaction Settlement Fund Incurred by Soochow Securities in Stock Repo Transactions of ‘Dongmin No.20 Targeted Asset Management Plan’”.</p> <p>December 5, held a workshop to discuss the role of SIPF in emergency liquidity relief mechanism in securities industry, and submitted to CSRC “A Report on How SIPF Shall Play a Role in emergency liquidity relief mechanism in securities industry”.</p> <p>December 12, issued to relevant securities companies “A Notice Concerning ‘Annexes to Interface Specifications’ (V1.3.1) and Securities Companies’ Data Reporting Related to Stock Option Exercise Financing and Restricted Stock Financing Provided to Listed Companies”, specifying the monitoring of client transaction settlement fund in connection with securities companies’ option exercise financing and restricted stock financing businesses.</p> <p>On the same day, issued and sent a “Rectification Notice” to China Securities, requiring it to rectify the occurrence of 5 cases of problematic data reporting.</p> <p>December 15, SIPF 2nd Strategic Development Committee held its 2nd session in 2014.</p> <p>December 17, held the 3rd investor survey training session and a discussion session by securities companies’ branch managers.</p> <p>December 22, held a meeting to sum up and assess Hirisun investor compensation.</p> <p>December 26, SIPF 6th Expert Committee convened the first session.</p> <p>December 29, completed the enhancement of SIPF website capacity against cyber attacks.</p> <p>On the same day, adapted and published “Important Cases of Investor Protection in the United States” (Series 1-16) at 4 securities newspapers and SIPF website, Microblog and Wechat.</p>



Tel: 86-10-66580839

Fax: 86-10-66580616

Address: Tower B, Xincheng Place, 5 Jinrong Street,
Xicheng District, Beijing 100033, P.R. China

Website: www.sipf.com.cn