IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSONS. THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached supplemental offering circular (the "**Supplemental Offering Circular**"). You are therefore advised to read this disclaimer carefully before accessing, reading or making any other use of the Supplemental Offering Circular. In accessing the Supplemental Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information as a result of such access. You acknowledge that the access to the Supplemental Offering Circular is intended for use by you only and you agree you will not forward or otherwise provide access to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

THE SUPPLEMENTAL OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES OR TO ANY U.S. PERSON. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE SUPPLEMENTAL OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of Your Representation: In order to be eligible to view the Supplemental Offering Circular or make an investment decision with respect to the securities described therein, investors must comply with the following provisions. By accepting the e-mail and accessing the Supplemental Offering Circular, you shall be deemed to have represented to the Issuer and the Sole Lead Manager (each as defined herein) that: (1) you and any customers you represent are outside the United States and any customers you represent are not U.S. persons, (2) the e-mail address that you gave the Issuer and to which this e-mail has been delivered is not located in the United States (within the meaning of Regulation S under the Securities Act), and (3) you consent to delivery of the attached Supplemental Offering Circular and any amendments or supplements thereto by electronic transmission.

*Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the securities described therein are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

The Supplemental Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer, the Sole Lead Manager or any of their respective affiliates, directors, officers, employees, agents, representatives, advisors or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any such alteration or change to the Supplemental Offering Circular distributed to you in electronic format or any difference between the Supplemental Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Issuer or the Sole Lead Manager.

Restrictions: Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer or an invitation by or on behalf of any of the Issuer or the Sole Lead Manager to subscribe for or purchase any of the securities described therein in any place where offers or solicitations are not permitted by law, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Sole Lead Manager or any affiliate of the Sole Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Sole Lead Manager or such affiliate on behalf of the Issuer in such jurisdiction.

The Supplemental Offering Circular is not a prospectus for the purposes of the European Union's Directive 2003/71/EC (and any amendments thereto) as implemented in member states of the European Economic Area (the "**EU Prospectus Directive**"). The Supplemental Offering Circular has been prepared on the basis that all offers of the securities described therein made to persons in the European Economic Area will be made pursuant to an exemption under the EU Prospectus Directive from the requirement to produce a prospectus in connection with offers of the securities described therein.

You are reminded that you have accessed the Supplemental Offering Circular on the basis that you are a person into whose possession the Supplemental Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Supplemental Offering Circular or disclose the contents of the Supplemental Offering Circular to any other person.

If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

Actions that You May Not Take: If you receive the Supplemental Offering Circular by e-mail, you should not reply by e-mail to the Supplemental Offering Circular, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

STRICTLY CONFIDENTIAL

重庆巴南经济园区
Chongqing Banan Economic Park

Chongqing Banan Economic Park Development & Construction Co., Ltd.

（重慶巴南經濟園區建設實業有限公司）

(incorporated with limited liability in the People's Republic of China)

S$20,000,000 4.35 PER CENT. CREDIT ENHANCED BONDS DUE 2021
(TO BE CONSOLIDATED AND FORM A SINGLE SERIES WITH THE EXISTING S$150,000,000 4.35 PER CENT. CREDIT ENHANCED BONDS DUE 2021 ISSUED ON 1 FEBRUARY 2019)
and supported by an irrevocable Standby Letter of Credit issued by
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch

ISSUE PRICE: 100.000 PER CENT.
(plus accrued interest from, and including 1 February 2019 to, but excluding, the New Issue Date (as defined below))

Chongqing Banan Economic Park Development & Construction Co., Ltd. (重慶巴南經濟園區建設實業有限公司) (the "**Issuer**") is issuing additional S$20,000,000 4.35 per cent. Bonds due 2021 (the "**New Bonds**") pursuant to Condition 15 (*Further Issues*) of the terms and conditions of the Original Bonds (as defined below) set out in the attached offering circular dated 25 January 2019 relating to the issue and sale of the Original Bonds (the "**25 January Offering Circular**"). The New Bonds will bear the terms and conditions (the "**Conditions**") as set out in "*Terms and Conditions of the Bonds*" in this Supplemental Offering Circular. The New Bonds, upon issue and upon satisfaction of certain conditions as described herein, are to be consolidated and form a single series with the S$150,000,000 4.35 per cent. credit enhanced bonds due 2021 issued by the Issuer on 1 February 2019 (the "**Original Bonds**", and together with the New Bonds, the "**Bonds**" and each a "**Bond**"). Upon completion of this offering, the aggregate principal amount of the outstanding Bonds will be S$170,000,000.

This Supplemental Offering Circular incorporates the information contained in the 25 January Offering Circular and shall be read in conjunction with the 25 January Offering Circular. This Supplemental Offering Circular supersedes the 25 January Offering Circular to the extent inconsistent with the information therein. Capitalised terms used but not defined in this Supplemental Offering Circular shall have the same meanings given to them in the 25 January Offering Circular. References to "**the date of this Offering Circular**" in the 25 January Offering Circular are to the date of this Supplemental Offering Circular for the purpose of this Supplemental Offering Circular. References to the "**Bonds**" in the 25 January Offering Circular, shall, where the context permits, include the New Bonds.

The New Bonds will be issued under a supplemental trust deed dated 3 April 2019 (the "**Supplemental Trust Deed**") by and between the Issuer and the Trustee (as defined therein), which shall supplement the trust deed dated 1 February 2019 (the "**Original Trust Deed**", and together with the Supplemental Trust Deed, the "**Trust Deed**"), by and between the Issuer and the Trustee, governing the Original Bonds. The New Bonds will have the benefit of an irrevocable standby letter of credit (the "**Standby Letter of Credit**") dated 1 February 2019, as amended on 2 April 2019, issued by Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch (the "**LC Bank**"). See "*Appendix – Form of Amendment to Irrevocable Standby Letter of Credit*" in this Supplemental Offering Circular and "*Appendix – Form of Irrevocable Standby Letter of Credit*" for the form of the Standby Letter of Credit in the 25 January Offering Circular.

The New Bonds will bear interest on their outstanding principal amount from and including 1 February 2019 (the "**Original Issue Date**") at the rate of 4.35 per cent. per annum. Interest on the New Bonds will be payable semi-annually in arrear on 1 February and 1 August in each year, commencing on 1 August 2019, and on 1 December 2021 (the "**Maturity Date**"). Payments on the New Bonds will be made without deduction or withholding for or on account of taxes to the extent described under "*Terms and Conditions of the Bonds – Taxation*" in this Supplemental Offering Circular.

The New Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知（發改外資[2015]2044 號)) (the "**NDRC Circular**") issued by the National Development and Reform Commission of the PRC (as defined below) or any of its local counterparts ("**NDRC**") and effective 14 September 2015 and any implementation rules as issued by the NDRC from time to time, the Issuer has registered the issuance of the Bonds with NDRC and obtained a certificate from NDRC on 9 March 2018 (as amended on 13 December 2018) evidencing such registration. The Issuer undertakes (i) to file or cause to be filed with the NDRC the requisite information and documents relating to the issue of the New Bonds in accordance with the NDRC Circular within ten Registration Business Days (as defined in the Conditions) after the New Issue Date and (ii) to comply with all applicable PRC laws and regulations in connection with the New Bonds, including but not limited to the NDRC Post-issue Filing and the SAFE Registration (each as defined in the Conditions).

The Issuer undertakes that it will (i) within 15 Registration Business Days after the New Issue Date, register or cause to be registered with the State Administration of Foreign Exchange (the "**SAFE**") the issue of the New Bonds in accordance with the applicable law, regulations and implementation rules issued by SAFE and other competent authorities in the PRC from time to time, and (ii) use its best endeavours to complete the SAFE Registration and obtain a registration record from SAFE in respect of the New Bonds on or before the Registration Deadline (being the day falling 60 Registration Business Days after the New Issue Date). The Issuer has completed the post-issue filing with the NDRC of the issuance of the Original Bonds and the registration with SAFE of the Original Bonds.

The PRC Government (including the Chongqing Municipal Government and the Chongqing Municipal Government Finance Bureau) (each as defined herein) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer. See "*Risk Factors – The PRC Government is not contractually obliged to repay any amount under the Bonds or the Trust Deed if the Issuer fails to meet its obligations under the Bonds*" in the 25 January Offering Circular. Unless previously redeemed, or purchased and cancelled, the Issuer will redeem each Bond at its principal amount on the Maturity Date.

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time at 100 per cent. of their principal amount (together with any interest accrued to but excluding the date fixed for redemption) if the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 of the Conditions as a result of any change in, or amendment to, the laws or regulations of the relevant jurisdictions, as further described in Condition 6(b) of the Conditions. Following the occurrence of a Relevant Event (as defined in the Conditions), the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds at their principal amount (together with accrued interest to (but excluding) the Put Settlement Date (as defined in the Conditions)).

If a Pre-funding Failure Notice (as defined in the Conditions) is given to the holders of the Bonds (the "**Bondholders**") in accordance with the Conditions, the Bonds shall be redeemed in whole, but not in part, at their principal amount on the Interest Payment Date (as defined in the Conditions) immediately falling after the date the Pre-funding Failure Notice is given to the Bondholders (the "**Mandatory Redemption Date**"), together with accrued interest accrued to, but excluding, the Mandatory Redemption Date. See "*Terms and Conditions of the Bonds – Redemption and Purchase*" in this Supplemental Offering Circular. The New Bonds will be issued in specified denominations of S$250,000 and integral multiples of S$250,000 in excess thereof. For a more detailed description of the Bonds, see "*Terms and Conditions of the Bonds*" beginning on page 7 of this Supplemental Offering Circular.

Investing in the New Bonds involves certain risks. See "*Risk Factors*" beginning on page 16 of the 25 January Offering Circular for a discussion of certain factors to be considered in connection with an investment in the Bonds.

The New Bonds and the Standby Letter of Credit have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to any U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers and sales of the New Bonds, the Standby Letter of Credit and the distribution of this Supplemental Offering Circular, see "*Subscription and Sale*" on page 31 of this Supplemental Offering Circular.

Approval in principle has been received from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing of and quotation for the New Bonds on the official list of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Supplemental Offering Circular. Admission of the New Bonds to the official list of the SGX-ST and quotation of the New Bonds on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Group, their respective subsidiaries, their respective associated companies (if any) and the New Bonds. The New Bonds will be traded on the SGX-ST in a minimum board lot size of S$250,000 for so long as the New Bonds are listed on the SGX-ST and the rules of the SGX-ST so require.

The New Bonds are expected to be assigned a rating of "Baa2" by Moody's Investor Services, Inc. ("**Moody's**"). A suspension, reduction or withdrawal of the rating assigned to the New Bonds may adversely affect the market price of the New Bonds. There can be no assurance that the rating will remain in effect for any given period or that the rating will not be revised by such rating agency in the future if in their judgment circumstances so warrant. The rating does not constitute a recommendation to buy, sell or hold the New Bonds and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Such rating should be evaluated independently of any other rating of the other securities of the Issuer or the LC Bank.

The New Bonds will be initially evidenced by interests in a temporary global certificate (the "**Temporary Global Certificate**") in registered form which will be registered in the name of a nominee of, and shall be deposited on or about the New Issue Date with, a common depositary for Euroclear and Clearstream until the tenth business day (as defined in Condition 3(c) (*Delivery of New Certificates*) of the Conditions) after the Registration Condition in relation to the New Bonds is satisfied (the "**Consolidation Date**"). On the Consolidation Date, the Temporary Global Certificate and the global certificate representing the principal amount of the Original Bonds (the "**Original Global Certificate**") will be exchanged for a new global certificate representing the aggregate principal amount of the Bonds (the "**New Global Certificate**", together with the Temporary Global Certificate and the Original Global Certificate, the "**Global Certificates**" and each, a "**Global Certificate**") whereupon the New Bonds will be consolidated and form a single series with the Original Bonds. Beneficial interests in each Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, definitive certificates for the Bonds will not be issued in exchange for interests in the Global Certificates.

Sole Global Coordinator, Sole Lead Manager and Sole Bookrunner

Haitong International

Financial Advisers

Chongqing Yufu (Hong Kong)

China Merchants Bank Co., Ltd Singapore Branch

PRC Advisers

Chongqing Rural Commercial Bank

Hua Xia Bank Chongqing Branch

Shanghai Pudong Development Bank Chongqing Branch

Supplemental Offering Circular dated 27 March 2019

NOTICE TO INVESTORS

THIS SUPPLEMENTAL OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR THE SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES IN ANY JURISDICTION TO ANY PERSON IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL. NEITHER THE DELIVERY OF THIS SUPPLEMENTAL OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OR ANY OF ITS SUBSIDIARIES OR THAT THE INFORMATION SET FORTH IN THIS SUPPLEMENTAL OFFERING CIRCULAR IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

The Issuer confirms that (i) this Supplemental Offering Circular, which incorporates the information contained in the 25 January Offering Circular and shall be read in conjunction with the 25 January Offering Circular, contains all information with respect to the Issuer and the Issuer's subsidiaries (together, the "**Group**"), the Standby Letter of Credit and the New Bonds which is material in the context of the issue and offering of the New Bonds (including the information which is required by applicable laws and according to the particular nature of the Issuer and the New Bonds and is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and of the rights attaching to the New Bonds and to the Standby Letter of Credit); (ii) the statements with respect to the Group, the Standby Letter of Credit and the New Bonds contained in this Supplemental Offering Circular are in every material particular true and accurate and not misleading; (iii) the opinions and intentions with respect to the Issuer, the Group and its affiliates expressed in this Supplemental Offering Circular are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Group, the Standby Letter of Credit and the New Bonds, the omission of which would, in the context of the issue and offering of the New Bonds make any statement in this Supplemental Offering Circular misleading; (v) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements; and (vi) the statistical, industry and market-related data, statements and data with respect to the LC Bank and forward-looking statements included in this Supplemental Offering Circular, are based on or derived or extracted from sources which the Issuer believes to be accurate and reliable in all material respects.

This Supplemental Offering Circular has been prepared by the Issuer solely for use in connection with the proposed offering of the New Bonds and the Standby Letter of Credit described in this Supplemental Offering Circular. This Supplemental Offering Circular does not constitute an offer of, or an invitation by or on behalf of Haitong International Securities (Singapore) Pte. Ltd. (the "**Sole Lead Manager**") to subscribe for or purchase any of the New Bonds. The distribution of this Supplemental Offering Circular and the offering of the New Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Supplemental Offering Circular comes are required by the Issuer and the Sole Lead Manager to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the New Bonds or the distribution of this Supplemental Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the New Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, the PRC, Hong Kong, Singapore and Japan and to persons connected therewith. For a description of certain further restrictions on offers and sales of the New Bonds, and distribution of this Supplemental Offering Circular, see "*Subscription and Sale*" in this Supplemental Offering Circular. By purchasing the New Bonds, investors represent and agree to all of those provisions contained in that section of this Supplemental Offering Circular. This Supplemental Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the New Bonds. Distribution of this Supplemental Offering Circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Supplemental Offering Circular, agrees to the foregoing and to make no photocopies of any part of this Supplemental Offering Circular or any documents referred to in this Supplemental Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Group, the LC Bank, the New Bonds or the Standby Letter of Credit other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Trustee, the Agents (each as defined in "*Terms and Conditions of the Bonds*"), the Issuer or the Sole Lead

Manager or their respective affiliates, directors, officers, employees, agents, representatives or advisors. Neither the delivery of this Supplemental Offering Circular nor any offering, sale or delivery made in connection with the issue of the New Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Group or the LC Bank since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof. This Supplemental Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Sole Lead Manager, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors to subscribe for or purchase the New Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

None of the Sole Lead Manager, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors has independently verified the information contained in this Supplemental Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted, by the Sole Lead Manager, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors, as to the accuracy, completeness or sufficiency of the information contained in this Supplemental Offering Circular or any other information supplied in connection with the New Bonds. Nothing contained in this Supplemental Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Sole Lead Manager, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors. This Supplemental Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the LC Bank, the Sole Lead Manager, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors that any recipient of this Supplemental Offering Circular should purchase the New Bonds. Each person receiving this Supplemental Offering Circular acknowledges that such person has not relied on the Sole Lead Manager, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer and Group and the merits and risks involved in investing in the New Bonds. See "*Risk Factors*" in the 25 January Offering Circular.

To the fullest extent permitted by law, none of the Sole Lead Manager, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors accepts any responsibility for the contents of this Supplemental Offering Circular and they assume no responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the Sole Lead Manager, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors or on their behalf in connection with the Issuer, the Group or the issue and offering of the New Bonds or the giving of the Standby Letter of Credit. Each of the Sole Lead Manager, the Trustee, the Agents and their respective affiliates, directors, officers, employees, agents, representatives or advisors accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Supplemental Offering Circular or any such statement. None of the Sole Lead Manager, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors undertakes to review the results of operations, financial condition or affairs of the Issuer, the Group or the LC Bank during the life of the arrangements contemplated by this Supplemental Offering Circular nor to advise any investor or potential investor in the New Bonds of any information coming to the attention of the Sole Lead Manager, the Trustee, the Agents or their respective affiliates, directors, officers, employees, agents, representatives or advisors.

IN CONNECTION WITH THE ISSUE OF THE NEW BONDS, THE SOLE LEAD MANAGER APPOINTED AND ACTING IN ITS CAPACITY AS STABILISING MANAGER (IN SUCH CAPACITY, THE "STABILISING MANAGER") OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND REGULATIONS, AND DIRECTIVES, OVER-ALLOT AND EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NEW BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL, BUT IN DOING SO THE STABILISING MANAGER OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER SHALL ACT AS PRINCIPAL AND NOT AS AGENT OF THE ISSUER. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR ANY PERSON ACTING ON ITS BEHALF) WILL UNDERTAKE

ANY STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE NEW BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD.

The Sole Lead Manager and/or its affiliates may purchase the New Bonds for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the New Bonds and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the New Bonds or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the New Bonds to which this Supplemental Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the New Bonds). Furthermore, investors in the New Bonds may include entities affiliated with the Group. Accordingly, references herein to the New Bonds being offered should be read as including any offering of the New Bonds to the Sole Lead Manager and/or its affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

In making an investment decision, each prospective investor must rely on its own examination of the Group and the terms of the New Bonds, including, without limitation, the merits and risks involved. Each person receiving this Supplemental Offering Circular is advised to read and understand the contents of this Supplemental Offering Circular, including the financial statements and the related notes thereto in the 25 January Offering Circular, before investing in the New Bonds.

The Issuer has provided the information contained in this Supplemental Offering Circular and has also relied on other identified sources. Prospective investors should not construe anything in this Supplemental Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Supplemental Offering Circular and consult its own legal, business and tax advisors as needed to make its investment decision and determine whether it is legally able to purchase the New Bonds under applicable laws or regulations.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the New Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Industry and Market Data

Market data and certain industry forecasts and statistics used throughout the 25 January Offering Circular have been obtained from, among other sources, internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources that the Issuer considers reliable and accurate but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified by the Issuer, the Sole Lead Manager, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors, and none of the Issuer, the Sole Lead Manager, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors makes any representation as to the correctness, accuracy or completeness of such information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified.

Presentation of Financial Information

The 25 January Offering Circular attached hereto contains the summary consolidated financial information of the Group as at and for the years ended 31 December 2015, 2016 and 2017 and for the six months ended 30 June 2017 and 2018. The summary consolidated financial information of the Group as at and for the years ended 31 December 2015, 2016 and 2017 has been extracted from the audited consolidated financial statements of the Group as at and for the years ended 31 December 2016 and 2017 (the "**Historical Financial Statements**"). The summary consolidated financial information of the Group as at and for the six months ended 30 June 2017 and 2018 has been extracted from the Group's unaudited but reviewed consolidated interim financial statements as at and for the six months ended 30 June 2018 (the "**Interim Financial Statements**" and together with the Historical Financial Statements, the "**Group's Financial Statements**"). The Group's Financial Statements were prepared in accordance with the Accounting Standards for Business Enterprises (the "**China Accounting Standards**" or "**PRC GAAP**"). The China Accounting Standards or PRC GAAP differs in certain material respects from International Financial Reporting Standards (the "**IFRS**"). For a discussion of certain differences between PRC GAAP and IFRS, please see "*Description of Certain Differences between PRC GAAP and IFRS*" in the 25 January Offering Circular.

The audited consolidated financial statements of the Group as at and for the year ended 31 December 2016 have been audited by Union Power Certified Public Accountants (Special general partnership), the predecessor of Mazars Certified Public Accountants LLP ("**Mazars**"). The audited consolidated financial statements of the Group as at and for the year ended 31 December 2017 have been audited by Mazars, the independent auditor of the Group. The Interim Financial Statements have been reviewed but not audited by Mazars. As a result, potential investors should be aware that the Interim Financial Statements may not provide the same quality of information as may be the case if the Interim Financial Statements had been subject to an audit. None of the Sole Lead Manager, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors makes any representation or warranty, express or implied, regarding the sufficiency of the Interim Financial Statements for an assessment of, and potential purchasers must exercise caution when using such data to evaluate the Group's financial condition and results of operations. The Historical Financial Statements and the Interim Financial Statements should not be taken as an indication of the Group's expected financial condition or results of operations for the full financial year ending 31 December 2018.

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THE OFFERING

The following is a brief summary of the offering and is qualified in its entirety by the remainder of this Supplemental Offering Circular. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in "Terms and Conditions of the Bonds" in this Supplemental Offering Circular and "Summary of Provisions Relating to the Bonds in Global Form" in the 25 January Offering Circular shall have the same meanings in this summary. For a more complete description of the terms and conditions of the New Bonds, see "Terms and Conditions of the Bonds" in this Supplemental Offering Circular.

Issuer	Chongqing Banan Economic Park Development & Construction Co., Ltd. （重慶巴南經濟園區建設實業有限公司）.
LC Bank	Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch.
The New Bonds	S$20,000,000 4.35 per cent. Bonds due 2021 to be consolidated, and form a single series, with the Original Bonds.
Issue Price of the New Bonds	100.000 per cent.
Form and Denomination	The New Bonds will be issued in registered form in specified denomination of S$250,000 and integral multiples of S$250,000 in excess thereof.
Consolidation Date	The Consolidation Date will be the tenth business day (as defined in Condition 3(c) (*Delivery of New Certificates*) of the Conditions) after the date that the Filing Documents (as defined in Condition 4(b) (*Notification of Completion of the NDRC Post-issue Filing*) and the Registration Documents (as defined in Condition 4(c) (*Undertakings relating to SAFE Registration*) are delivered to the Trustee.
New Issue Date......................	3 April 2019.
Maturity Date	1 December 2021.
Interest..................................	The New Bonds will bear interest on their outstanding principal amount from and including 1 February 2019, at the rate of 4.35 per cent. per annum, payable semi-annually in arrear on 1 February and 1 August in each year, commencing from 1 August 2019, and on the Maturity Date.
Standby Letter of Credit......	The New Bonds will have the benefit of the Standby Letter of Credit which is issued in favour of the Trustee, on behalf of itself and the holders of the Bonds, by the LC Bank. The Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Standby Letter of Credit on behalf of itself and the holders of the Bonds upon the presentation of a demand by authenticated SWIFT (or otherwise as permitted under the Standby Letter of Credit) sent by the Trustee or an agent of the Trustee to the LC Bank in accordance with the Standby Letter of Credit (a "**Demand**") stating that (i) the Issuer has failed to comply with Condition 2(c) of the Conditions in relation to pre-funding the amount that is required to be pre-funded under these Conditions and/or has failed to provide the Required Confirmations in accordance with Condition 2(c) of the Conditions; or (ii) an Event of Default) has occurred and the Trustee has given notice to the Issuer that the Bonds are immediately due and payable in accordance with Condition 9 (*Events of Default*); or (iii) the Issuer has otherwise failed to pay the fees, expenses and other amounts payable by it under or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds when due and such failure has continued for a period of seven days from the date of the Trustee delivering its demand therefor to the Issuer.

Only one drawing is permitted under the Standby Letter of Credit. Such drawing on the Standby Letter of Credit will be payable to or to the order of the Trustee at the time and to the account specified in the Demand presented to the LC Bank. Payments received by the Trustee in respect of a Demand will be deposited into the LC Proceeds Account (as defined in the Conditions).

The payment made under the Standby Letter of Credit in respect of any amount payable under these Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds shall, to the extent of the drawing paid to or to the order of the Trustee, satisfy the obligations of the Issuer in respect of such amount payable under these Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds.

The LC Bank's liability under the Standby Letter of Credit shall be expressed and payable in Singapore dollars and shall not exceed S$174,697,500, representing only (i) the aggregate principal amount of the Bonds plus interest payable for one Interest Period (as defined in Condition 5 (*Interest*)) and (ii) S$1,000,000 for any fees, costs, expenses and other amounts payable by the Issuer under or in connection with the Bonds, the Trust Deed and/or the Agency Agreement. The Standby Letter of Credit took effect from the Original Issue Date and the amendment thereto takes effect from the New Issue Date and it shall remain valid and in full force until 5:00 p.m. (Hong Kong time) on 1 January 2022 unless extended in accordance with its terms.

See "*Terms and Conditions of the Bonds – Status, Standby Letter of Credit and Pre-funding*" and "*Appendix – Form of Amendment to Irrevocable Standby Letter of Credit*" in this Supplemental Offering Circular and "*Appendix – Form of Irrevocable Standby Letter of Credit*" in the 25 January Offering Circular.

Pre-funding ....

In order to provide for the payment of any amount in respect of the Bonds and any amount payable under the Agency Agreement, the Trust Deed and/or any other transaction document relating to the Bonds (the "**Relevant Amount**") as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by no later than the Banking Day (the "**Pre-funding Date**") falling thirteen Banking Days prior to the due date for such payment:

(i) unconditionally pay or procure to be paid the Relevant Amount into the Pre-funding Account (as defined in the Conditions); and

(ii) deliver to the Trustee and the Principal Paying Agent by facsimile (X) a Payment and Solvency Certificate signed by any Authorised Signatory, and (Y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the Pre-funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (London time) on the second Banking Day preceding the due date for such payment (together, the "**Required Confirmations**").

If the Trustee does not receive the Required Confirmations by 10:00 a.m. (Hong Kong time) on the Banking Day immediately following the Pre-funding Date (a "**Pre-funding Failure**"), the Trustee shall:

(i) as soon as practicable, and in any event not later than 5:00 p.m. (Hong Kong time) on the Banking Day immediately following the Pre-funding Date, notify the LC Bank and the LC Proceeds

Account Bank by facsimile of the occurrence of the Pre-funding Failure; and

(ii) by no later than 11:00 a.m. (Hong Kong time) on the second Banking Day following the Pre-funding Date issue a Demand to the LC Bank for the aggregate principal amount of all of the Bonds then outstanding, together with interest accrued to but excluding the Mandatory Redemption Date (as defined in Condition 6(d) (*Mandatory Redemption upon Pre-funding Failure*) of the Conditions) and all fees and expenses of the Trustee then outstanding,

provided that, subject to and in accordance with the terms of the Standby Letter of Credit, the Trustee need not physically present the Standby Letter of Credit to the LC Bank and shall be entitled to draw on the Standby Letter of Credit by way of a Demand by authenticated SWIFT sent on its behalf.

"**Banking Day**" means a day (other than a Saturday or a Sunday or a public holiday) on which banks are open for business in Beijing, Singapore, London and Hong Kong.

Status of the Bonds .... The New Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law and regulations, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Events of Default .... The Bonds will contain certain events of default as further described in Condition 9 (*Events of Default*) of the Conditions.

Taxation................................ All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by or within the PRC up to and including the aggregate rate applicable on 25 January 2019 (the "**Applicable Rate**"), the Issuer will increase the amounts paid by it to the extent required so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer is required to make a deduction or withholding by or within the PRC in excess of the Applicable Rate, the Issuer shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in the circumstances set out in Condition 8 (*Taxation*) of the Conditions.

Final Redemption .... Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.

Redemption for Taxation Reasons................................. The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders which shall specify the date for redemption and the method by which payment shall be made to the Bondholders in accordance with Condition 16 (*Notices*) of the Conditions (which shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at 100 per cent. of their principal amount (together with any interest accrued to but excluding the date fixed for redemption), if the Issuer satisfies the Trustee immediately prior to the giving of such notice, that:

(i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 (*Taxation*) of the Conditions as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 25 January 2019; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

Redemption for Relevant Events ....

Following the occurrence of a Relevant Event, the holder of any New Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's New Bonds on the Put Settlement Date at their principal amount, in each case together with any interest accrued to but excluding the relevant Put Settlement Date, as further described in Condition 6(c) (*Redemption for Relevant Events*) of the Conditions.

A "**Change of Control**" occurs when:

(i) (a) the Chongqing Municipal Government Finance Bureau, (b) the Chongqing Municipal Government and/or (c) any other Person Controlled by the Chongqing Municipal Government Finance Bureau and/or the Chongqing Municipal Government, together cease to hold or own directly or indirectly 100 per cent. of the issued share capital of the Issuer; or

(ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to one or more Persons other than (a) the Chongqing Municipal Government Finance Bureau, (b) the Chongqing Municipal Government and (c) any other Person Controlled by the Chongqing Municipal Government Finance Bureau and/or the Chongqing Municipal Government;

"**Control**" means (i) the ownership or control of 100 per cent. of the voting rights of the issued share capital of a Person or (ii) the right to appoint and/or remove all or the majority of the members of a Person's board of directors or other governing body, in each case whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; the term "**Controlled**" has meanings correlative to the foregoing.

Mandatory Redemption upon Pre-Funding Failure ....

The Bonds shall be redeemed at their principal amount on the Interest Payment Date immediately falling after the date the Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 2(c) of the

	Conditions (the "**Mandatory Redemption Date**"), together with interest accrued to, but excluding, the Mandatory Redemption Date.
Further Issues	The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all material respects (or in all respects save for the first payment of interest on them and the timing for making and completing the NDRC Post-issue Filing and the SAFE Registration and the related notifications) and so that the same shall be consolidated and form a single series with the outstanding Bonds, provided that any Rating Agency providing a rating on the Bonds pursuant to Condition 4(f) (*Ratings*) has been informed by the Issuer of such issue and confirms that such issue will not result in any change in the then credit rating of the Bonds, a further or supplemental or replacement standby letter of credit is issued by the LC Bank (or an amendment is made to the Standby Letter of Credit) on terms that are substantially similar to the Standby Letter of Credit (including that the stated amount of such further or supplemental standby letter of credit is at least equal to the principal of and an amount equal to the interest payment which is or would be due for an entire Interest Period on such further securities) and such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed. See "*Terms and Conditions of the Bonds – Further Issues*" in this Supplemental Offering Circular.
Trustee...................................	Citicorp International Limited.
Registrar, Principal Paying Agent and Transfer Agent ...	Citibank, N.A., London Branch.
LC Proceeds Account Bank and Pre-funding Account Bank.......................................	Citibank, N.A., Hong Kong Branch.
Clearance and Settlement	The New Bonds have been accepted for clearance through Euroclear and Clearstream with a temporary Common Code 196982787 and a temporary International Securities Identification Number XS1969827879. The New Bonds, upon issue on the New Issue Date, will be initially evidenced by the Temporary Global Certificate with this temporary International Securities Identification Number and temporary Common Code until the Consolidation Date. On the Consolidation Date, the Temporary Global Certificate and the Original Global Certificate will be exchanged for the New Global Certificate whereupon the New Bonds will be consolidated and form a single series with the Original Bonds, and the Bonds will be cleared by Euroclear and Clearstream under the following codes while the temporary codes will be cancelled: Common Code: 192194547 International Securities Identification Number: XS1921945470
Notices and Payment	So long as the Bonds are evidenced by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream and/or an Alternative Clearing System, notices to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and/or Clearstream and/or the Alternative Clearing System, as applicable, for communication by it to entitled accountholders, in substitution for notification as required by the Conditions.
Governing Law	English law.

Rating	The New Bonds are expected to be assigned a rating of "Baa2" by Moody's. A securities rating does not constitute a recommendation to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Use of Proceeds	See "*Use of Proceeds*".
Listing	Approval in principle has been received from the SGX-ST for the listing of and quotation for the New Bonds on the official list of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Supplemental Offering Circular. Admission of the New Bonds to the official list of the SGX-ST and quotation of the New Bonds on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Group, their respective subsidiaries, their respective associated companies (if any) and the New Bonds. The New Bonds will be traded on the SGX-ST in a minimum board lot size of S$250,000 for so long as the New Bonds are listed on the SGX-ST and the rules of the SGX-ST so require. For so long as the New Bonds are listed and quoted on the SGX-ST and the rules of the SGX-ST so require, the Issuer will appoint and maintain a paying agent in Singapore, where the New Bonds may be presented or surrendered for payment or redemption, in the event that a Global Certificate is exchanged for definitive certificates. In addition, in the event that a Global Certificate is exchanged for definitive certificates, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive certificates, including details of the paying agent in Singapore.

TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions of the Bonds substantially in the form in which they (other than the text in italics) will be endorsed on the definitive Certificates and referred to in the global certificate.

The S$150,000,000 in aggregate principal amount of 4.35 per cent. credit enhanced bonds due 2021 (the "**Original Bonds**") and the S$20,000,000 in aggregate principal amount of 4.35 per cent. bonds due 2021 to be consolidated and form a single series with the Original Bonds (the "**New Bonds**", and together with the Original Bonds, the "**Bonds**", which expression, unless the context requires otherwise, includes any further securities issued pursuant to Condition 15 and to be consolidated and forming a single series therewith) of Chongqing Banan Economic Park Development & Construction Co., Ltd. (重庆巴南经济园区建设实业有限公司) (the "**Issuer**") are constituted by a trust deed dated 1 February 2019 (the "**Original Trust Deed**") as supplemented by a supplemental trust deed dated 3 April 2019 (the "**Supplemental Trust Deed**" and together with the Original Trust Deed and as further amended or supplemented from time to time, the "**Trust Deed**") made between the Issuer and Citicorp International Limited (花旗國際有限公司) (in such capacity, the "**Trustee**", which expression shall include all persons for the time being trustee or trustees under the Trust Deed) as trustee for itself and the holders (as defined below) of the Bonds. The Bonds have the benefit of an irrevocable standby letter of credit dated 31 January 2019 with effect from 1 February 2019, as amended on 2 April 2019 (the "**Standby Letter of Credit**"), issued by Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch (the "**LC Bank**").

The Bonds are the subject of an agency agreement dated 1 February 2019 (the "**Original Agency Agreement**") as supplemented by a supplemental agency agreement dated 3 April 2019 (the "**Supplemental Agency Agreement**" and together with the Original Agency Agreement and as further amended or supplemented from time to time, the "**Agency Agreement**") made between the Issuer, the Trustee and Citibank, N.A., London Branch as principal paying agent (in such capacity, the "**Principal Paying Agent**", which expression shall include any successor principal paying agent appointed from time to time in connection with the Bonds), as registrar (in such capacity, the "**Registrar**", which expression shall include any successor registrar appointed from time to time in connection with the Bonds) and as transfer agent (in such capacity, the "**Transfer Agent**", which expression shall include any additional or successor transfer agent appointed from time to time in connection with the Bonds) and Citibank, N.A., Hong Kong Branch as the bank holding the Pre-funding Account (as defined below) and the LC Proceeds Account (as defined below) (in such capacities, the "**Pre-funding Account Bank**" and the "**LC Proceeds Account Bank**", respectively, each of which expressions shall include any successor). References herein to "**Paying Agents**" means the Principal Paying Agent together with any additional or successor paying agent appointed from time to time in connection with the issue of the Bonds, and "**Agents**" means the Principal Paying Agent, any other Paying Agents, the Registrar, any Transfer Agent and any other agent or agents and their successor(s) appointed from time to time under the Agency Agreement with respect to the Bonds.

Certain provisions of these terms and conditions (these "**Conditions**") are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and those provisions of the Agency Agreement and the Standby Letter of Credit applicable to them. Copies of the Trust Deed, the Agency Agreement and the Standby Letter of Credit are available for inspection by the Bondholders upon written request and satisfactory proof of holding during normal business hours (being 9:00 a.m. to 3:00 p.m. Monday to Friday except for public holidays) at the principal place of business for the time being of the Trustee, being at the Issue Date (as defined in Condition 4) at 39/F, Champion Tower, Three Garden Road, Central, Hong Kong, and at the specified office for the time being of the Principal Paying Agent.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed.

1 FORM, AUTHORISED DENOMINATION AND TITLE

The Bonds are issued in the specified denomination of S$250,000 and integral multiples of S$250,000 in excess thereof (each an "**Authorised Denomination**"). The Bonds are evidenced by registered certificates (the "**Certificates**") and, save as provided in Condition 3(b), each Certificate shall evidence the entire holding of Bonds by the same holder.

Title to the Bonds shall pass by transfer and registration in the Register as described in Condition 3. The holder of any Bond shall (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate (other than the endorsed form of transfer, duly completed) evidencing it or the alleged destruction, theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, "**Bondholder**" or in respect of a Bond, "**holder**" means the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first-named thereof).

*Upon issue, the New Bonds will be initially evidenced by a temporary global certificate (the "**Temporary Global Certificate**") registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV and Clearstream Banking S.A until the tenth business day (as defined in Condition 3(c)) after the date that the Filing Documents (as defined in Condition 4(b)) and the Registration Documents (as defined in Condition 4(c)) are delivered to the Trustee (the "**Consolidation Date**"). On the Consolidation Date, the New Bonds will be consolidated and form a single series with the Original Bonds, at which time the Temporary Global Certificate will become void and interests in the Temporary Global Certificate as well as interests in the global certificate evidencing the Original Bonds (the "**Original Global Certificate**") shall be exchanged for interests in a new global certificate evidencing the aggregate principal amounts of the Original Bonds and the New Bonds (the "**New Global Certificate**", together with the Temporary Global Certificate and the Original Global Certificate, the "**Global Certificates**"). The Conditions are modified by certain provisions contained in the Global Certificates in respect of any of the Bonds that are evidenced by Global Certificates. See "Summary of Provisions relating to the Bonds in Global Form" in the 25 January Offering Circular.*

2 STATUS, STANDBY LETTER OF CREDIT AND PRE-FUNDING

(a) Status

The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law and regulations, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

(b) Standby Letter of Credit

The Bonds will have the benefit of the Standby Letter of Credit which is issued in favour of the Trustee, on behalf of itself and the holders of the Bonds, by the LC Bank. The Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Standby Letter of Credit on behalf of itself and the holders of the Bonds upon the presentation of a demand by authenticated SWIFT (or otherwise as permitted under the Standby Letter of Credit) sent by the Trustee or an agent of the Trustee to the LC Bank in accordance with the Standby Letter of Credit (a "**Demand**") stating that (i) the Issuer has failed to comply with Condition 2(c) in relation to pre-funding the amount that is required to be pre-funded under these Conditions and/or has failed to provide the Required Confirmations (as defined in Condition 2(c)) in accordance with Condition 2(c); or (ii) an Event of Default (as defined in Condition 9) has occurred and the Trustee has given notice to the Issuer that the Bonds are immediately due and payable in accordance with Condition 9; or (iii) the Issuer has otherwise failed to pay the fees, expenses and other amounts payable by it under or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds when due and such failure has continued for a period of seven days from the date of the Trustee delivering its demand therefor to the Issuer.

Only one drawing is permitted under the Standby Letter of Credit. Such drawing on the Standby Letter of Credit will be payable in Singapore dollars to or to the order of the Trustee and at the time and to the account specified in the Demand presented to the LC Bank. Payments received by the Trustee in respect of a Demand will be deposited into the LC Proceeds Account.

The payment made under the Standby Letter of Credit in respect of any amount payable under these Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds shall, to the extent of the drawing paid to or to the order of the Trustee, satisfy the obligations of the Issuer in respect of such amount payable under these Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds.

The LC Bank's liability under the Standby Letter of Credit shall be expressed and payable in Singapore dollars and shall not exceed S$174,697,500, representing only (i) the aggregate principal amount of the Bonds plus interest payable for one Interest Period (as defined below) and (ii) S$1,000,000 for any fees, costs, expenses and other amounts payable by the Issuer under or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds. The Standby Letter of Credit takes effect from the Original Issue Date and shall remain valid and in full force until 5:00 p.m. (Beijing time) on 1 January 2022 unless extended in accordance with its terms.

The form of the Standby Letter of Credit is scheduled to the Offering Circular. See "Appendix – Form of Irrevocable Standby Letter of Credit" in the 25 January Offering Circular.

(c) Pre-Funding

In order to provide for the payment of any amount in respect of the Bonds and any amount payable under the Agency Agreement, the Trust Deed and/or any other transaction document relating to the Bonds (the "**Relevant Amount**") as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by no later than the Banking Day (the "**Pre-funding Date**") falling 13 (thirteen) Banking Days prior to the due date for such payment:

(i) unconditionally pay or procure to be paid the Relevant Amount into the Pre-funding Account; and

(ii) deliver to the Trustee and the Principal Paying Agent by facsimile (X) a Payment and Solvency Certificate signed by any Authorised Signatory, and (Y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the Pre-funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (London time) on the second Banking Day preceding the due date for such payment (together, the "**Required Confirmations**").

If the Trustee does not receive the Required Confirmations by 10:00 a.m. (Hong Kong time) on the Banking Day immediately following the Pre-funding Date (a "**Pre-funding Failure**"), the Trustee shall:

(1) as soon as practicable, and in any event not later than 5:00 p.m. (Hong Kong time) on the Banking Day immediately following the Pre-funding Date, notify the LC Bank and the LC Proceeds Account Bank by facsimile of the occurrence of the Pre-funding Failure; and

(2) by no later than 11:00 a.m. (Hong Kong time) on the second Banking Day following the Pre-funding Date issue a Demand to the LC Bank for the aggregate principal amount of all of the Bonds then outstanding, together with interest accrued to but excluding the Mandatory Redemption Date (as defined in Condition 6(d)) and all fees and expenses of the Trustee then outstanding, *provided that*, subject to and in accordance with the terms of the Standby Letter of Credit, the Trustee need not physically present the Standby Letter of Credit to the LC Bank and shall be entitled to draw on the Standby Letter of Credit by way of a Demand by authenticated SWIFT sent on its behalf (or, in certain limited circumstances set out in the Standby Letter of Credit, by physical delivery).

After receipt by the LC Bank of such Demand, the LC Bank shall by 11:00 a.m. (Hong Kong time) on the seventh Banking Day immediately following receipt of such Demand (if a Demand is received before 11:00 a.m. (Hong Kong time)), or by 11:00 a.m. (Hong Kong time) on the eighth Banking Day immediately following receipt of such Demand (if a Demand is received after 11:00 a.m. (Hong Kong time)) pay to or to the order of the Trustee the amount in Singapore dollars specified in the Demand to the LC Proceeds Account.

(d) **Definitions**

In these Conditions:

"**Authorised Signatory**" means any director or any other officer of the Issuer who has been duly authorised by the board of directors of the Issuer to sign any certificate or document required in connection with the Bonds on behalf of, and so as to bind, the Issuer and which the Issuer has notified in writing to the Trustee and the Agents as provided in the Agency Agreement;

"**Banking Day**" means a day (other than a Saturday or a Sunday or a public holiday) on which banks are open for business in Beijing, Singapore, London and Hong Kong;

"**LC Proceeds Account**" means a non-interest bearing Singapore dollar account established in the name of the Trustee with the LC Proceeds Account Bank;

"**Payment and Solvency Certificate**" means a certificate in substantially the form set forth in the Agency Agreement stating the Relevant Amount in respect of the relevant due date in respect of the Bonds and confirming that (a) a payment for the Relevant Amount has been made by the Issuer to the Pre-funding Account in accordance with Condition 2(c) and (b) the Issuer is solvent; and

"**Pre-funding Account**" means a non-interest bearing Singapore dollar account established in the name of the Issuer with the Pre-funding Account Bank.

3 TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES

(a) Register

The Issuer will cause a register (the "**Register**") to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement, on which shall be entered the names, addresses and details of the registered account (as defined in Condition 7(a)(ii)) of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers of the Bonds. Each holder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(b) Transfer

Subject to the Agency Agreement and Conditions 3(e) and 3(f), a Bond may be transferred (in whole or in part but in any case in an Authorised Denomination) by surrendering the Certificate issued in respect of that Bond at the specified office of the Registrar or any Transfer Agent, with the form of transfer on the back of the Certificate (or in the form obtainable from the Registrar or any Transfer Agent) duly completed and signed and any other evidence as the Registrar or the relevant Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed such form of transfer. In the case of a transfer of only part of a holding of Bonds evidenced by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred (which shall be in an Authorised Denomination) shall be issued to the transferor. In the case of a transfer of the Bonds to a person who is already a holder of the Bonds, a new Certificate evidencing the enlarged holding shall only be issued against surrender of the Certificate evidencing the existing holding. No transfer of title to a Bond will be valid unless and until entered on the Register.

Transfers of interests in Bonds evidenced by the Global Certificates will be effected in accordance with the rules of the relevant clearing systems.

(c) Delivery of New Certificates

Each new Certificate to be issued upon a transfer of Bonds pursuant to Condition 3(b) shall be made available for delivery within seven business days (as defined below) of receipt of a duly completed form of transfer, surrender of the existing Certificate(s) and provision of any other evidence required by the Registrar or the relevant Transfer Agent as provided in Condition 3(b). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Certificate and evidence shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify.

In this Condition 3(c), "**business day**" means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

Except in the limited circumstances described in "Summary of Provisions relating to the Bonds in Global Form" in the 25 January Offering Circular, owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates. The Bonds are not issuable in bearer form.

(d) Formalities Free of Charge

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any Agent but upon (i) payment (or the giving of such indemnity and/or security and/or pre-funding as the Issuer, the Registrar or the relevant Transfer Agent (as the case may be) may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; (ii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied in its absolute discretion with the documents of title or identity of the person making the application and (iii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied that the Regulations (as defined in Condition 3(f)) have been complied with.

(e) Closed Periods

No holder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including) the due date for any payment of principal in respect of that Bond; or (ii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)); or (iii) after a Tax Redemption Notice (as defined in Condition 6(b)) has been delivered by the Issuer pursuant to Condition 6(b); or (iv) after a Put Exercise Notice (as defined in Condition 6(c)) in respect of such Bond has been deposited by such holder pursuant to Condition 6(c).

(f) Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations promulgated concerning transfers of Bonds (the "**Regulations**"), the initial form of which is scheduled to the Agency Agreement. The Regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current Regulations will be mailed (free of charge to the Bondholders) by the Registrar to any Bondholder who requests one in writing and upon satisfactory proof of holding.

4 COVENANTS

(a) Notification to NDRC

The Issuer undertakes that (i) it will, within ten Registration Business Days after the Original Issue Date and the New Issue Date, file or cause to be filed with the NDRC the requisite information and documents in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044 號)) issued by the NDRC and effective 14 September 2015 and any implementation rules as issued by the NDRC from time to time (the "**NDRC Post-issue Filing**") and (ii) comply with all applicable PRC laws and regulations in relation to the Bonds.

(b) Notification of Completion of the NDRC Post-issue Filing

The Issuer shall, within ten Registration Business Days after making the relevant NDRC Post-issue Filing, provide the Trustee with (i) a certificate in English signed by an Authorised Signatory confirming the completion of the NDRC Post-issue Filing in respect of the Original Bonds or the New Bonds (as the case may be) and (ii) copies of the relevant documents evidencing due filing with the NDRC (if any), certified in English as a true and complete copy of the original by an Authorised Signatory, and, within ten Registration Business Days after items (i) and (ii) above (together, the "**Filing Documents**") have so been provided to the Trustee, give notice to the Bondholders (in accordance with Condition 16) confirming the completion of the NDRC Post-issue Filing in respect of the Original Bonds or the New Bonds (as the case may be). The Trustee shall have no obligation or duty to monitor or ensure or assist with the NDRC Post-issue Filing on or before the deadline referred to above or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the Filing Documents or to give notice to Bondholders confirming the completion of the NDRC Post-issue Filing, and shall not be liable to Bondholders or any other person for not doing so. The Trustee may rely on the Filing Documents conclusively without liability to any Bondholder or any other person for the accuracy, validity and/or genuineness of any matters or facts stated therein.

(c) Undertakings relating to SAFE Registration

The Issuer shall (i) within 15 Registration Business Days after each of the Original Issue Date and the New Issue Date, register or file or cause to be registered or filed with SAFE the issue of the Original Bonds or the New Bonds (as the case may be) (the "**SAFE Registration**") in accordance with the applicable law, regulations and implementation rules issued by SAFE and other competent authorities in the PRC from time to time, and (ii) use its best endeavours to complete the SAFE Registration and obtain a registration record from SAFE on or before the relevant Registration Deadline.

The Issuer shall, within five Registration Business Days after it receives the record of the completion of the SAFE Registration from SAFE, (i) provide the Trustee with a certificate in English signed by an Authorised Signatory confirming the completion of the SAFE Registration, together with copies of the relevant documents evidencing completion of registration confirmed by SAFE and the particulars of the registration, each certified in English as a true and complete copy of the original by an Authorised Signatory (together, the "**Registration Documents**"), (ii) within ten Registration Business Days after the relevant Registration Documents have been so provided to the Trustee, give notice to the Bondholders (in accordance with Condition 16) confirming the completion of the SAFE Registration in respect of the Original Bonds or the New Bonds (as the case may be) and (iii) comply with all applicable PRC laws and regulations in relation to the Bonds. The Trustee shall have no obligation or duty to monitor or ensure the filing or completion of the SAFE Registration before the relevant deadlines specified and may rely on the Registration Documents conclusively without liability to any Bondholder or any other person for the accuracy, validity and/or genuineness of any matters or facts stated therein.

(d) Financial Information

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will furnish the Trustee with (i) a copy of the relevant Audited Financial Reports within 180 days of the end of each Relevant Period prepared in accordance with the Accounting Standards for Business Enterprises in the PRC ("**PRC GAAP**") (audited by a nationally or internationally recognised firm of independent accountants); and (ii) a copy of the Unaudited Financial Reports within 90 days of the end of each Relevant Period prepared on a basis consistent with the Audited Financial Reports; and if such statements shall be in the Chinese language, together with an English translation of the same translated by (X) a nationally or internationally recognised firm of independent accountants or (Y) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together with a certificate in English signed by an Authorised Signatory certifying that such translation is complete and accurate (on each of which the Trustee may conclusively rely without liability to any Bondholder or any other person).

(e) Compliance Certificate

The Issuer shall send a Compliance Certificate (on which the Trustee may conclusively rely without liability to any Bondholder or any other person as to such compliance) to the Trustee (i) at the same time as the Audited Financial Reports and the Unaudited Financial Reports are provided pursuant to Condition 4(d) and (ii) within 14 days of any written request by the Trustee.

(f) Ratings

So long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution of the Bondholders, the Issuer will maintain a rating on the Bonds by any of the Rating Agencies.

(g) Definitions

In these Conditions:

"**Audited Financial Reports**" means the annual audited consolidated balance sheet, consolidated income statement, consolidated statement of cash flows and consolidated statements of changes in equity of the Issuer together with any statements, reports (including any directors' and auditors' reports) and notes attached to or intended to be read with any of them;

"**Compliance Certificate**" means a certificate in English of the Issuer signed by an Authorised Signatory confirming that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer, as at a date (the "**Certification Date**") not more than five days before the date of the certificate:

(i) no Event of Default (as defined in Condition 9) or Potential Event of Default (as defined in the Trust Deed) has occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event has occurred, giving details of it; and

(ii) the Issuer has complied with all of its obligations under the Trust Deed and the Bonds or, if non-compliance has occurred, giving details of it;

"**NDRC**" means the National Development and Reform Commission of the PRC or any of its local counterparts;

"**New Issue Date**" means 3 April 2019;

"**Original Issue Date**" means 1 February 2019;

"**PRC**" means the People's Republic of China, which shall for the purpose of these Conditions only, exclude the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

"**Rating Agencies**" means Moody's Investors Service, Inc., Fitch Ratings Ltd. or S&P Global Ratings, a division of S&P Global, Inc. or their respective successors;

"**Registration Business Day**" means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in Beijing;

"**Registration Deadline**" means the day falling 60 Registration Business Days after the Original Issue Date (in the case of the Original Bonds) or the New Issue Date (in the case of the New Bonds);

"**Relevant Period**" means (i) in relation to the Audited Financial Reports, each period of 12 months ending on the last day of the Issuer's financial year (being 31 December of that financial year); and (ii) in relation to the Unaudited Financial Reports, each period of six months ending on the last day of the Issuer's first half financial year (being 30 June of that financial year); and

"**Unaudited Financial Reports**" means the semi-annual unaudited consolidated balance sheet, consolidated income statement, consolidated statement of cash flows and consolidated statement of changes in equity of the Issuer together with any statements, reports (including any directors' and auditors' review reports, if any) and notes attached to or intended to be read with any of them, if any.

5 INTEREST

The Bonds bear interest on their outstanding principal amount from and including the Original Issue Date at the rate of 4.35 per cent. per annum, payable semi-annually in arrear on 1 February and 1 August in each year, commencing on 1 August 2019, and on 1 December 2021 (the "**Maturity Date**" and each an "**Interest Payment Date**").

Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate evidencing such Bond, payment of principal or premium (if any) is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holders, and (ii) the day falling seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

In these Conditions, the period beginning on and including the 1 February 2019 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Bond shall be calculated per S$1,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the actual number of days in the Interest Period (or such other period) divided by 365, rounding the resulting figure to the nearest SGD.01 (SGD.005 being rounded upwards).

6 REDEMPTION AND PURCHASE

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**"), which shall specify the date for redemption and the method by which payment shall be made, to the Bondholders in accordance with Condition 16 (which shall be irrevocable) and in writing to the Trustee and the other Agents, at 100 per cent. of their principal amount (together with any interest accrued to but excluding the date fixed for redemption), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 25 January 2019, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, *provided that* no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

Prior to the giving of any Tax Redemption Notice pursuant to this Condition 6(b), the Issuer shall deliver to the Trustee (A) a certificate in English signed by an Authorised Signatory stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer taking reasonable measures available to it, and (B) an opinion, in form and substance satisfactory to the Trustee, of independent tax or legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment. The Trustee shall be entitled (but shall not be obliged) to accept and rely upon such certificate and opinion as sufficient evidence (without further investigation or query and without liability to the Bondholders or any other person) of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(b), in which event they shall be conclusive and binding on the Bondholders.

(c) Redemption for Relevant Events

Following the occurrence of a Relevant Event, the holder of any Bond will have the right (the "**Relevant Event Put Right**"), at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Put Settlement Date at their principal amount, in each case together with any interest accrued to but excluding the relevant Put Settlement Date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a "**Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed, by (i) not later than 30 days following a Relevant Event (the "**Initial Exercise Period**"), or (ii) if later, within 30 days following the date upon which notice of the Relevant Event is given to Bondholders by the Issuer as specified below (the "**Substituted Exercise Period**"). A Put Exercise Notice, once delivered, shall be irrevocable.

The "**Put Settlement Date**" in respect of any Bond for which such option is exercised shall (subject to Condition 6(d)) be the 14th day after the expiry of (1) the Initial Exercise Period where the option is exercised during the Initial Exercise Period and the Substituted Exercise Period does not commence before expiry of the Initial Exercise Period or (2) in all other circumstances, the Substituted Exercise Period.

Not later than 14 days following the day on which the Issuer becomes aware of a Relevant Event, the Issuer shall procure that notice regarding such Relevant Event shall be delivered to the Trustee in writing and to the Bondholders (in accordance with Condition 16) stating:

(i) the applicable Put Settlement Date;

(ii) the date of the Relevant Event and, briefly, the events causing , as applicable, the Change of Control or No Registration Event;

(iii) the date by which a Put Exercise Notice must be given;

(iv) the redemption amount and the method by which such amount will be paid;

(v) the names and addresses of all Paying Agents;

(vi) the procedures that holders must follow and the requirements that holders must satisfy in order to exercise the Relevant Event Put Right; and

(vii) that a Put Exercise Notice, once validly given, may not be withdrawn.

The Trustee and the Agents shall have no obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with any Relevant Event and shall not be required to monitor or to take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur, and shall not be liable to Bondholders, the Issuer or any other person for not doing so.

For the purposes of these Conditions:

(A) a "**Change of Control**" occurs when:

(i) (a) the Chongqing Municipal Government Finance Bureau, (b) the Chongqing Municipal Government and/or (c) any other Person Controlled by the Chongqing Municipal Government Finance Bureau and/or the Chongqing Municipal Government, together cease to hold or own directly or indirectly 100 per cent. of the issued share capital of the Issuer; or

(ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to one or more Persons other than (a) the Chongqing Municipal Government Finance Bureau, (b) the Chongqing Municipal Government and (c) any other Person Controlled by the Chongqing Municipal Government Finance Bureau and/or the Chongqing Municipal Government;

(B) "**Control**" means (i) the ownership or control of 100 per cent. of the voting rights of the issued share capital of a Person or (ii) the right to appoint and/or remove all or the majority of the members of a Person's board of directors or other governing body, in each case whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; the term "**Controlled**" has meanings correlative to the foregoing;

(C) a "**No Registration Event**" occurs when the relevant Filing Documents and the relevant Registration Documents are not delivered to the Trustee on or before the relevant Registration Deadline;

(D) a "**Person**" includes any company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer's board of directors or any other governing board and does not include the Issuer's wholly-owned direct or indirect Subsidiaries;

(E) a "**Relevant Event**" will be deemed to occur if there is a No Registration Event or a Change of Control.

(F) "**Subsidiary**" means, with respect to any Person, (a) any corporation, association or other business entity of which more than 50 per cent. of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person; or (b) any corporation, association or other business entity which at any time has its accounts consolidated with those of that Person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such Person from time to time, should have its accounts consolidated with those of that Person; and

(G) "**Voting Stock**" means, with respect to any Person, capital stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

(d) Mandatory Redemption upon Pre-funding Failure

If any Bondholder shall have exercised its right to require the Issuer to redeem its Bonds in accordance with Condition 6(c) and the Trustee makes a Demand in accordance with Condition 2(c) as a result of a Pre-funding Failure relating to the amount payable pursuant to such redemption, the Bonds shall be redeemed in whole, but not in part, at their principal amount in accordance with this Condition 6(d) on the Put Settlement Date, together with interest accrued to, but excluding, the Put Settlement Date.

If a Pre-funding Failure occurs in respect of a scheduled payment of principal or interest payable under Condition 5 or Condition 6(a), the Bonds shall be redeemed in whole, but not in part, on the Interest Payment Date immediately falling after the date the Trustee makes a Demand in accordance with Condition 2(c) (the "**Mandatory Redemption Date**") at their principal amount, together with interest accrued to, but excluding, the Mandatory Redemption Date.

(e) Notice of redemption

All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date specified in the Tax Redemption Notice or, as the case may be, on the applicable Put Settlement Date. If there is more than one notice of redemption given in respect of any Bond (which shall include a Tax Redemption Notice given by the Issuer pursuant to Condition 6(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 6(c)), the notice given first in time shall prevail. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption and shall not be liable to Bondholders, the Issuer or any other person for not doing so.

(f) Purchase

The Issuer or any of its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quora at meetings of the holders or for the purposes of Condition 9, Condition 12(a) and Condition 13.

(g) Cancellation

All Certificates evidencing Bonds purchased by or on behalf of the Issuer or its Subsidiaries shall be surrendered to the Registrar for cancellation and, upon surrender thereof, all such Bonds and Certificates shall be cancelled forthwith. Any Certificates so surrendered for cancellation and the relevant Bonds may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

7 PAYMENTS

(a) **Method of Payment**:

(i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Paying Agent if no further payment falls to be made in respect of the Bonds evidenced by such Certificates) in the manner provided in paragraph (ii) of this Condition 7(a).

(ii) Interest on each Bond shall be paid to the holders at their registered accounts shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in Singapore dollars by wire transfer to such registered account. In these Conditions, the **"registered account**" of a holder means the Singapore dollar account maintained by or on behalf of such holder with a bank, details of which appear in the Register.

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount (which need not be an Authorised Denomination). If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.

(iv) In this Condition 7, "**Payment Business Day**" means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are open for business in Singapore, Hong Kong and the place in which the specified office of the Principal Paying Agent is located.

*Notwithstanding the foregoing, so long as the Global Certificates are held on behalf of Euroclear Bank SA/NV, Clearstream Banking S.A. or an Alternative Clearing System (as defined in the Trust Deed), each payment in respect of a Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 1 January and 25 December.*

(b) **Payments subject to Fiscal Laws**: Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

(c) **Payment Initiation**: Payment instructions (for value on the due date or, if that is not a day on which the bank where a registered account is maintained is open for receipt of such transfers, for value the next following such day) will be initiated on the due date for payment (or, if this is not a Payment Business Day, on the first following day which is a Payment Business Day) or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Paying Agent, on the first Payment Business Day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

(d) **Delay in Payment**: Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day or a day on which the bank where a registered account is maintained is open for receipt of such transfers, or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a transfer made in accordance with Condition 7(a)(ii) reaches the registered account of the Bondholder after the due date for payment.

(e) **Appointment of Agents**: The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Agents act solely as agents of the Issuer (or, in certain limited circumstances specified in the Agency Agreement and the Trust Deed, the Trustee) and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of any Agent and to appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar with a specified office outside the United Kingdom, (iii) a Transfer Agent and (iv) such other agents as may be required by any stock exchange on which the Bonds may be listed. Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer to the Bondholders in accordance with Condition 16.

8 TAXATION

All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by or within the PRC up to and including the aggregate rate applicable on 25 January 2019 (the "**Applicable Rate**"), the Issuer will increase the amounts paid by it to the extent required so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer is required to make a deduction or withholding by or within the PRC in excess of the Applicable Rate, the Issuer shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond:

(i) **Other connection**: held by a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the PRC other than the mere holding of the Bond; or

(ii) **Presentation more than 30 days after the Relevant Date**: in respect of which the Certificate evidencing it is presented (where presentation is required) for payment more than 30 days after the Relevant Date except to the extent that the relevant Bondholder would have been entitled to such Additional Tax Amounts on presenting the Certificate evidencing such Bond for payment on the last day of such period of 30 days; or

(iii) **Lawful avoidance of withholding**: to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the Certificate evidencing such Bond is presented for payment.

References in these Conditions to principal, premium (if any) and interest shall be deemed also to refer to any Additional Tax Amounts which may be payable under this Condition 8 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

In these Conditions, "**Relevant Date**" in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate evidencing such Bond being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

If the Issuer becomes subject at any time to any taxing jurisdiction other than the PRC, references in Condition 6(b) and this Condition 8 to the PRC shall be construed as references to the PRC and/or such other jurisdiction (as the case may be).

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer or the Bondholders or any other person to pay such tax, duty, charges, withholding or other payment or be responsible to provide any notice or information in relation to the Bonds in connection with payment of such tax, duty, charges, withholding or other payment.

9 EVENTS OF DEFAULT

If an Event of Default (as defined below) occurs the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding (as defined in the Trust Deed) or if so directed by an Extraordinary Resolution shall (provided that the Trustee shall have first been indemnified and/or secured and/or pre-funded to its satisfaction), give written notice to the Issuer that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest. An "**Event of Default**" occurs if:

(a) With respect to the Issuer

(i) **Non-Payment**: there has been a failure to pay (X) the principal of any of the Bonds when due, or (Y) any interest on any of the Bonds when due and such failure to pay interest continues for a period of 14 days; or

(ii) **Breach of Other Obligations**: the Issuer does not perform or comply with any one or more of its other obligations under the Bonds or the Trust Deed (other than where it gives rise to a right of redemption pursuant to Condition 6(c) or as described in Condition 9(a)(i)) and such default (X) is incapable of remedy or, (Y) if capable of remedy, is not remedied within 30 days after the Trustee has given written notice thereof to the Issuer; *provided that* any non-compliance with Condition 2(c) does not constitute an Event of Default under this Condition 9(a)(ii) unless and until an Event of Default has occurred under Condition 9(a)(i); or

(iii) **Cross-Acceleration**: (X) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (Y) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (Z) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(a)(iii) have occurred in aggregate equals or exceeds U.S.$15,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 9(a)(iii) operates); or

(iv) **Enforcement Proceedings**: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days; or

(v) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries on the whole or any material part of its properties, assets or revenues becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged or stayed within 30 days; or

(vi) **Insolvency**: the Issuer or any of its Principal Subsidiaries is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or any material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or any material part of its debts (or of any part which it will or might otherwise be unable to pay when due), or proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts; or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer or any of its Principal Subsidiaries; or

(vii) **Winding-up**: an order of any court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries, or the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by (X) a voluntary reconstruction, amalgamation, reorganisation, merger or consolidation while solvent or on terms approved by an Extraordinary Resolution of the Bondholders, or (Y) in the case of a Principal Subsidiary, whereby (A) the undertaking and assets of such Subsidiary are transferred to or otherwise vested in the Issuer or another Subsidiary of the Issuer or (B) such Subsidiary is sold or disposed of to any other person for market consideration on an arm's length basis and the proceeds of such sale or disposal are transferred to or otherwise vested in the Issuer or another Subsidiary of the Issuer; or

(viii) **Expropriation**: all or any material part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries is condemned, seized or otherwise expropriated by any person acting under the authority of any national, regional or local government; or the Issuer or any of its Principal Subsidiaries is prevented by any such person from exercising normal control over all or any material part of its undertaking, assets and revenues; or

(ix) **Standby Letter of Credit**: the Standby Letter of Credit is not (or is claimed by the LC Bank not to be) enforceable, valid or in full force and effect or the Standby Letter of Credit is modified, amended or terminated other than in accordance with Condition 12; or

(x) **Authorisation and Consents**: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (X) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Trust Deed, (Y) to ensure that those obligations are legally binding and enforceable and (Z) to make the Bonds, the Certificates, the Register and the Trust Deed admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or

(xi) **Illegality**: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed; or

(xii) **Analogous Events**: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(a)(iv) to 9(a)(viii) (both inclusive).

In this Condition 9(a), "**Principal Subsidiary**" means any Subsidiary of the Issuer:

(A) whose total revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total revenue, as shown by its latest audited income statement is at least five per cent. of the consolidated total revenue as shown by the latest published audited consolidated income statement of the Issuer including, for the avoidance of doubt, the Issuer's share of revenue of subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

(B) whose net profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated net profit, as shown by its latest audited income statement are at least three per cent. of the consolidated net profit as shown by the latest published audited consolidated income statement of the Issuer including, for the avoidance of doubt, the Issuer's share of profits of subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

(C) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited balance sheet are at least three per cent. of the consolidated total assets of the Issuer as shown by the latest published audited consolidated balance sheet of the Issuer including, for the avoidance of doubt, the investment of the Issuer in each subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and after adjustment for minority interests; or

(D) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that (xx) the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal

Subsidiary and the Subsidiary to which the assets are so transferred shall forthwith become a Principal Subsidiary and (yy) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Issuer prepared as of a date later than such transfer are issued, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (A), (B) or (C) above of this definition;

provided that, in relation to paragraphs (A), (B) and (C) above of this definition:

(1) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Issuer adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

(2) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, total revenue, net profit or total assets of the Issuer and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Issuer;

(3) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total revenue, net profit or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer; and

(4) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer.

A certificate signed by any Authorised Signatory confirming that a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

(b) With respect to the LC Bank

(i) **Cross-Acceleration**: any indebtedness for money borrowed of the LC Bank or any of its Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period or any such indebtedness for money borrowed becomes due and payable prior to its stated maturity otherwise than at the option of the LC Bank or (as the case may be) the relevant Subsidiary or (provided that no event of default, howsoever described, has occurred) any person entitled to such indebtedness for money borrowed or raised or the LC Bank or any of its Subsidiaries fails to pay when due any amount payable by it under any guarantee or indemnity of any indebtedness for money borrowed, provided that the amount of indebtedness referred to in this Condition 9(b)(i) and/or the amount payable under any guarantee or indemnity referred to in this Condition 9(b)(i), individually or in the aggregate, exceeds U.S.$25,000,000 (or its equivalent in any other currency or currencies); or

(ii) **Security Enforced**: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial part of the undertaking, assets and revenues of the LC Bank or any of its Material Subsidiaries; or

(iii) **Insolvency etc**: (A) the LC Bank or any Material Subsidiary becomes insolvent or is unable to pay its debts as they fall due, (B) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the LC Bank or any Material Subsidiary or the whole or a material part of the undertaking, assets and revenues of the LC Bank or any Material Subsidiary, (C) the LC Bank or any Material Subsidiary takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee or indemnity of any indebtedness given by it or (D) the LC Bank or any Material Subsidiary ceases or threatens to cease to carry on all or any substantial part of its business, except (X) in the case of any Material Subsidiary, where the cessation is for the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation, merger or consolidation whereby the business, undertaking and assets of such Subsidiary are transferred to or otherwise vested in the LC Bank and/or another Subsidiary of the LC Bank, or (Y) on terms approved by an Extraordinary Resolution of the Bondholders; or

(iv) **Winding up etc**: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the LC Bank or any Material Subsidiary; or

(v) **Illegality**: it is or will become unlawful for the LC Bank to perform or comply with any one or more of its obligations under the Standby Letter of Credit, and the LC Bank fails to obtain the necessary waiver or approval or complete such other necessary remedial action within 30 calendar days such that the LC Bank may lawfully perform such obligations; or

(vi) **Analogous Events**: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in Conditions 9(b)(ii) or 9(b)(iii).

(f) In this Condition 9(b), “**Material Subsidiary**” means a Subsidiary of the LC Bank whose gross assets, gross revenue or net profit (consolidated in the case of a Subsidiary which itself has Subsidiaries) as at the date at which its latest audited financial statements were prepared or, as the case may be, for the financial period to which those audited financial statements relate, account for five per cent. or more of the consolidated gross assets, consolidated gross revenue or consolidated net profit of the LC Bank as at such date or for such period. If a Material Subsidiary transfers all of its assets and business to another Subsidiary of the LC Bank, the transferee shall become a Material Subsidiary and the transferor shall cease to be a Material Subsidiary on completion of such transfer.

(g) The Trustee shall not be obliged to take any steps to ascertain whether an Event of Default or Potential Event of Default has occurred or to monitor the occurrence of any Event of Default or Potential Event of Default, and shall not be liable to the Bondholders or any other person for not doing so.

10 PRESCRIPTION

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within ten years (in the case of principal or premium (if any)) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 REPLACEMENT OF CERTIFICATES

If any Certificate is mutilated or defaced or is alleged to have been lost, stolen or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority rules, at the specified office of the Registrar on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity, pre-funding and otherwise as the Issuer or the Registrar may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 MEETINGS OF HOLDERS, MODIFICATION, WAIVER, AUTHORISATION, DETERMINATION AND ENTITLEMENT OF TRUSTEE

(a) Meetings of holders

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Standby Letter of Credit. Such a meeting may be convened by the Trustee or the Issuer and shall be convened by the Trustee upon request in writing from Bondholders holding not less than ten per cent. in aggregate principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed) and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed), or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed (each, a "**Reserved Matter**"), including consideration of proposals, *inter alia*, (i) to modify the Maturity Date or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, or (v) to modify or release the Standby Letter of Credit (other than an amendment or supplement to, or a replacement of, the Standby Letter of Credit in connection with a further issue of securities pursuant to Condition 15 or modification pursuant to Condition 12(b), in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any such meeting adjourned for lack of quorum not less than 25 per cent., in aggregate principal amount of the Bonds then outstanding (as defined in the Trust Deed). Any Extraordinary Resolution duly passed shall be binding on Bondholders, whether or not they were present at the meeting at which such resolution was passed.

The Trust Deed provides that a resolution in writing signed by or on behalf of the Bondholders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed) shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document, or several documents in the same form each signed by or on behalf of one or more Bondholders.

(b) Modification, Waiver, Authorisation and Determination

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to any modification (other than any modification relating to a Reserved Matter) of, or to the waiver or authorisation of any breach or proposed breach of, or any failure to comply with, any of these Conditions or any of the provisions of the Trust Deed and/or the Agency Agreement and/or the Standby Letter of Credit which in its opinion is not materially prejudicial to the interests of the Bondholders, or may agree, without any such consent as aforesaid, to any modification hereof or thereof which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of applicable law. Any such modification, waiver or authorisation shall be binding on the Bondholders and, unless the Trustee agrees otherwise, such modification, waiver or authorisation shall be notified to the Bondholders by the Issuer as soon as practicable thereafter in accordance with Condition 16.

(c) Entitlement of the Trustee

In connection with the exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 12), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer (save as provided in Condition 8) or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

13 ENFORCEMENT

At any time after the Bonds become due and payable the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and/or the Bonds and, where appropriate, to draw down on and enforce the Standby Letter of Credit, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in aggregate principal amount of the Bonds then outstanding (as defined in the Trust Deed), and (b) other than in the case of the making of a drawing under the Standby Letter of Credit, it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer or the LC Bank unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

14 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce payment unless first indemnified and/or secured and/or pre-funded to its satisfaction and for the Trustee to be paid or reimbursed for (*inter alia*) any liabilities incurred by it in priority to the claims of Bondholders. The Trustee is entitled to enter into business transactions with the Issuer, the LC Bank and/or any entity related to the Issuer or the LC Bank without accounting for any profit.

The Trustee and the Agents shall have no obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions, or to ascertain whether an Event of Default or a Potential Event of Default or a Relevant Event has occurred, and shall not be liable to the Bondholders or any other person for not doing so.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement, the Standby Letter of Credit or these Conditions to exercise any discretion or power, take or refrain from any action, make any decision or give any direction other than in the case of the making of a drawing under the Standby Letter of Credit, the Trustee is entitled, prior to its exercising any such discretion or power, taking or refraining from any such action, making any such decision, or giving any such direction, to seek directions from the Bondholders by way of an Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking or refraining from such action, making such decision, or giving such direction where the Trustee is seeking such directions or clarifications in respect of any directions from Bondholders or in the event that no such directions or clarifications are received by the Trustee.

None of the Trustee or the Agents shall be liable to any Bondholder, the Issuer, the LC Bank or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders or the Issuer, respectively. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by Bondholders holding the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed as further provided in the Trust Deed.

The Trustee and the Agents may rely without liability to Bondholders, the LC Bank or the Issuer or any other person on any report, confirmation or certificate or any opinion or advice of any legal adviser, accountant, financial adviser, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee, any Agent or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee and the Agents may accept and shall be entitled to rely on any such report, confirmation, certificate, opinion or advice and, in such event, such report, confirmation, certificate, opinion or advice shall be binding on the Issuer and the Bondholders.

15 FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects save for the first payment of interest on them and the timing for making and completing the NDRC Post-issue Filing and the SAFE Registration and the related notifications) and so that the same shall be consolidated and form a single series with the outstanding Bonds, *provided that* any Rating Agency providing a rating on the Bonds pursuant to Condition 4(f) has been informed by the Issuer of such issue and confirms that such issue will not result in any change in the then credit rating of the Bonds, a further or supplemental or replacement standby letter of credit is issued by the LC Bank (or an amendment is made to the Standby Letter of Credit) on terms that are substantially similar to the Standby Letter of Credit (including that the stated amount of such further or supplemental standby letter of credit is at least equal to the principal of and an amount equal to the interest payment which is or would be due for an entire Interest Period on such further securities) and such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed. References to the Standby Letter of Credit shall thereafter include such further or supplemental or replacement or amended standby letter of credit.

16 NOTICES

All notices to the Bondholders shall be mailed to them by uninsured mail at their respective addresses in the Register. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any notice shall be deemed to have been given on the second day after being mailed or, as the case may be, on the date of such publication or, if published more than once, on the first date on which publication is made.

So long as the Bonds are evidenced by the Global Certificate and the Global Certificate is held on behalf of Euroclear Bank SA/NV and/or Clearstream Banking S.A. and/or an Alternative Clearing System, notices to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear Bank SA/NV and/or Clearstream Banking S.A. and/or the Alternative Clearing System, as applicable, for communication by it to entitled accountholders, in substitution for notification as required by the Conditions.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Bonds and the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

18 GOVERNING LAW AND JURISDICTION

(a) Governing Law

The Trust Deed, the Agency Agreement, the Standby Letter of Credit and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Trust Deed, the Agency Agreement and the Standby Letter of Credit and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Trust Deed, the Agency Agreement and the Standby Letter of Credit ("**Proceedings**") may be brought in such courts. The Issuer has, in the Trust Deed, irrevocably submitted to the exclusive jurisdiction of such courts and waived any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) Agent for Service of Process

The Issuer has, in the Trust Deed and the Agency Agreement, irrevocably appointed Cogency Global (HK) Limited at Unit B, 1/F, Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong to receive service of process in any Proceedings in Hong Kong. Such service shall be deemed completed on delivery to such agent (whether or not it is forwarded to and received by the Issuer). If for any reason such agent ceases to act as such or no longer has an address in Hong Kong, the Issuer has, in the Trust Deed, irrevocably agreed to forthwith appoint a substitute process agent in Hong Kong and deliver to the Trustee a copy of the agent's acceptance of that appointment within 30 days of such cessation, failing which the Trustee shall be entitled to appoint (at the Issuer's expense) such an agent by written notice to the Issuer. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) Waiver of Immunity

The Issuer has, in the Trust Deed, waived any right to claim sovereign, crown, state or other immunity from jurisdiction or execution and any similar defence, and has, in the Trust Deed, irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

USE OF PROCEEDS

The net proceeds of the offering (after deducting underwriting commissions and expenses) is expected to be approximately S$19,880,000. The Issuer intends to use the proceeds from the offering for the repayment of debt.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated total indebtedness (both current and non-current portions) and total capitalisation of the Issuer as at 30 June 2018:

(i) on an actual basis, and

(ii) on an adjusted basis to give effect to the issue of the New Bonds before deducting the commissions and other estimated expenses payable in connection with the offering of the New Bonds.

The summary consolidated financial information below should be read in conjunction with the Issuer's consolidated financial statements and the notes to those statements included elsewhere in the 25 January Offering Circular.

	As at 30 June 2018			
	Actual		**Adjusted**	
	(RMB '000)	*(USD '000)*[(1)]	*(RMB '000)*	*(USD '000)*[(1)]
Current indebtedness				
Short-term borrowings	148,000.00	22,366.29	148,000.00	22,366.29
Non-current liabilities due within one year	693,038.10	104,734.42	693,038.10	104,734.42
Total current indebtedness	841,038.10	127,100.71	841,038.10	127,100.71
Non-current indebtedness				
Long-term borrowings	7,996,360.71	1,208,438.85	7,996,360.71	1,208,438.85
Bonds payable	2,457,762.56	371,425.94	2,457,762.56	371,425.94
Other non-current liabilities	550,000.00	83,117.98	550,000.00	83,117.98
Original Bonds	—	—	728,434.59	110,083.66
New Bonds to be issued	—	—	97,124.61	14,677.82
Total non-current indebtedness	**11,004,123.27**	**1,662,982.77**	**11,829,682.47**	**1,787,744.25**
Total indebtedness[(2)]	**11,845,161.36**	**1,790,083.48**	**12,670,720.57**	**1,914,844.96**
Total equity	**8,546,450.22**	**1,291,570.36**	**8,546,450.22**	**1,291,570.36**
Total capitalisation[(3)]	**20,391,611.58**	**3,081,653.84**	**21,217,170.79**	**3,206,415.32**

Notes:

(1) For convenience only, all conversions from Renminbi into U.S.$ are made at the rate of RMB6.6171 to U.S.$1.00, based on the noon buying rate as set forth in the H. 10 statistical release of the Federal Reserve Bank of New York on 29 June 2018.

(2) Total indebtedness equals the sum of total current indebtedness and total non-current indebtedness.

(3) Total capitalisation equals the sum of total indebtedness and total equity.

(4) The Issuer has issued the Original Bonds on 1 February 2019. In March 2019, the Issuer entered into two loan agreements in the aggregate amount of RMB900 million with commercial banks in the PRC for assets purchase and refinancing purposes.

Save as disclosed above, there has been no material adverse change in the total capitalisation of the Issuer since 30 June 2018.

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Sole Lead Manager dated 27 March 2019 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Sole Lead Manager, and the Sole Lead Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the New Bonds.

The Subscription Agreement provides that the Issuer has agreed to pay the Sole Lead Manager certain fees and commissions, to reimburse the Sole Lead Manager for certain of its expenses in connection with the initial sale and distribution of the New Bonds, and to indemnify the Sole Lead Manager or any of its affiliates, directors, officers, employees, agents, representatives, advisors or any person who controls any of them against certain liabilities in connection with the offer and sale of the New Bonds. The Subscription Agreement provides that the obligations of the Sole Lead Manager are subject to certain conditions precedent, and entitles the Sole Lead Manager to terminate it in certain circumstances prior to payment being made to the Issuer.

The Sole Lead Manager and its subsidiaries or affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities ("**Banking Services or Transactions**"). The Sole Lead Manager and certain of its subsidiaries or affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer for which they have received, or will receive, fees and expenses.

In connection with the offering of the New Bonds, the Sole Lead Manager and/or its affiliate(s) may act as an investor for its own account and may take up New Bonds in the offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the New Bonds being "offered" should be read as including any offering of the New Bonds to the Sole Lead Manager and/or its affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Sole Lead Manager or its affiliates may purchase the New Bonds for its own account or for the accounts of its customers and enter into transactions, including credit derivative, such as asset swaps, repackaging and credit default swaps relating to the New Bonds and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the New Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the New Bonds to which this Supplemental Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the New Bonds).

In connection with the issue of the New Bonds, the Sole Lead Manager appointed and acting in its capacity as stabilising manager (in such capacity, the "**Stabilising Manager**") or any person acting on behalf of the Stabilising Manager may, to the extent permitted by applicable laws and regulations, and directives, over-allot and effect transactions with a view to supporting the market price of the New Bonds at a level higher than that which might otherwise prevail, but in doing so the Stabilising Manager or any person acting on behalf of the Stabilising Manager shall act as principal and not as agent of the Issuer. However, there is no assurance that the Stabilising Manager (or any person acting on its behalf) will undertake any stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the New Bonds is made and, if begun, may be ended at any time, and must be brought to an end after a limited period.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Sole Lead Manager or any of its affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Sole Lead Manager or its affiliate on behalf of the Issuer in such jurisdiction.

GENERAL

The distribution of this Supplemental Offering Circular or any offering material and the offering, sale or delivery of the New Bonds are subject to restrictions and may not be made except pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. Therefore, persons who may come into possession of this Supplemental Offering Circular or any offering material are advised to consult their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Supplemental Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

Neither the Issuer nor the Sole Lead Manager makes any representation that any action has been or will be taken in any jurisdiction by the Sole Lead Manager or the Issuer that would permit a public offering of the New Bonds, or possession or distribution of this Supplemental Offering Circular or any other offering or publicity material relating to the New Bonds (including marketing materials and investor presentations), in any country or jurisdiction where action for that purpose is required. The Sole Lead Manager will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers the New Bonds or has in its possession or distribute this Supplemental Offering Circular or any such other material, in all cases at its own expense.

UNITED STATES

The New Bonds and the Standby Letter of Credit have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Sole Lead Manager represents that it will not offer or sell the New Bonds and the Standby Letter of Credit (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells New Bonds and the Standby Letter of Credit during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the New Bonds and the Standby Letter of Credit within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

UNITED KINGDOM

The Sole Lead Manager represents, warrants and agrees that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the New Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the New Bonds in, from or otherwise involving the United Kingdom.

THE PRC

The Sole Lead Manager has represented and agreed that the New Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

HONG KONG

The Sole Lead Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any New Bonds other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the "**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the New Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

SINGAPORE

The Sole Lead Manager has acknowledged that this Supplemental Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Sole Lead Manager has represented, warranted and agreed that it has not offered or sold any New Bonds or caused such New Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such New Bonds or cause such New Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Supplemental Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such New Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA, as modified or amended from time to time) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This Supplemental Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore ("**MAS**"). Accordingly, this Supplemental Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any New Bonds may not be circulated or distributed, nor may any New Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the New Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interests (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the New Bonds pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the New Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

JAPAN

The New Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, the Sole Lead Manager represents, warrants and agrees that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any New Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

GENERAL INFORMATION

1. **Clearing Systems**: The New Bonds have been accepted for clearance through Euroclear and Clearstream with a temporary Common Code 196982787 and a temporary International Securities Identification Number XS1969827879. The New Bonds, upon issue on the New Issue Date, will be initially evidenced by the Temporary Global Certificate with this temporary International Securities Identification Number and temporary Common Code until the Consolidation Date. On the Consolidation Date, the Temporary Global Certificate and the Original Global Certificate will be exchanged for the New Global Certificate whereupon the New Bonds will be consolidated and form a single series with the Original Bonds, and the Bonds will be cleared by Euroclear and Clearstream under the following codes while the temporary codes will be cancelled:

   Common Code: 192194547

   International Securities Identification Number: XS1921945470

2. **LEI**: The Legal Entity Identifier of the Issuer is 3003008KESX0S3WX7023.

3. **Authorisations**: The issue of the New Bonds and entry into the transaction documents in connection with the New Bonds were authorised by a Certificate on Registration of Enterprise Borrowing Foreign Debts issued by the NDRC on 9 March 2018 and amended on 23 December 2018, and by way of resolutions from the Issuer's shareholder dated 8 January 2018 as well as board resolutions of the Issuer dated 8 January 2018 and 4 December 2018 respectively. The Issuer has obtained all necessary consents, approvals and authorisations and completed all necessary filing, registration and other actions in connection with the issue and performance of its obligations under the New Bonds, the Trust Deed and the Agency Agreement, except for the filing of the requisite information and documents with the NDRC within ten Registration Business Days after the New Issue Date and the foreign debt registration within 15 PRC working days after the New Issue Date with the local branch of the SAFE.

4. **No Material Adverse Change**: There has been no material adverse change, or any development or event involving a prospective change, in the condition (financial or otherwise), prospects (financial or otherwise), results of operations or general affairs of the Issuer or the Group since 30 June 2018.

5. **Litigation**: None of the Issuer or any member of the Group is involved in any litigation or arbitration proceedings which could have a material and adverse effect on their business, results of operations and financial condition nor is the Issuer aware that any such proceedings are pending or threatened.

6. **Available Documents**: Copies of the Issuer's Historical Financial Statements, the Trust Deed, the Agency Agreement and the Standby Letter of Credit relating to the Bonds will be available for inspection from the Issue Date at the principal place of business of the Trustee currently at 39/F, Champion Tower, Three Garden Road, Central, Hong Kong during normal business hours (being 9.00 a.m. to 3.00 p.m. Monday to Friday, public holidays excepted), so long as any Bond is outstanding.

7. **Financial Statements**: The Group's Historical Financial Statements and Interim Financial Statements, which are included in the 25 January Offering Circular, have been audited or reviewed by Mazars as stated in its reports dated 21 April 2017, 27 April 2018 and 10 November 2018, respectively.

8. **LC Bank Financial Statements**: Copies of the latest annual reports of the LC Bank, as well as its public filings, can be downloaded free of charge from the website of the Shanghai Stock Exchange on the internet at http://www.sse.com.cn/. No representation, express or implied, is made by the Managers, the Trustee or the Agents, and none of them takes any responsibility, for the accuracy, completeness or sufficiency of any information available on such website.

9. **Listing of New Bonds**: Approval in principle has been received from the SGX-ST for the listing of and quotation for the New Bonds on the official list of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Supplemental Offering Circular. Admission of the New Bonds to the official list of the SGX-ST and quotation of the New Bonds on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Group, their respective subsidiaries, their respective associated companies (if any) and the New Bonds. The New Bonds will be traded on the SGX-ST in a minimum board lot size of S$250,000 for so long as the New Bonds are listed on the SGX-ST and the rules of the SGX-ST so require.

For so long as the New Bonds are listed and quoted on the SGX-ST and the rules of the SGX-ST so require, the Issuer will appoint and maintain a paying agent in Singapore, where the New Bonds may be presented or surrendered for payment or redemption, in the event that a Global Certificate is exchanged for definitive certificates. In addition, in the event that a Global Certificate is exchanged for definitive certificates, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive certificates, including details of the paying agent in Singapore.

APPENDIX - FORM OF AMENDMENT TO IRREVOCABLE STANDBY LETTER OF CREDIT

FM: SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD., HONG KONG BRANCH (SWIFT: SPDBHKHH)

ADDRESS: 24/F, BANK OF AMERICA TOWER, 12 HARCOURT ROAD, CENTRAL, HONG KONG

ISSUE DATE: 2 APRIL 2019

TO BENEFICIARY: CITICORP INTERNATIONAL LIMITED OF 39TH FLOOR, CHAMPION TOWER, THREE GARDEN ROAD, CENTRAL, HONG KONG (THE ‘‘BENEFICIARY’’) IN ITS CAPACITY AS TRUSTEE FOR AND ON BEHALF OF THE HOLDERS OF THE SGD 170,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF 4.35 PER CENT. CREDIT ENHANCED BONDS DUE 2021 (THE ‘‘BONDS’’) COMPRISING (1) SGD 150,000,000 IN BONDS ISSUED BY CHONGQING BANAN ECONOMIC PARK DEVELOPMENT AND CONSTRUCTION CO., LTD. (THE ‘‘BOND ISSUER’’) AND CONSTITUTED BY A TRUST DEED DATED 1 FEBRUARY 2019 BETWEEN THE BOND ISSUER AND THE BENEFICIARY AS SUPPLEMENTED BY A SUPPLEMENTAL TRUST DEED DATED 3 APRIL 2019, AND AS AMENDED OR SUPPLEMENTED FROM TIME TO TIME AND (2) SGD 20,000,000 IN BONDS TO BE ISSUED BY THE BOND ISSUER ON 3 APRIL 2019.

DEAR SIRS,

RE: 1ST AMENDMENT TO THE IRREVOCABLE STANDBY LETTER OF CREDIT NO. 345SLC190002 (“L/C”)

OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. 345SLC190002 IS HEREBY AMENDED AS FOLLOWS:

OUR LIABILITY IN THE AMOUNT OF SGD 154,262,500 (SINGAPORE DOLLARS ONE-HUNDRED FIFTY-FOUR MILLION TWO-HUNDRED SIXTY-TWO THOUSAND FIVE-HUNDRED) IS HEREBY AMENDED TO SGD 174,697,500 (SINGAPORE DOLLARS ONE-HUNDRED SEVENTY-FOUR MILLION SIX-HUNDRED NINETY-SEVEN THOUSAND FIVE HUNDRED).

THE FIRST LINE OF THE FIRST FULL PARAGRAPH OF APPENDIX A-1 (FORM OF DEMAND) IS AMENDED TO “RE: DEMAND UNDER THE L/C NO. 345SLC190002 IN RESPECT OF THE SGD 170,000,000 4.35 PER CENT. CREDIT ENHANCED BONDS DUE 2021 (THE “BONDS”) ISSUED BY CHONGQING BANAN ECONOMIC PARK DEVELOPMENT AND CONSTRUCTION CO., LTD. (THE “BOND ISSUER”).

UNLESS OTHERWISE EXPRESSLY STATED HEREIN, ALL TERMS AND CONDITIONS AS SET OUT IN THE L/C SHALL REMAIN IN EFFECT WITH FULL FORCE.

THIS AMENDMENT TO OUR L/C (THIS “AMENDMENT”), AND ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH IT, IS GOVERNED BY ENGLISH LAW. NO PERSON SHALL HAVE ANY RIGHT TO ENFORCE ANY TERM OF THIS AMENDMENT UNDER THE CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999. WE AGREE (A) THAT THE COURTS OF HONG KONG HAVE EXCLUSIVE JURISDICTION TO SETTLE ANY DISPUTE (A ‘‘DISPUTE’’) ARISING OUT OF OR IN CONNECTION WITH THIS AMENDMENT (INCLUDING ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH THIS AMENDMENT), AND (B) THAT THOSE COURTS ARE THE MOST APPROPRIATE AND CONVENIENT COURTS TO SETTLE ANY DISPUTE AND, ACCORDINGLY, THAT WE WILL NOT ARGUE THAT ANY OTHER COURTS ARE MORE APPROPRIATE OR CONVENIENT.

25 JANUARY OFFERING CIRCULAR

STRICTLY CONFIDENTIAL

重庆巴南经济园区

Chongqing Banan Economic Park

Chongqing Banan Economic Park Development & Construction Co., Ltd.

（重慶巴南經濟園區建設實業有限公司）

(incorporated with limited liability in the People's Republic of China)

S$150,000,000 4.35 PER CENT. CREDIT ENHANCED BONDS DUE 2021
ISSUE PRICE: 100.005 PER CENT.

and supported by an irrevocable Standby Letter of Credit issued by Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch

The S$150,000,000 4.35 per cent. Bonds due 2021 (the "**Bonds**") will be issued by Chongqing Banan Economic Park Development & Construction Co., Ltd.（重慶巴南經濟園區建設實業有限公司）(the "**Issuer**"). Payment of principal and interest in respect of the Bonds will be supported by an irrevocable standby letter of credit ("**Standby Letter of Credit**") denominated in Singapore dollars and issued by Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch (the "**LC Bank**"). See "*Appendix – Form of Irrevocable Standby Letter of Credit*" for the form of the Standby Letter of Credit.

The Bonds will bear interest on their outstanding principal amount from and including 1 February 2019 (the "**Issue Date**") at the rate of 4.35 per cent. per annum. Interest on the Bonds will be payable semi-annually in arrear on 1 February and 1 August in each year, commencing on 1 August 2019, and on 1 December 2021 (the "**Maturity Date**"). Payments on the Bonds will be made without deduction or withholding for or on account of taxes to the extent described under "*Terms and Conditions of the Bonds - Taxation*".

The Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations（國家發展改革委關於推進企業發行外債備案登記制管理改革的通知（發改外資[2015]2044號））(the "**NDRC Circular**") issued by the National Development and Reform Commission of the PRC ("**NDRC**") and effective 14 September 2015 and any implementation rules as issued by the NDRC from time to time, the Issuer has registered the issuance of the Bonds with NDRC and obtained a certificate from NDRC on 9 March 2018 (as amended on 13 December 2018) evidencing such registration. The Issuer undertakes (i) to file or cause to be filed with the NDRC the requisite information and documents in accordance with the NDRC Circular within ten Registration Business Days (as defined in the terms and conditions of the Bonds (the "**Conditions**")) after the Issue Date (the "**NDRC Post-issue Filing**") and (ii) to comply with all applicable PRC laws and regulations in connection with the Bonds, including but not limited to the NDRC Post-issue Filing and the SAFE Registration (as defined below).

The Issuer undertakes that it will (i) within 15 Registration Business Days after the Issue Date, register or cause to be registered with the State Administration of Foreign Exchange (the "**SAFE**") the issue of the Bonds (the "**SAFE Registration**") in accordance with the applicable law, regulations and implementation rules issued by SAFE and other competent authorities in the PRC from time to time, and (ii) use its best endeavours to complete the SAFE Registration and obtain a registration record from SAFE on or before the Registration Deadline (being the day falling 60 Registration Business Days after the Issue Date).

The PRC Government (including the Chongqing Municipal Government and the Chongqing Municipal Government Finance Bureau) (each as defined herein) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer. See *"Risk Factors – The PRC Government is not contractually obliged to repay any amount under the Bonds or the Trust Deed if the Issuer fails to meet its obligations under the Bonds"*. Unless previously redeemed, or purchased and cancelled, the Issuer will redeem each Bond at its principal amount on the Maturity Date.

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time at 100 per cent. of their principal amount (together with any interest accrued to but excluding the date fixed for redemption) if the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 of the Conditions as a result of any change in, or amendment to, the laws or regulations of the relevant jurisdictions, as further described in Condition 6(b) of the Conditions. Following the occurrence of a Relevant Event (as defined in the Conditions), the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds at their principal amount (together with accrued interest to (but excluding) the Put Settlement Date (as defined in the Conditions)).

If a Pre-funding Failure Notice (as defined in the Conditions) is given to the holders of the Bonds (the "**Bondholders**") in accordance with the Conditions, the Bonds shall be redeemed in whole, but not in part, at their principal amount on the Interest Payment Date (as defined in the Conditions) immediately falling after the date the Pre-funding Failure Notice is given to the Bondholders (the "**Mandatory Redemption Date**"), together with accrued interest accrued to, but excluding, the Mandatory Redemption Date. See "*Terms and Conditions of the Bonds – Redemption and Purchase*".

The Bonds will be issued in specified denominations of S$250,000 and integral multiples of S$250,000 in excess thereof. For a more detailed description of the Bonds, see "*Terms and Conditions of the Bonds*" beginning on page 45.

Investing in the Bonds involves certain risks. See "*Risk Factors*" beginning on page 16 for a discussion of certain factors to be considered in connection with an investment in the Bonds.

The Bonds and the Standby Letter of Credit have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States or to any U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds, the Standby Letter of Credit and the distribution of this Offering Circular, see "*Subscription and Sale*" on page 112.

Approval in-principle has been received for the listing of and quotation for the Bonds on the official list of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission of the Bonds to the official list of the SGX-ST and quotation of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the the Issuer, the Group, its subsidiaries, its associated companies and the Bonds. The Bonds will be traded on the SGX-ST in a minimum board lot size of S$250,000 for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require. This Offering Circular is for distribution to professional investors only.

The Bonds are expected to be assigned a rating of "Baa2" by Moody's Investor Services, Inc. ("**Moody's**"). A suspension, reduction or withdrawal of the rating assigned to the Bonds may adversely affect the market price of the Bonds. There can be no assurance that the rating will remain in effect for any given period or that the rating will not be revised by such rating agency in the future if in their judgment circumstances so warrant. The rating does not constitute a recommendation to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Such rating should be evaluated independently of any other rating of the other securities of the Issuer or the LC Bank.

The Bonds will be initially evidenced by interests in a global certificate (the "**Global Certificate**") in registered form which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, definitive certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

Haitong International | **Standard Chartered Bank** | **Guotai Junan International**

Joint Lead Managers and Joint Bookrunners

Shanghai Pudong Development Bank Hong Kong Branch | **CLSA** | **Ping An of China Securities (Hong Kong) Company Limited** | **China CITIC Bank International**

Financial Adviser

Chongqing Yufu (Hong Kong)

PRC Advisers

Chongqing Rural Commercial Bank | **Hua Xia Bank Chongqing Branch** | **Shanghai Pudong Development Bank Chongqing Branch**

Offering Circular dated 25 January 2019

NOTICE TO INVESTORS

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR THE SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES IN ANY JURISDICTION TO ANY PERSON IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OR ANY OF ITS SUBSIDIARIES OR THAT THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

The Issuer confirms that (i) this Offering Circular contains all information with respect to the Issuer and the Issuer's subsidiaries (together, the "**Group**"), the Standby Letter of Credit and the Bonds which is material in the context of the issue and offering of the Bonds (including the information which is required by applicable laws and according to the particular nature of the Issuer and the Bonds and is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and of the rights attaching to the Bonds and to the Standby Letter of Credit); (ii) the statements with respect to the Group, the Standby Letter of Credit and the Bonds contained in the Offering Circular are in every material particular true and accurate and not misleading; (iii) the opinions and intentions with respect to the Issuer, the Group and its affiliates expressed in the Offering Circular are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Group, the Standby Letter of Credit and the Bonds, the omission of which would, in the context of the issue and offering of the Bonds make any statement in this Offering Circular misleading; (v) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements; and (vi) the statistical, industry and market-related data, statements and data with respect to the LC Bank and forward-looking statements included in this Offering Circular, are based on or derived or extracted from sources which the Issuer believes to be accurate and reliable in all material respects.

This Offering Circular has been prepared by the Issuer solely for use in connection with the proposed offering of the Bonds and the Standby Letter of Credit described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of Haitong International Securities (Singapore) Pte. Ltd., Standard Chartered Bank, Guotai Junan Securities (Hong Kong) Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, CLSA Limited, Ping An of China Securities (Hong Kong) Company Limited and China CITIC Bank International Limited (each, a "**Manager**", and together, the "**Managers**") to subscribe for or purchase any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, the PRC, Hong Kong, Singapore and Japan and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds, and distribution of this Offering Circular, see "*Subscription and Sale*". By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Bonds. Distribution of this Offering Circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of any part of this Offering Circular or any documents referred to in this Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Group, the LC Bank, the Bonds or the Standby Letter of Credit other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Trustee, the Agents (each as defined in "*Terms and Conditions of the Bonds*"), the Issuer or the Managers or their respective affiliates, directors, officers, employees, agents, representatives or advisors. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Group or the LC Bank since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors to subscribe for or purchase the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

None of the Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors has independently verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted, by the Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors, as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Bonds. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the LC Bank, the Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors that any recipient of this Offering Circular should purchase the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on the Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer and Group and the merits and risks involved in investing in the Bonds. See "*Risk Factors*".

To the fullest extent permitted by law, none of the Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors accepts any responsibility for the contents of this Offering Circular and they assume no responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors or on their behalf in connection with the Issuer, the Group or the issue and offering of the Bonds or the giving of the Standby Letter of Credit. Each of the Managers, the Trustee, the Agents and their respective affiliates, directors, officers, employees, agents, representatives or advisors accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors undertakes to review the results of operations, financial condition or affairs of the Issuer, the Group or the LC Bank during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Managers, the Trustee, the Agents or their respective affiliates, directors, officers, employees, agents, representatives or advisors.

IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY MANAGER APPOINTED AND ACTING IN ITS CAPACITY AS STABILISING MANAGER (IN SUCH CAPACITY, THE "STABILISING MANAGER") OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND REGULATIONS, AND DIRECTIVES, OVER-ALLOT AND EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL, BUT IN DOING SO THE STABILISING MANAGER OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER SHALL ACT AS PRINCIPAL AND NOT AS AGENT OF THE ISSUER. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR ANY PERSON ACTING ON ITS BEHALF) WILL UNDERTAKE ANY STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. ANY LOSS RESULTING FROM OVER-ALLOTMENT AND STABILISATION WILL BE BORNE, AND ANY PROFIT ARISING THEREFROM SHALL BE BENEFICIALLY RETAINED, BY THE MANAGERS IN THE MANNER AGREED BETWEEN THEM.

Any of the Managers and/or their respective affiliates may purchase the Bonds for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). Furthermore, investors in the Bonds may include entities affiliated with the Group. Accordingly, references herein to the Bonds being offered should be read as including any offering of the Bonds to the Managers and/or their affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

In making an investment decision, each prospective investor must rely on its own examination of the Group and the terms of the Bonds, including, without limitation, the merits and risks involved. Each person receiving this Offering Circular is advised to read and understand the contents of this Offering Circular, including the financial statements and the related notes thereto, before investing in the Bonds. The Issuer has provided the information contained in this Offering Circular and has also relied on other identified sources. Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisors as needed to make its investment decision and determine whether it is legally able to purchase the Bonds under applicable laws or regulations.

*Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

Industry and Market Data

Market data and certain industry forecasts and statistics used throughout this Offering Circular have been obtained from, among other sources, internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources that the Issuer considers reliable and accurate but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified by the Issuer, the Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors, and none of the Issuer, the Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors makes any representation as to the correctness, accuracy or completeness of such information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified.

Presentation of Financial Information

This Offering Circular contains the summary consolidated financial information of the Group as at and for the years ended 31 December 2015, 2016 and 2017 and for the six months ended 30 June 2017 and 2018. The summary consolidated financial information of the Group as at and for the years ended 31 December 2015, 2016 and 2017 has been extracted from the audited consolidated financial statements of the Group as at and for the years ended 31 December 2016 and 2017 (the "**Historical Financial Statements**"). The summary consolidated financial information of the Group as at and for the six months ended 30 June 2017 and 2018 has been extracted from the Group's unaudited but reviewed consolidated interim financial statements as at and for the six months ended 30 June 2018 (the "**Interim Financial Statements**" and together with the Historical Financial Statements, the "**Group's Financial Statements**"). The Group's Financial Statements were prepared in accordance with the Accounting Standards for Business Enterprises (the "**China Accounting Standards**" or "**PRC GAAP**"). The China Accounting Standards or PRC GAAP differs in certain material respects from International Financial Reporting Standards (the "**IFRS**"). For a discussion of certain differences between PRC GAAP and IFRS, please see "*Description of Certain Differences between PRC GAAP and IFRS*".

The audited consolidated financial statements of the Group as at and for the year ended 31 December 2016 have been audited by Union Power Certified Public Accountants (Special general partnership), the predecessor of Mazars Certified Public Accountants LLP ("**Mazars**"). The audited consolidated financial statements of the Group as at and for the year ended 31 December 2017 have been audited by Mazars, the independent auditor of the Group. The Interim Financial Statements have been reviewed but not audited by Mazars. As a result, potential investors should be aware that the Interim Financial Statements may not provide the same quality of information as may be the case if the Interim Financial Statements had been subject to an audit. None of the Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors makes any representation or warranty, express or implied, regarding the sufficiency of the Interim Financial Statements for an assessment of, and potential purchasers must exercise caution when using such data to evaluate the Group's financial condition and results of operations. The Historical Financial Statements and the Interim Financial Statements should not be taken as an indication of the Group's expected financial condition or results of operations for the full financial year ending 31 December 2018.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

In this Offering Circular, references to the "**Issuer**" or the "**Company**" are to Chongqing Banan Economic Park Development & Construction Co., Ltd. (重慶巴南經濟園區建設實業有限公司) and all references to the "**Group**" are to the Company and its subsidiaries as a whole.

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the "**PRC**" and "**China**" are to the People's Republic of China (excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan); all references to the "**United States**" and "**U.S.**" are to the United States of America, all references to "**PRC Government**" are to the People's Government of the PRC including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof, or where the context requires, any of them; and all references to "**Chongqing Municipal Government**" are to Chongqing Municipal People's Government; all references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China; all references to "**Renminbi**" and "**RMB**" are to the lawful currency of the PRC; all references to "**USD**", "**U.S.$**" and "**U.S. dollars**" are to the lawful currency of the United States of America; and and all references to "**S$**" and "**Singapore dollars**" are to Singapore dollars, the official currency of the Republic of Singapore ("**Singapore**"). Historical amounts translated into Renminbi have been translated at historical rates of exchange. Such translations should not be construed as representations that the amounts referred to herein could have been or could be converted into Renminbi at those rates or any other rate at all.

The Group prepared and published its financial statements in Renminbi. Unless otherwise stated in this Offering Circular, all translations from Renminbi amounts to U.S. dollars were made at the rate of RMB6.6171 to US$1.00, the noon buying rate in Renminbi as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 29 June 2018, and all translations from Singapore dollars to U.S. dollars were made at the rate of S$1.3626 to US$1.00, the noon buying rate in Singapore dollars as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 29 June 2018. Further information regarding exchange rates is set forth in "*Exchange Rate Information*" in this Offering Circular. All such translations in this Offering Circular are provided solely for your convenience and no representation is made that any U.S. dollar, Renminbi, or Singapore dollar amounts have been, could have been or could be converted into U.S. dollars, Renminbi or Singapore dollars, as the case may be, at any particular rate, at the rate stated above, or at all.

In this Offering Circular, where information has been presented in thousands, millions or billions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables or figures shown as totals may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations or transliterations of their Chinese names and are included for identification purposes only. In the event of any inconsistency, the Chinese name prevails.

FORWARD-LOOKING STATEMENTS

The Issuer has made certain forward-looking statements in this Offering Circular. All statements other than statements of historical facts contained in this Offering Circular constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms, such as "anticipate", "target", "believe", "can", "could", "estimate", "expect", "aim", "intend", "may", "plan", "will", "would" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition and results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include but are not limited to statements as to the business strategy, revenue and profitability, planned projects and other matters as they relate to the Issuer and/or the Group discussed in this Offering Circular regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this Offering Circular (whether made by the Issuer or by any third party) involve known and unknown risks, including those disclosed under the section titled "*Risk Factors*", uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

These forward-looking statements speak only as at the date of this Offering Circular. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any of the opinions or forward-looking statements contained or expressed in this Offering Circular to reflect any change in the Group's expectations with regard thereto or any new information, change of events, conditions or circumstances, on which any such opinion or statement was based.

The factors that could cause the actual results, performances and achievements of the Issuer, the Group or any member of the Group to be materially different include, among others:

- the Group's ability to successfully implement its business plans and strategies;
- various business opportunities that the Group may pursue;
- the Group's financial condition, performance and business prospects;
- the Group's capital expenditure plans and its ability to carry out those plans;
- the Group's access to and cost of capital and financing;
- changes in the competitive landscape in the industries where the Group operates;
- any changes in the laws, rules and regulations of the PRC Government and Chongqing Municipal Government and the rules, regulations and policies of the relevant governmental authorities relating to the Group's business;
- global political and economic conditions, including those related to the PRC;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operates;
- macroeconomic measures taken by the PRC Government to manage economic growth; and
- other factors, including those discussed in "*Risk Factors*".

The Issuer does not undertake any obligation to update or revise publicly any of the opinions or forward-looking statements expressed in this Offering Circular as a result of any new information, future events or otherwise.

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SUMMARY

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read this Offering Circular in its entirety, including the section entitled "Risk Factors", before making an investment decision.

OVERVIEW

The Group is a major investment, financing, asset and project management platform in the Banan Economic Zone, and is a state-owned enterprise wholly owned by the Banan Finance Bureau. It plays an important role in the development of the Banan Economic Zone, one of the district-level economic zones in China. The Group's strategic positioning and its state-owned background give it advantages and resources to fulfil its business mission. Since its establishment in 2007, the Issuer has been engaged in many projects to increase the urbanisation and commercial attractiveness of the Banan Economic Zone, involving primary land development such as construction of roads, tunnels and river improvement as well as infrastructure construction.

The total planning area of the Banan Economic Zone amount to 46.36 square kilometres and consists of five main areas, namely Huaxi, Jieshi, Tianming, Jinzhu and Lujiao. Each area contains a cluster of enterprises within certain key industries. The table below sets out the key industries within each area of the Banan Economic Zone:

Area	**Key industry**
Huaxi	Auto manufacturing, textile and garment manufacturing
Jinzhu	Automobile, printing
Jieshi	Consumers electronics
Tianming	Automobile and automobile accessories manufacturing industry
Lujiao	Financial service outsourcing, modern service

Focusing its business operations in the Banan Economic Zone, the Group is primarily engaged in the business of primary land development, infrastructure construction and other businesses such as the construction, operation, rental and sale of standardised manufacturing facilities.

As at 30 June 2018, the Issuer has a paid-in capital of RMB537.55 million and total assets of approximately RMB21.83 billion. For the years ended 31 December 2015, 2016, 2017, and the six months ended 30 June 2018, the Issuer reported a total operating revenue of approximately RMB1,087.53 million, RMB1,098.23 million, RMB947.68 million, and RMB45.76 million, respectively.

The Group is primarily engaged in primary land development and the construction of infrastructure within the Banan Economic Zone. In addition, it also constructs standardised manufacturing facilities within the Banan Economic Zone and operates, leases or sells the standardised manufacturing facilities to enterprises within the Banan Economic Zone.

The following table sets forth a breakdown of the Group's total operating revenue from each business segment in absolute amount and as a percentage of its total operating revenue for the periods indicated:

Business segment	For the year ended 31 December						For the six months ended 30 June	
	2015 (RMB'000) *(Audited)*	%	2016 (RMB'000) *(Audited)*	%	2017 (RMB'000) *(Audited)*	%	2018 (RMB'000) *(Unaudited)*	%
Primary land development	453,904.60	41.74	742,243.00	67.59	617,226.27	65.13	36,310.27	79.35
Infrastructure construction	617,290.71	56.76	346,086.33	31.51	311,561.57	32.88	–	–
Other businesses	16,337.55	1.50	9,902.96	0.90	18,891.79	1.99	9,446.57	20.65
Total operating revenue	1,087,532.86	100	1,098,232.29	100	947,679.03	100	45,756.83	100

COMPETITIVE STRENGTHS

The Group believes that its competitive strengths outlined below are important to its success and future development:

- the group benefits from Chongqing's and Banan's strategic location;
- strong support from the Chongqing Municipal Government to develop the land and infrastructure in the Banan Economic Zone;
- steady revenue stream from its agreements entered into by the Issuer with the People's Government of Banan;
- abundant land reserves for future project development with large growth potential in property value;
- strong financing capability with a sound and stable credit position; and
- comprehensive and systematic business operation model led by an experienced management team.

BUSINESS STRATEGIES

The Group intends to implement the following strategies, which the Group believes will help it further increase its business scale, results of operations and profitability:

- continue and expand on basic infrastructure projects in the Banan District;
- ramp up on the construction of standardised manufacturing facilities and promote structural reorganisations and upgrades to different industrial zones within the Banan Economic Zone to enhance the commercial attractiveness of the zone;
- adhere to prudent financial management policies with stringent risk control;
- explore new financing channels; and
- further enhance management capability and improve corporate governance structure.

THE OFFERING

The following is a brief summary of the offering and is qualified in its entirety by the remainder of this Offering Circular. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in "Terms and Conditions of the Bonds" and "Summary of Provisions Relating to the Bonds in Global Form" shall have the same meanings in this summary. For a more complete description of the terms and conditions of the Bonds, see "Terms and Conditions of the Bonds" in this Offering Circular.

Issuer	Chongqing Banan Economic Park Development & Construction Co., Ltd. (重慶巴南經濟園區建設實業有限公司).
LC Bank	Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch.
The Bonds	S$150,000,000 aggregate principal amount of 4.35 per cent. credit enhanced Bonds due 2021.
Issue Price	100.005 per cent.
Form and Denomination	The Bonds will be issued in registered form in specified denominations of S$250,000 and integral multiples of S$250,000 in excess thereof.
Issue Date	1 February 2019.
Maturity Date	1 December 2021.
Interest	The Bonds will bear interest on their outstanding principal amount from and including 1 February 2019, at the rate of 4.35 per cent. per annum, payable semi-annually in arrear on 1 February and 1 August in each year, commencing from 1 August 2019, and on the Maturity Date.
Standby Letter of Credit	The Bonds will have the benefit of the Standby Letter of Credit which is issued in favour of the Trustee, on behalf of itself and the holders of the Bonds, by the LC Bank. The Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Standby Letter of Credit on behalf of itself and the holders of the Bonds upon the presentation of a demand by authenticated SWIFT (or otherwise as permitted under the Standby Letter of Credit) sent by the Trustee or an agent of the Trustee to the LC Bank in accordance with the Standby Letter of Credit (a "**Demand**") stating that (i) the Issuer has failed to comply with Condition 2(c) of the Conditions in relation to pre-funding the amount that is required to be pre-funded under these Conditions and/or has failed to provide the Required Confirmations in accordance with Condition 2(c) of the Conditions; or (ii) an Event of Default) has occurred and the Trustee has given notice to the Issuer that the Bonds are immediately due and payable in accordance with Condition 9 *(Events of Default)*; or (iii) the Issuer has otherwise failed to pay the fees, expenses and other amounts payable by it under or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds when due and such failure has continued for a period of seven days from the date of the Trustee delivering its demand therefor to the Issuer.

Only one drawing is permitted under the Standby Letter of Credit. Such drawing on the Standby Letter of Credit will be payable to or to the order of the Trustee at the time and to the account specified in the Demand presented to the LC Bank. Payments received by the Trustee in respect of a Demand will be deposited into the LC Proceeds Account (as defined in the Conditions).

The payment made under the Standby Letter of Credit in respect of any amount payable under these Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds shall, to the extent of the drawing paid to or to the order of the Trustee, satisfy the obligations of the Issuer in respect of such amount payable under these Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds.

The LC Bank's liability under the Standby Letter of Credit shall be expressed and payable in Singapore dollars and shall not exceed S$154,262,500, representing only (i) the aggregate principal amount of the Bonds plus interest payable for one Interest Period (as defined in Condition 5 (*Interest*)) and (ii) S$1,000,000 for any fees, costs, expenses and other amounts payable by the Issuer under or in connection with the Bonds, the Trust Deed and/or the Agency Agreement. The Standby Letter of Credit takes effect from the Issue Date and shall remain valid and in full force until 5:00 p.m. (Hong Kong time) on 1 January 2022 unless extended in accordance with its terms.

See "*Terms and Conditions of the Bonds – Status, Standby Letter of Credit and Pre-funding*" and "*Appendix – Form of Irrevocable Standby Letter of Credit*".

Pre-funding . . . . In order to provide for the payment of any amount in respect of the Bonds and any amount payable under the Agency Agreement, the Trust Deed and/or any other transaction document relating to the Bonds (the "**Relevant Amount**") as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by no later than the Banking Day (the "**Pre-funding Date**") falling thirteen Banking Days prior to the due date for such payment:

(i) unconditionally pay or procure to be paid the Relevant Amount into the Pre-funding Account (as defined in the Conditions); and

(ii) deliver to the Trustee and the Principal Paying Agent by facsimile (X) a Payment and Solvency Certificate signed by any Authorised Signatory, and (Y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the Pre-funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (London time) on the second Banking Day preceding the due date for such payment (together, the "**Required Confirmations**").

If the Trustee does not receive the Required Confirmations by 10:00 a.m. (Hong Kong time) on the Banking Day immediately following the Pre-funding Date (a "**Pre-funding Failure**"), the Trustee shall:

(i) as soon as practicable, and in any event not later than 5:00 p.m. (Hong Kong time) on the Banking Day immediately following the Pre-funding Date, notify the LC Bank and the LC Proceeds Account Bank by facsimile of the occurrence of the Pre-funding Failure; and

(ii) by no later than 11:00 a.m. (Hong Kong time) on the second Banking Day following the Pre-funding Date issue a Demand to the LC Bank for the aggregate principal amount of all of the Bonds then outstanding, together with interest accrued to but excluding the Mandatory Redemption Date (as defined in Condition 6(d) *(Mandatory Redemption upon Pre-funding Failure)* of the Conditions) and all fees and expenses of the Trustee then outstanding,

provided that, subject to and in accordance with the terms of the Standby Letter of Credit, the Trustee need not physically present the Standby Letter of Credit to the LC Bank and shall be entitled to draw on the Standby Letter of Credit by way of a Demand by authenticated SWIFT sent on its behalf.

"**Banking Day**" means a day (other than a Saturday or a Sunday or a public holiday) on which banks are open for business in Beijing, Singapore, London and Hong Kong;

Status of the Bonds . . . . The Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law and regulations, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Events of Default . . . . The Bonds will contain certain events of default as further described in Condition 9 (*Events of Default*) of the Conditions.

Taxation	All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. Where such withholding or deduction is made by or within the PRC up to and including the aggregate rate applicable on 25 January 2019 (the "**Applicable Rate**"), the Issuer will increase the amounts paid by it to the extent required so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required. If the Issuer is required to make a deduction or withholding by or within the PRC in excess of the Applicable Rate, the Issuer shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in the circumstances set out in Condition 8 (*Taxation*) of the Conditions.
Final Redemption.	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.
Redemption for Taxation Reasons	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders which shall specify the date for redemption and the method by which payment shall be made to the Bondholders in accordance with Condition 16 (*Notices*) of the Conditions (which shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at 100 per cent. of their principal amount (together with any interest accrued to but excluding the date fixed for redemption), if the Issuer satisfies the Trustee immediately prior to the giving of such notice, that: (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 *(Taxation)* of the Conditions as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 25 January 2019; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

Redemption for Relevant Events . Following the occurrence of a Relevant Event, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Put Settlement Date at their principal amount, in each case together with any interest accrued to but excluding the relevant Put Settlement Date, as further described in Condition 6(c) (*Redemption for Relevant Events*) of the Conditions.

A "**Change of Control**" occurs when:

(i) (a) the Chongqing Municipal Government Finance Bureau, (b) the Chongqing Municipal Government and/or (c) any other Person Controlled by the Chongqing Municipal Government Finance Bureau and/or the Chongqing Municipal Government, together cease to hold or own directly or indirectly 100 per cent. of the issued share capital of the Issuer; or

(ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to one or more Persons other than (a) the Chongqing Municipal Government Finance Bureau, (b) the Chongqing Municipal Government and (c) any other Person Controlled by the Chongqing Municipal Government Finance Bureau and/or the Chongqing Municipal Government;

"**Control**" means (i) the ownership or control of 100 per cent. of the voting rights of the issued share capital of a Person or (ii) the right to appoint and/or remove all or the majority of the members of a Person's board of directors or other governing body, in each case whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; the term "**Controlled**" has meanings correlative to the foregoing;

Mandatory Redemption upon Pre-Funding Failure . . . . The Bonds shall be redeemed at their principal amount on the Interest Payment Date immediately falling after the date the Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 2(c) of the Conditions (the "**Mandatory Redemption Date**"), together with interest accrued to, but excluding, the Mandatory Redemption Date.

Further Issues	The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all material respects (or in all respects save for the first payment of interest on them and the timing for making and completing the NDRC Post-issue Filing and the SAFE Registration and the related notifications) and so that the same shall be consolidated and form a single series with the outstanding Bonds, *provided that* any Rating Agency providing a rating on the Bonds pursuant to Condition 4(f) (*Ratings*) has been informed by the Issuer of such issue and confirms that such issue will not result in any change in the then credit rating of the Bonds, a further or supplemental or replacement standby letter of credit is issued by the LC Bank (or an amendment is made to the Standby Letter of Credit) on terms that are substantially similar to the Standby Letter of Credit (including that the stated amount of such further or supplemental standby letter of credit is at least equal to the principal of and an amount equal to the interest payment which is or would be due for an entire Interest Period on such further securities) and such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed. See "*Terms and Conditions of the Bonds – Further Issues*"
Trustee	Citicorp International Limited.
Registrar, Principal Paying Agent and Transfer Agent.	Citibank, N.A., London Branch.
LC Proceeds Account Bank and Pre-funding Account Bank . . .	Citibank, N.A, Hong Kong Branch.
Clearing Systems	The Bonds will be initially evidenced by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in this Offering Circular, certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
Clearance and Settlement	The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 192194547 and International Securities Identification Number XS1921945470.
Notices and Payment	So long as the Bonds are evidenced by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream and/or an Alternative Clearing System, notices to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and/or Clearstream and/or the Alternative Clearing System, as applicable, for communication by it to entitled accountholders, in substitution for notification as required by the Conditions.

Governing Law	English law.
Rating.	The Bonds are expected to be assigned a rating of "Baa2" by Moody's. A securities rating does not constitute a recommendation to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Use of Proceeds	See "*Use of Proceeds*".
Listing	Approval in-principle has been received for the listing of and quotation for the Bonds on the official list of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission of the Bonds to the official list of the SGX-ST and quotation of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the the Issuer, the Group, its subsidiaries, its associated companies and the Bonds. The Bonds will be traded on the SGX-ST in a minimum board lot size of S$250,000 for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require. For so long as the Bonds are listed and quoted on the SGX-ST and the rules of the SGX-ST so require, the Issuer will appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption, in the event that a Global Certificate is exchanged for definitive certificates. In addition, in the event that a Global Certificate is exchanged for definitive certificates, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive certificates, including details of the paying agent in Singapore.

A SUMMARY OF PAYMENT ARRANGEMENTS ON EACH SCHEDULED DUE DATE UNDER THE BONDS

The following diagram sets forth a summary of the pre-funding arrangements under the Bonds and the drawing arrangements in respect of the Standby Letter of Credit on each scheduled due date under the Bonds. The following diagram is not intended to be comprehensive. This diagram should be read in conjunction with "Terms and Conditions of the Bonds", the Trust Deed and the Agency Agreement referred to therein and "Appendix – Form of Irrevocable Standby Letter of Credit". Words and expressions defined in the "Terms and Conditions of the Bonds" shall have the same meaning in this summary.

T-13 Banking Days
Pre-funding Date

- Issuer to unconditionally pay or procure to be paid the Relevant Amount into the Prefunding Account
- Issuer to deliver to the Trustee and the Principal Paying Agent the Required Confirmations[(1)]

T-12 Banking Days

- **By 10:00 a.m. (Hong Kong time)** on the Banking Day immediately following the Pre-funding Date, if the Trustee does not receive the Required Confirmations, the Trustee shall as soon as practicable, and no later than 5:00 p.m. (Hong Kong time) on the Banking Day immediately following the Pre-funding Date, notify the LC Bank and the LC Proceeds Account Bank by facsimile of the occurrence of the Pre-funding Failure

T-11 Banking Days

- If the Trustee does not receive the Required Confirmations by 10:00 a.m. (Hong Kong time) on the Banking Day immediately following the Pre-funding Date, the Trustee shall **by no later than 11:00 a.m. (Hong Kong time)** on the second Banking Day following the Pre-funding Date issue a Demand to the LC Bank for the aggregate principal amount of all of the Bonds then outstanding, together with interest accrued to, but excluding, the Mandatory Redemption Date and all fees and expenses of the Trustee then outstanding

T-4 Banking Days
SBLC Transfer Date

- **By 11:00 a.m. (Hong Kong time)** on the seventh Banking Day following receipt by the LC Bank of such Demand, the LC Bank pays the Trustee the amount in Singapore dollars specified in the Demand to the LC Proceeds Account if the LC Bank has received such Demand before or by **11:00 a.m. (Hong Kong time)** on the second Banking Day following the Pre-funding Date)[(2)]

T-2 Banking Days
Payment to Principal Paying Agent

- In the event the Trustee receives the Required Confirmations by 10:00 a.m. (Hong Kong time) on the Banking Day immediately following the Pre-funding Date, the Pre-funding Account Bank to pay the Relevant Amount paid into the Pre-funding Account on the Pre-funding Date in full to the Principal Paying Agent by **10:00 a.m. (London time)**

OR

- **By 10:00 a.m. (London time)**, the LC Proceeds Account Bank to pay to the Principal Paying Agent the proceeds of the Demand

T Bond
Payment Date

- Principal Paying Agent to pay funds into Euroclear/Clearstream for same day value on T for the benefit of the Bondholders
- If amounts have been drawn under the Standby Letter of Credit, the Bonds will be mandatorily prepaid at their principal amount, together with interest accrued to, but excluding, the Mandatory Redemption Date

Notes:

(1) The Required Confirmations consist of: (a) a Payment and Solvency Certificate signed by any Authorised Signatory, and (b) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the Pre-funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (London time) on the second Banking Day preceding the due date for such payment.

(2) If such Demand is received after 11:00 a.m. (Hong Kong time) on the second Banking Day immediately following the Pre-funding Date, the payment is to be made on the eighth Banking Day following receipt of such Demand.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA

The following tables present the Group's summary consolidated financial information and other data. The summary consolidated financial information of the Group as at and for the years ended 31 December 2015, 2016 and 2017 as set forth below has been derived from the Group's audited consolidated financial statements as at and for the years ended 31 December 2016 and 2017, which have been audited by Mazars and included elsewhere in this Offering Circular. The summary consolidated financial information of the Group as at and for the six months ended 30 June 2017 and 2018 as set forth below has been extracted from the Group's unaudited but reviewed consolidated interim financial statements as at and for the six months ended 30 June 2018, which have been reviewed but not audited by Mazars and included elsewhere in this Offering Circular.

The Group's Interim Financial Statements have not been audited. Information contained in or derived from these financial statements may change if an audit had been conducted. Such information may not provide the same quality as audited information, and caution must be exercised when using such information to evaluate the Group's financial condition and results of operations. Interim financial results do not indicate results expected for the full fiscal year.

The Group's Financial Statements have been prepared and presented in accordance with the PRC GAAP. PRC GAAP differs in certain material respects from IFRS. For a summary of the material differences, see "Summary of Certain Material Differences Between PRC GAAP and IFRS". Potential investors should read the following data together with the more detailed information contained in the Group's Financial Statements, including the notes thereto. The following data is qualified in its entirety by reference to all of that information.

Summary Consolidated Balance Sheet

	Year ended 31 December			As at 30 June
	2015	2016	2017	2018
	(RMB)	*(RMB)* *(Audited)*	*(RMB)*	*(RMB)* *(Unaudited)*
Current assets:				
Cash and cash equivalents	2,075,472,475.31	1,209,633,916.35	1,040,470,768.49	223,976,187.34
Accounts receivable	2,477,765,442.11	3,260,622,112.48	3,922,555,099.49	3,763,556,293.13
Prepayment	86,994,263.17	122,982,242.26	82,802,374.12	81,576,071.21
Other receivables	1,797,130,205.90	4,985,438,713.24	4,664,279,572.63	4,617,367,449.68
Inventory	7,645,761,010.93	8,535,825,194.05	8,886,491,480.83	9,280,471,476.75
Other current assets	–	2,449,378.04	10,958,962.54	14,859,345.92
Total current assets	**14,083,123,397.42**	**18,116,951,556.42**	**18,607,558,258.10**	**17,981,806,824.03**
Non-current assets:				
Available-for-sale financial assets	513,500,000.00	1,033,500,000.00	1,033,500,000.00	1,033,500,000.00
Long-term equity investment	50,228,035.09	54,389,048.77	54,791,919.10	54,791,919.10
Investment property	24,489,026.87	917,496,629.95	915,147,081.32	938,797,166.61
Fixed assets	907,235,871.28	9,992,628.18	9,000,445.58	8,544,268.66
Construction in progress	56,890,096.49	57,072,207.49	58,046,359.83	58,046,359.83
Long-term deferred expenses	233,334.70	–	–	–
Deferred tax assets	7,570,988.99	8,767,155.58	11,258,014.17	12,949,354.35
Other non-current assets	730,363,620.00	1,742,919,120.00	1,737,473,320.00	1,737,473,320.00
Total non-current assets	**2,290,510,973.42**	**3,824,136,789.97**	**3,819,217,140.00**	**3,844,102,388.55**
Total assets	**16,373,634,370.84**	**21,941,088,346.39**	**22,426,775,398.10**	**21,825,909,212.58**
Current liabilities:				
Short-term borrowings	126,560,000.00	80,000,000.00	–	148,000,000.00
Accounts payable	158,812,527.57	100,119,709.48	34,076,959.50	36,153,779.19
Advance from customers	242,784,600.00	180,326,400.00	180,326,400.00	183,456,400.00
Payroll payable	–	–	328,695.00	327,900.00
Taxes payable	145,948,734.07	166,794,877.25	187,048,525.96	191,656,120.03
Interests payable	42,438,111.12	92,754,577.78	90,149,022.22	–
Other payables	725,527,977.00	909,999,675.39	616,636,029.18	1,002,973,996.10
Non-current liabilities due within 1 year	2,525,900,000.00	1,531,967,973.98	1,533,738,095.24	693,038,095.24
Other current liabilities	30,000,000.00	10,382,589.95	19,729,436.95	19,729,436.95
Total current liabilities	**3,997,971,949.76**	**3,072,345,803.83**	**2,662,033,164.05**	**2,275,335,727.51**
Non-current liabilities:				
Long-term borrowings	2,125,390,000.00	4,518,774,404.76	8,138,779,754.28	7,996,360,706.66
Bonds payable	1,573,367,828.62	2,779,609,170.85	2,570,631,751.08	2,457,762,559.83
Other non-current liabilities	2,414,990,000.00	2,877,500,000.00	523,000,000.00	550,000,000.00
Total non-current liabilities	**6,113,747,828.62**	**10,175,883,575.61**	**11,232,411,505.36**	**11,004,123,266.49**
Total liabilities	**10,111,719,778.38**	**13,248,229,379.44**	**13,894,444,669.41**	**13,279,458,994.00**
Equity:				
Paid-in capital	537,552,100.00	537,552,100.00	537,552,100.00	537,552,100.00
Capital reserve	4,995,162,142.63	6,601,647,642.63	6,345,481,842.63	6,345,481,842.63
Surplus reserve	74,134,305.00	85,577,899.20	95,550,822.08	97,190,338.04
Retained earnings	655,066,044.83	768,081,753.99	853,746,315.41	866,226,047.16
Total equity attributable to owners of the parent company	6,261,914,592.46	7,992,859,395.82	7,832,331,080.12	7,846,450,327.83
Minority interests	–	699,999,571.13	699,999,648.57	699,999,890.75
Total equity	6,261,914,592.46	8,692,858,966.95	8,532,330,728.69	8,546,450,218.58
Total liabilities & equity	**16,373,634,370.84**	**21,941,088,346.39**	**22,426,775,398.10**	**21,825,909,212.58**

Summary Consolidated Income Statement

	For the year ended 31 December			For the six months ended 30 June	
	2015	2016	2017	2017	2018
	(RMB)	*(RMB)*	*(RMB)*	*(RMB)*	*(RMB)*
		(Audited)		*(Unaudited)*	
Operating revenue	**1,087,532,863.80**	**1,098,232,287.82**	**947,679,627.21**	**94,309,262.45**	**45,756,833.88**
Including: Sales revenue	1,071,195,311.61	1,088,329,331.67	947,679,627.21	94,309,262.45	45,756,833.88
Other operating revenue	16,337,552.19	9,902,956.15	–	–	–
Less: Operating costs	811,073,236.90	758,029,303.32	782,032,017.49	80,680,913.51	58,781,669.77
Including: Cost of sales	780,280,115.80	739,124,216.32	685,599,236.23	31,493,154.34	14,040,738.87
Other operating costs	30,793,121.10	18,905,087.00	–	–	–
Taxes and surcharges	1,810,477.12	3,044,564.68	11,037,558.51	4,807,042.91	5,004,335.73
Administrative expenses	34,967,756.18	29,472,764.70	25,332,753.89	12,355,852.40	10,397,575.63
Financial costs	38,218.58	50,486,231.75	43,456,744.93	24,434,781.75	18,063,418.33
Including: Interest expenses	–	–	–	24,062,103.26	18,064,511.94
Interest income	–	–	–	50,664.33	23,703.69
Impairment loss on assets	9,362,280.31	7,974,443.91	16,605,723.93	7,590,082.11	11,275,601.21
Investment income ("-" means loss)	-2,182,537.99	159,013.68	-67,129.67	–	–
Other income	–	–	125,309,500.00	50,000,000.00	50,615,100.00
Including:					
Government grants	–	–	125,309,500.00	50,000,000.00	50,615,100.00
Operating profit	**228,098,356.72**	**249,383,993.14**	**290,889,980.05**	**63,628,348.94**	**37,590,264.11**
Add: Non-operating income	85,546,969.66	147,237,275.20	269,485.72	–	–
Including:					
Government grants	85,530,700.00	147,211,355.00	–	–	–
Liquidated income	–	–	252,800.00	–	–
Others	16,269.66	25,920.20	16,685.72	–	–
Less: Non-operating expenses	190,805,778.17	264,108,315.86	177,922,628.36	44,637,902.18	20,577,491.11
Including:					
Support spending	–	–	–	–	300,000.00
Donation expenditures	7,105,000.00	4,505,000.00	5,000.00	–	–
Subsidy for the enterprises in Park	170,791,063.99	258,727,122.35	177,373,652.09	44,631,282.09	20,277,491.11
Overdue payments	12,750,116.68	–	542,976.27	5,620.09	–
Penalties	60,000.00	8,150.00	1,000.00	1,000.00	–
Others	99,597.50	868,043.51	–	–	–
Total profit	**122,839,548.21**	**132,512,952.48**	**113,236,837.41**	**18,990,446.76**	**17,012,773.00**
Less: Income tax expenses	18,426,262.23	20,194,577.99	17,599,275.67	3,092,868.58	2,893,283.11
Net profit	**104,413,285.98**	**112,318,374.49**	**95,637,561.74**	**15,897,578.18**	**14,119,489.89**
Classification in accordance with going concern					
Net profit from continuing operations	–	–	95,637,561.74	15,897,578.18	14,119,489.89
Classification in accordance with attribution					
Attributable to equity holders of the parent company	104,413,285.98	112,318,803.36	95,637,484.30	15,897,836.62	14,119,247.71
Minority interest	–	-428.87	77.44	–258.44	242.18
Total comprehensive income	**104,413,285.98**	**112,318,374.49**	**95,964,139.35**	**15,897,578.18**	**14,119,489.89**

Summary Consolidated Statement of Cash Flows

	Year ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	(RMB)	*(RMB)*	*(RMB)*	*(RMB)*	*(RMB)*
		(Audited)		*(Unaudited)*	
Cash flows from operating activities:					
Cash received from sales and services	382,948,933.44	253,237,370.01	294,644,129.64	63,026,183.92	171,371,299.96
Tax refunds	85,530,700.00	147,211,355.00	125,309,500.00	50,000,000.00	50,615,100.00
Other cash receipts relating to operating activities	118,094,877.86	159,104,395.87	173,183,755.92	177,013,197.88	76,789,896.92
Sub-total cash inflows from operating activities	586,574,511.30	559,553,120.88	593,137,385.56	290,039,381.80	298,776,296.88
Cash paid for goods and services	1,396,223,557.61	1,054,314,595.63	550,342,917.98	377,827,679.53	69,405,288.26
Cash paid to and on behalf of employees	15,965,999.46	14,010,787.42	14,710,174.46	7,384,774.09	6,730,654.93
Payment of taxes and surcharges	37,997,812.95	9,088,995.70	11,930,205.35	5,305,133.78	5,520,700.07
Other cash payments relating to operating activities	821,195,625.83	788,847,671.53	468,607,009.46	77,875,705.28	22,857,371.94
Sub-total cash outflows from operating activities	2,271,382,995.85	1,866,262,050.28	1,045,590,307.25	468,393,292.68	104,514,015.20
Net cash flows from operating activities	**-1,684,808,484.55**	**-1,306,708,929.40**	**-452,452,921.69**	**-178,353,910.88**	**194,262,281.68**
Cash flows from investing activities:					
Cash receipts from withdraw of investments	30,000,000.00	–	–	–	–
Cash received from investment income	571,212.57	–	100,000.00	–	–
Other cash receipts relating to investing activities	–	–	200,000,000.00	94,000,000.00	610,000,000.00
Sub-total cash inflows from investing activities	30,571,212.57	–	200,100,000.00	94,000,000.00	610,000,000.00
Cash paid for fixed assets, intangible assets and other long-term assets	200,350,763.63	15,472,813.56	17,678,963.06	14,567,452.67	34,875,290.28
Cash payments for investments	530,000,000.00	524,002,000.00	570,000.00	–	–
Other cash payments relating to investing activities	–	2,300,000,000.00	–	–	50,000,000.00
Sub-total cash outflows from investing activities	730,350,763.63	2,839,474,813.56	18,248,963.06	14,567,452.67	84,875,290.28
Net cash flows from investing activities	**-699,779,551.06**	**-2,839,474,813.56**	**181,851,036.94**	**79,432,547.33**	**525,124,709.72**
Cash flows from financing activities:					
Cash proceeds from investments by others	1,700,000,000.00	1,500,000,000.00	–	–	–
Including:					
Cash received from borrowings	2,690,660,000.00	5,409,944,725.00	4,830,000,000.00	4,130,000,000.00	218,000,000.00
Other cash receipts relating to financing activities	2,863,230,000.00	2,623,540,000.00	122,769,000.00	–	320,000,000.00
Sub-total cash inflows from financing activities	7,253,890,000.00	7,730,944,725.00	4,952,769,000.00	4,130,000,000.00	538,000,000.00
Cash repayments for debts	1,804,016,000.00	2,426,698,095.24	2,241,771,535.24	1,733,909,047.62	477,619,047.62
Cash payments for distribution of dividends, profit and interest expenses	474,790,149.18	496,849,900.71	667,151,992.81	319,924,092.24	315,073,736.60
Including:					
Other cash payments relating to financing activities	1,945,887,579.52	1,552,818,908.98	1,848,406,489.76	819,147,467.40	721,188,269.01
Sub-total cash outflows from financing activities	4,224,693,728.70	4,476,366,904.93	4,757,330,017.81	2,872,980,607.26	1,513,881,053.23
Net cash flows from financing activities	**3,029,196,271.30**	**3,254,577,820.07**	**195,438,982.19**	**1,257,019,392.74**	**-975,881,053.23**
Effect of foreign exchange rate changes on cash and cash equivalents	**–**	**767,363.93**	**-245.30**	**-80.15**	**-519.32**
Net increase in cash and cash equivalents	644,608,235.69	-890,838,558.96	-75,163,147.86	1,158,097,949.04	-256,494,581.15
Add: Opening balance of cash and cash equivalents	751,864,239.62	1,396,472,475.31	505,633,916.35	505,633,916.35	430,470,768.49
Closing balance of cash and cash equivalents	**1,396,472,475.31**	**505,633,916.35**	**430,470,768.49**	**1,663,731,865.39**	**173,976,187.34**

Selected Other Financial Data

	Year ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	(RMB (except percentages))			*(RMB (except percentages))*	
EBITDA[1]	144,486,188.87	225,080,012.75	193,836,342.41	56,091,971.80	48,154,947.86
EBITDA Margin	13.29%	20.49%	20.45%	59.48%	105.24%
Total indebtedness[2]/EBITDA	60.67	52.37	65.86	240.38	245.98
Total current indebtedness[3]/Total indebtedness	30.26%	13.67%	12.01%	11.37%	7.10%
Total current assets[4]/Total current liabilities[5]	352.26%	588.74%	699.00%	244.85%	790.29%
Total capitalisation[6]	15,028,122,421.08	20,480,710,516.54	21,298,480,329.29	22,192,386,639.90	20,391,611,580.31
Total indebtedness/Total capitalisation	58.33%	57.56%	59.94%	60.76%	58.09%

Notes:

(1) EBITDA consists of net profit, taxation, interest expenses, depreciation and amortisation.

(2) Total indebtedness consists of short-term borrowings, non-current liabilities due within a year, long-term borrowings, bonds payable and other non-current liabilities.

(3) Total current indebtedness consists of short-term borrowings and non-current liabilities due within a year.

(4) Total current assets consists of cash and cash equivalents, accounts receivable, prepayment, other receivables, inventory and other current assets.

(5) Total current liabilities consists of short-term borrowings, accounts payable, advance from customers, payroll payable, taxes payable, interests payable, other payables, non-current liabilities due within a year and other current liabilities.

(6) Total capitalisation consists of total indebtedness and total shareholders equity.

RISK FACTORS

An investment in the Bonds is subject to a number of risks. Investors should carefully consider all of the information in this Offering Circular and, in particular, the risks described below, before deciding to invest in the Bonds. The following describes some of the significant risks relating to the Group, its business, the market in which the Group operates and the Bonds. Some risks may be unknown to the Issuer and other risks, currently believed to be immaterial, could in fact be material. Any of these could materially and adversely affect the business, financial condition, results of operations or prospects of the Group or the value of the Bonds. The Issuer believes that the risk factors described below represent the principal risks inherent in investing in the Bonds, but the ability of the Issuer to pay interest, principal or other amounts on or in connection with any Bonds may be affected by some factors that may not be considered as significant risks by the Issuer based on information currently available to them or which they are currently unable to anticipate. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Group could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Offering Circular.

The Issuer does not represent that the statements below regarding the risk factors are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

RISKS RELATING TO THE GROUP'S BUSINESS

The Group's business, results of operations, financial condition and prospects are heavily dependent on the level of economic development in Chongqing and China.

The Group primarily engages in primary land development and the construction of infrastructure within the Banan Economic Zone. Therefore, its business and prospects are heavily affected by the level of economic development of Chongqing and China, which has a material impact on the level of business activity within the Banan Economic Zone.

China's economy experienced rapid growth in the past 30 years. There had been a recent slowdown in the growth of China's GDP and this has raised concerns that the historic rapid growth of China's economy may not be sustainable. According to China's National Statistics Bureau, the growth rate of China's GDP for 2016 slowed to 6.7 per cent. on a year-on-year basis compared to the growth rate of 6.9 per cent. for 2015 and the growth rate of 7.3 per cent. for 2014. For the year ended 31 December 2017, China's GDP growth rate slightly increased to 6.9 per cent. In May 2017, Moody's changed China's long-term sovereign credit rating and foreign currency issuer ratings to A1 from Aa3. In September 2017, S&P Global Ratings also downgraded China's long-term sovereign credit rating to A+ from AA-, citing increasing economic and financial risks from a prolonged period of strong credit growth.

The national economic condition of China materially affects the regional economic condition of its regions. The level of economic development in China and Chongqing may not grow at their historical rates. Any slowdown in the economic development in Chongqing may affect the local government's city development plan, which may adversely affect the development of the Banan Economic Zone. This may have an adverse effect on the Group's business, financial condition, results of operations and prospects.

Delays or defaults in making the annual payments by the People's Government of Banan pursuant to the Master Agreement and the Supplemental Agreement may have a material adverse impact on the Group's results of operations, financial condition and cash flow.

The Group has historically developed most of its infrastructure projects under an agent construction business model pursuant to a master framework agency construction agreement it entered into with the People's Government of Banan on 10 June 2011 (the "**Master Agreement**") and a supplemental agency construction agreement entered into on 31 December 2015 (the "**Supplemental Agreement**"). Under the agent construction business model, the Group is engaged as a general contractor, instead of project owner, under which it acts as an agent for the People's Government of Banan to coordinate and procure financing necessary for the relevant infrastructure projects within the Banan Economic Zone. The Group is responsible for the financing of each project and will seek payment annually from the People's Government of Banan based on the construction progress of each individual project. This model generally causes the Group to incur substantial capital expenditures and increases the pressure on the Group's liquidity before the People's Government of Banan makes the annual payment pursuant to the Master Agreement and the Supplemental Agreement. As a result, the Group typically records significantly less revenue and profit during the first six months of a financial year.

The ability of the People's Government of Banan to perform its obligations under the Master Agreement and the Supplemental Agreement is affected by many factors that are beyond the Group's control, such as the People's Government of Banan's fiscal revenue and budgeting, as well as changes in PRC laws and regulations concerning the Group and its operations. In recent years, a number of policies and regulations have been released to control the rapid increase in local governments' debts in China, including some circulars aiming to insulate debts of the local governments' financing and investment platforms from government debts which are repaid with fiscal revenue. Those policies and regulations may limit the ability of the People's Government of Banan to use fiscal revenue to make annual payments to the Group for the projects developed or that will be developed pursuant to the Master Agreement and the Supplemental Agreement in the future. There are also uncertainties as to whether the enforceability of the Master Agreement and the Supplemental Agreement will be affected by any of those policies, regulations or circulars. Any delay or failure to make annual payments by the People's Government of Banan may cause constraints on the cash flow of the Group, increase the Group's liquidity risk and have a material adverse impact on its results of operations, financial condition and its ability to pay interest on the Bonds. See "*– PRC regulations on the administration of the financing platforms and debts of local governments may have a material impact on the Group's business and sources of financing*".

Delays or defaults in the payment of any land sold by the People's Government of Banan pursuant to the Land Use and Grant Supplemental Agreement may have a material adverse impact on the Group's results of operations, financial condition and cash flow.

As a means of attracting new capital and investment, the People's Government of Banan has implemented a preferential land grant policy for new enterprises within the Banan Economic Zone in respect of Industrial Lands (as defined below). Under the preferential land grant policy, new enterprises are granted preferential purchase prices for land within the Banan Economic Zone, either below the market price of the land or at the cost of developing the land. In this regard, in order to safeguard the interests of the Issuer, and for the periods between 1 January 2016 to 31 December 2020, the Issuer has entered into a "Land Use and Grant Supplemental Agreement" 《土地使用權出讓補充協議》("**Land Use and Grant Supplemental Agreement**") with the People's Government of Banan under which the agreed market price per Mu of land is RMB450,000 ("**Agreed Market Price for Industrial Land**"). The People's Government of Banan will pay the Issuer the deficit in respect of any land sold below the Agreed Market Price for Industrial Land, and the Issuer will keep the profits of any land sold above the Agreed Market Price for Industrial Land.

The ability of the People's Government of Banan to perform its obligations under the Land Use and Grant Supplemental Agreement is affected by many factors that are beyond the Group's control, such as the People's Government of Banan's fiscal revenue, budgeting and changes in PRC laws and regulations concerning the Group and its operations. In recent years, a number of policies and regulations have been released to control the rapid increase in local governments' debts in China, including some circulars aiming to insulate debts of the local governments' financing and investment platforms from government debts which are repaid with fiscal revenue. Those policies and regulations may limit the ability of the People's Government of Banan to use fiscal revenue to pay for the projects the Group developed or will develop pursuant to the Land Use and Grant Supplemental Agreement in the future. There are also uncertainties as to whether the enforceability of the Land Use and Grant Supplemental Agreement will be affected by any of those policies, regulations or circulars. Any delay or failure to make payment in respect of any land sold by the People's Government of Banan pursuant to the Land Use and Grant Supplemental Agreement may cause constraints on the cash flow of the Group, increase the Group's liquidity risk and have a material adverse impact on its results of operations, financial condition and its ability to serve the Bonds.

In addition, the above mentioned model of the People's Government of Banan paying the Agreed Market Price for Industrial Land to the Issuer may be contrary to the provisions of the Notice on Regulating Issues such as Land Banking and Fund Management (關於規範土地儲備和資金管理等相關問題的通知) jointly promulgated by the Ministry of Finance (the "**MOF**"), the Ministry of Land and Resources, the People's Bank of China (the "**PBOC**") and the China Banking Regulatory Commission (the "**CBRC**") issued on and with effect from 2 February 2016 ("**Circular 4**") which stipulates that the project undertaker or supplier shall strictly perform the contractual obligations, obtain remuneration according to the contracted amount, and the remuneration shall not be linked to the land use right transfer income. This non-compliance may adversely affect the validity of the operation contracts of the Issuer as well as materially and adversely affect the Group's business, financial condition, results of operations or prospects.

PRC regulations on the administration of the financing platforms and debts of local governments may have a material impact on the Group's business and sources of financing.

The Group's results of operations and financial condition may be heavily affected by changes in the regulation of the PRC Government concerning local government debts and the financing platforms of local governments. In September 2014, the State Council of the PRC released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (國務院關於加强地方政府性債務管理的意見) ("**Circular 43**") with an aim to control increasing local government debts and associated risks in the PRC's banking system. Circular 43 generally prohibits local governments to incur "off-balance" indebtedness to finance the development of government projects and other public interest projects with the proceeds of the borrowings incurred by financing platforms the relevant local governments own or control, such as the Issuer. The release of Circular 43 has changed the Group's financing and business model, especially in relation to its infrastructure development business. As a result of Circular 43, the Group should rely upon the cash flow generated from its operations and external borrowings to satisfy its cash needs for servicing its outstanding indebtedness and for financing its operating activities. See "*– Risks relating to the Bonds – The PRC Government is not contractually obliged to repay any amount under the Bonds or the Trust Deed if the Issuer fails to meet its obligations under the Bonds.*"

The MOF, together with the NDRC, the PBOC, the China Securities Regulatory Commission, the CBRC and the Ministry of Justice, released the Notice concerning Further Regulation of Local Government Borrowing and Financing Conduct (關於進一步規範地方政府舉債融資行為的通知) in April 2017 ("**Circular 50**") to emphasise the principles and policies set out in Circular 43.

The MOF issued Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知, 財金[2018]23號) ("**Circular 23**"), effective on 28 March 2018, which aims to increase the responsibility of PRC state-owned financial institutions to investigate into the financial independence and liquidity level of the local government financing vehicles that they assist in fundraising. On 11 May 2018, the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) ("**Circular 706**") was released which reiterates the PRC Government's position to isolate the debt of local government financing vehicles from the relevant local government and to control the increase of the local governments' debt. Circular 706 requires companies that plan to borrow medium and long-term foreign debt to establish a sound and standardized corporate governance structure, management decision-making mechanism and financial management system. It further requires that the assets owned by such companies should be of good quality and clear ownership and it is forbidden to use public interest assets to be included in corporate assets.

Assets including reserve land use rights and non-tolling pipe network facilities were injected into the Issuer's assets during the years 2012, 2015 and 2016, which may be contrary to the provisions of Circular 706. As of the end of 2017, the net value of reserve land use rights and pipes and nets were around RMB4.25 billion, which accounted for 49.82% of the net assets of the Issuer. The Issuer ceased to include more public welfare assets or reserve land use rights since 2017 and will progressively divest such assets strictly according to the Notice of the General Office of the Chongqing Municipal Government on Strengthening the Management of Financing Platform Companies (重慶市人民政府辦公廳關於加强融資平台公司管理有關工作的通知) promulgated on 6 June 2017.

The PRC Government may continue to release new policies or amend existing regulations to control the increase in local government debts in China. There is no assurance that the Group's financing model and business model will not be materially affected by future changes in the regulatory regime concerning the financing platforms of local governments.

The Group has historically experienced net operating cash outflows.

For the year ended 31 December 2017 and the six months ended 30 June 2018, the Group had net operating cash outflows of RMB1,045.6 million and RMB104.5 million, respectively, compared to net operating cash inflows of RMB593.1 million and RMB298.8 million, respectively. The Group's volatile operating cash flow was largely attributable to a mismatch between the development timetable of its infrastructure construction projects and the schedule of payments made by the government. As the Group has engaged in undertaking a great amount of infrastructure projects within the Banan Economic Zone, the Group has incurred a significant amount of expenditures for infrastructure construction before it receives the annual payment from the People's Government of Banan based on the construction progress of each individual project.

There is no assurance that the Group will not incur negative operating cash flows in the near future. Under such circumstances, the Group will continue to rely on external financing to satisfy its working capital and capital expenditure, thus increasing its financial vulnerability and adversely affecting its financial condition and results of operations.

Significant indebtedness may restrict the Group's business activities and increase the Group's exposure to various operational risks.

The Group relies on external financing to satisfy a portion of its capital requirements and it has incurred a significant amount of outstanding indebtedness. As at 30 June 2018, the Group's total indebtedness was RMB13.28 billion, of which RMB693.04 million would become due within 12 months.

Substantial indebtedness could impact on the Group's businesses in a number of ways, including:

- requiring the Group to have a dedicated part of its operating cash flow to service its indebtedness before it receives the deficit payment and government funding;
- increasing the Group's finance costs, thus affecting the overall profits of the Group;
- limiting the Group's flexibility in planning for or responding to changes in the Group's businesses and the industries in which it operates;
- limiting, together with the financial and other restrictive covenants of the Group's indebtedness, among other things, the Group's ability to borrow additional funds; and
- increasing the Group's vulnerability to adverse general economic and industry conditions.

The Group believes that its capital requirement and its reliance on external financing will continue to increase considering its existing cash needs to finance business operations and to refinance its existing indebtedness. The costs of such external financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in its business, success of its businesses, provisions of tax, securities and other relevant laws that may be applicable to its efforts to raise capital, and political and economic conditions in the PRC generally. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to the Group.

The Group's financial performance and operating results may be materially and adversely affected if its cash flows and capital resources are insufficient to fund its debt service obligations. Failure to service the Group's debt could result in the imposition of penalties, including increases in rates of interest that the Group pays, legal actions against the Group by its creditors, or bankruptcy.

The Group's business and results of operations are heavily influenced by governmental decisions and actions and are inherently exposed to uncertainties associated with contracting with governments and their agencies.

The Issuer is wholly owned by the Banan Finance Bureau, and therefore the Banan Finance Bureau has a significant influence on the Group's scope of business, major investment decisions and development strategies. Banan Finance Bureau may require the Issuer to take actions that are beneficial to Banan Economic Zone as a whole, but which may not be in the Group's best commercial interest or do not maximise the Group's profit at all times.

In addition, the Group cooperates and contracts with many governmental authorities and their controlled entities when it carries out its business activities, such as the Land Use and Grant Supplemental Agreement and the Master Agreement between the Issuer and the People's Government of Banan. A significant portion of the Group's accounts receivable derives from its business with governmental authorities and their controlled entities. Although the Group currently maintains close working relationships with governmental authorities and entities, such relationships may change in the future. Local governments and their controlled entities may (i) have economic or business interests or considerations that are inconsistent or in conflict with the Group's, (ii) take actions contrary to the Group's requests or objectives, (iii) be unable or unwilling to fulfil their obligations, (iv) encounter financial difficulties, or (v) have disputes with the Group as to contractual terms or other matters.

If there is any material disagreement with the Banan Finance Bureau or any other governmental authorities, agencies or their controlled entities, there is no assurance that the Group will be able to successfully resolve them in a timely manner, or at all. Any disputes or legal proceedings with public bodies may last for considerably longer periods of time than those with private sector counterparties, and payments from the public bodies may be delayed as a result.

The Group is dependent on the primary land development business and infrastructure construction business and may not be able to sustain operating revenue and profitability if its primary land development and infrastructure projects are completed.

The Issuer is the primary state-owned entity through which the People's Government of Banan implements its infrastructure and facilities development plans for the industrial parks of the Banan District. Since the Group's establishment, it has been engaged by the People's Government of Banan to conduct primary land development and construct infrastructure within the Banan Economic Zone by way of an agent construction model. The Group is dependent on its primary land development and infrastructure business. A significant portion of the Group's operating revenue is derived from its primary land development and infrastructure construction business. For the year ended 31 December 2017 and the six months ended 30 June 2018, the Group's operating revenue generated from its primary land development business was RMB617.23 million and RMB36.31 million, respectively, representing 65.13 per cent. and 79.35 per cent., respectively, of the Group's total operating revenue for the same periods. For the years ended 31 December 2017 and the six months ended 30 June 2018, the Group's operating revenue generated from its infrastructure construction business was RMB311.56 million and nil, respectively, representing 32.88 per cent. and nil per cent., respectively, of the Group's total operating revenue for the same periods. In this case, if the primary land development and infrastructure construction projects are completed, the Group may experience a significant decrease in operating revenue and operating profit. Furthermore, if the Group cannot continue to be engaged as a general contractor by the People's Government of Banan, it may not be able to sustain its current operating revenues from newly-operated businesses and to generate sufficient cash to repay its existing indebtedness, which in turn, would materially and adversely affect the Group's results of operations, financial condition and prospects.

The Group may cease to receive government subsidies and grants, the loss of which, or a reduction in which, could substantially reduce the Group's operating revenue and profits.

The amount of government subsidies and grants received by the Group for the year ended 31 December 2017 and the six months ended 30 June 2018 was RMB125.31 million and RMB50.62 million, respectively. The government subsidies and grants are a significant contribution to the Group's operating revenue and profits. The government's continuous support to the Group and timely payment of the promised subsidies and grants depend on the future fiscal revenue and fiscal policies of the local and central governments.

The PRC Government has released a series of regulations concerning local government debts and financing platforms of local governments. See "– *PRC regulations on the administration of the financing platforms and debts of local governments may have a material impact on the Group's business and sources of financing.*" There is no assurance that the PRC Government will not impose further restrictions on providing financial support to the Group. As such, the Group may not be able to receive the same level of government subsidies and grants or enjoy the same preferential treatments. Any loss or reduction in government subsidies and grants or other form of government support could have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

Significant inventories may affect the Group's liquidity and restrict the Group's business activities.

The Group's inventories mainly consist of development costs of the infrastructure projects and land use rights the Group holds. As at 31 December 2017 and 30 June 2018, the Group's inventories amounted to RMB8.89 billion and RMB9.28 billion, respectively, representing 39.62 per cent. and 42.52 per cent. of the Group's total assets. The Group does not make any provision for any potential decrease in the value of land. Therefore, a significant decrease in the value of land its holds could materially and adversely affect the Group's business, financial condition, results of operations or prospects.

Significant amount of other receivables may affect the Group's liquidity and restrict the Group's business activities.

As at 31 December 2017 and 30 June 2018, the Group's other receivables were RMB4.66 billion and RMB4.62 billion, respectively, representing 20.80 per cent. and 21.16 per cent., respectively, of the Group's total assets as at the corresponding dates. The Group's other receivables are mainly the amounts payable by the government to the Group to repay the advance payment the Group made on behalf of the government. There are inherent risks associated with the ability of the People's Government of Banan to make timely payments and any failure to make timely payments by these entities could materially and adversely affect the Group's liquidity and in turn affect its business, financial condition or results of operations. See "*– Delays or defaults in the payment of any land sold by the People's Government of Banan pursuant to the Land Use and Grant Supplemental Agreement may have a material adverse impact on the Group's results of operations, financial condition and cash flow*".

The Group's business operations are subject to extensive regulation at various levels of government, and any failure to comply with applicable laws, rules and regulations, including obtaining any necessary qualifications, permits or approvals for its operations may adversely affect the Group.

The Group's business activities are extensively regulated and the operation of these business activities require a number of approvals, licences and permits from different governmental authorities. For example, the Group is required to obtain a project approval and an environmental assessment approval at the outset of each project before it receives a corresponding construction land planning permit, construction project planning permit and construction permit. It normally takes six to 12 months to obtain all of these approvals and certificates as Governmental authorities in China have a broad discretion in implementing and enforcing applicable laws and regulations and in determining the grant of approvals, licences, permits and certificates necessary for conducting the Group's businesses. Failure to obtain the necessary approvals, licences or permits in a timely manner could result in delay or suspension of business operations and operations and a failure to obtain the necessary approvals, licences or permits may subject the relevant entities to regulatory or administrative penalties.

The Master Agreement, the Supplemental Agreement and agreements regarding primary land development projects that the Issuer entered into with governmental authorities were executed based on government's direct entrustment, which may be contrary to the Government Procurement Law of the People's Republic of China (中華人民共和國政府採購法) issued on 29 June 2002 and amended on 31 August 2014, and Administrative Measures for Government Procurement of Services (Interim)(政府購買服務管理辦法(暫行)) issued on 15 December 2014 and effective on 1 January 2015, in terms of methods of government procurement. Although direct entrustment was allowed according to Interim Measures for Government Procurement of Services by the Chongqing Municipal Government (重慶市政府購買服務暫行辦法) issued and became effective on 12 December 2014, national legal provisions and latest regulations, which stipulate that a service purchaser shall determine service providers by public bidding, selective bidding, competitive negotiation, single-source procurement, etc., shall prevail. This non-compliance may adversely affect the validity of the operation contracts of the Issuer.

The Issuer may be required to obtain qualifications such as construction, design, supervision, or consulting in order to engage in agent construction work according to provisions of Interim Measures for the Construction of Management System for Public Welfare Projects of Chongqing Municipal Government (重慶市政府公益性項目建設管理代理制暫行辦法) issued on and effective from 27 February 2003 and Decision of the Chongqing Municipal Government on Canceling, Stopping or Adjusting the Sixth Batch of Administrative Approval Projects (重慶市人民政府關於取消、停止實施或調整第六批行政審批項目的決定) issued on 8 January 2007 and effective from 1 February 2007.

The Issuer entered into government procurement service agreements with governmental authorities, under which the Issuer provides service including expropriation, demolition and primary land development. The Group's expropriation, demolition and primary land development business may be called off as demolition and pre-development of reserve land are strictly excluded from government procurement services according to Notice on Resolutely Stopping Local Illegal Financing in the Name of Government Procurement Services (關於堅決制止地方以政府購買服務名義違法違規融資的通知) issued on and effective from 28 May 2017. This non-compliance may adversely affect the validity of the operation contracts of the Issuer.

The Issuer entered into entrustment expropriation agreements with the expropriation office of the People's Government of Banan, under which the Issuer acts as the contractor to entrust the expropriation office of the People's Government of Banan to conduct expropriation. According to the Measures for Land Reserve Administration (土地儲備管理辦法) issued on and effective from 3 January 2018, land reserve includes acquisition, pre-development and reservation of land, which is the sole responsibility of the land reserve institution. The Issuer is not duly authorized to make expropriation and entrust other parties to make expropriation. This non-compliance may adversely affect the validity of the operation contracts of the Issuer.

Governmental authorities may adjust existing regulations or promulgate new regulations from time to time. The Group may encounter problems in obtaining or renewing the permits, licences, certificates and government authorisations necessary to conduct its businesses and may be unable to comply with new laws, regulations or policies. In addition, to ensure the restrictions and conditions of relevant business permits, licences and certificates are fulfilled, governmental authorities normally conduct regular or special inspections, investigations and inquiries. If any significant non-compliance is found by the governmental authorities, the Group's permits, licences and certificates may be suspended or revoked, and it may receive fines or other penalties, which could have a material adverse effect on the Group's businesses, financial condition, results of operations and prospects.

The Group may not successfully implement its growth and expansion strategy.

The Group has historically been focused on primary land development and infrastructure construction in the Banan Economic Zone. The Group has implemented plans to expand and diversify its businesses into various industries, such as construction of standardised manufacturing facilities and operation, leasing and sales of standardised manufacturing facilities. The Group may benefit from these new businesses while maintaining sustainable growth of its core businesses as one of its strategies.

To implement its development and expansion strategies, the Group may be required to devote significant resources to managing the various businesses, market and regulatory risks associated with its expansion into different industries. Whether the Group could successfully implement its strategy depends, to some extent, on the Group's ability to obtain required approvals from relevant regulatory authorities in China, obtain sufficient capital on acceptable terms in a timely manner and maintain close working relationships with various governmental authorities and agencies. The success of negotiations with respect to any particular project cannot be assured. If the Group expands its business into new industries, markets and geographic areas in which it has limited operating experience, there is no assurance that the Group will be successful integrating newly-acquired operations with its existing operations and become profitable in such new business segments within a certain timeframe or at all. Failure to implement the Group's growth and expansion strategy may have an adverse impact on its business, financial condition and results of operations.

The Group is subject to project development risks and cost overruns, and delays may adversely affect its results of operations.

There are a number of construction, financing, operating and other risks associated with the development of projects in the PRC. Projects that the Group undertakes, in particular primary land development and infrastructure construction projects, typically require substantial capital expenditures during the construction phase. The time taken and the costs involved in completing construction can be adversely affected by many factors, including shortages of materials, equipment and labour, adverse weather conditions, natural disasters, terrorism, labour disputes, disputes with sub-contractors, accidents, changes in governmental priorities and other unforeseen circumstances. Any of these could give rise to delays in the completion of construction and/or cost overruns. Construction delays can result in loss of revenues. The failure to complete construction according to the Group's specifications may result in liabilities, reduced efficiency and lower financial returns. In addition, as construction costs for new projects have increased due to factors that are generally beyond the Group's control, construction delays may further increase these costs.

The Group may be adversely affected by the performance of third-party contractors.

The Group engages third-party contractors for its infrastructure construction projects. The Group generally selects independent contractors through a public tender and bidding process. However, there is no assurance that the services rendered by any of these independent contractors or subcontractors will always be satisfactory or meet the Group's quality and safety standards. If the performance of any independent contractor is not satisfactory, the Group may need to replace such contractor or take other actions to remedy the situation, which could adversely affect the cost and schedule of the affected projects. Further, labour shortages, labour disputes or increases in labour costs of the Group's third-party contractors could cause an extension of the construction progress and an increase in the Group's fees payable to such contractors.

There may be a shortage of contractors that meet the Group's quality requirements. Further, contractors may undertake projects for other companies and developers, engage in risky or unsound practices or encounter financial or other difficulties, which may affect their ability to complete their work for the Group on time or within budget. Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is subject to various environmental, safety and health regulations in China and any failure to comply with such regulations may adversely affect the Group's operations and result in penalties, fines, governmental sanctions, proceedings or suspension or revocation of its licences or permits.

The Group is required to comply with extensive environmental, safety and health regulations in China. Failure to comply with such regulations may result in fines or suspension or revocation of the Group's licences or permits to conduct its business. Given the volume and complexity of these regulations, compliance may be difficult or involve significant financial and other resources to establish efficient compliance and monitoring systems. There is no assurance that the Group will be able to comply with all applicable requirements or obtain such approvals and permits on a timely basis or at all.

As at the date of this Offering Circular, the Group has not received any notice regarding non-compliance with applicable environmental, safety and health regulations or requirements from any government authority. However, the PRC laws and regulations are constantly evolving. There is no assurance that the PRC Government will not impose additional or stricter laws or regulations, which may increase compliance costs of the Group. In particular, the PRC Government is currently moving toward the adoption and enforcement of more stringent environmental standards. It is possible that more stringent environmental protection requirements will be imposed by relevant governmental authorities in the future and the Group may be expected to meet standards which are higher than the requirement under the prevailing environmental laws and regulations. If the Group fails to comply with existing or future environmental laws and regulations or fails to meet public expectations in relation to environmental matters, its reputation may be damaged or it may be required to pay penalties or fines or take remedial actions or cease operations, any of which could have a material adverse effect on the Group's business, results of operations and financial position.

Increases in labour costs or labour shortages of any third-party contractors engaged for the Group's projects could materially and adversely affect the Group's business, results of operations and prospects.

The Group relies on third-party contractors to carry out infrastructure construction. Such business are labour intensive. However, in recent years, work stoppages, employee suicide and other similar events in certain cities in China have caused the government to amend labour laws to enhance protection of employees' rights. Increasing awareness of labour protection as well as increasing minimum wages is likely to increase the labour costs afforded by enterprises in China in general, including the contractors participating in the Group's projects. As the Group is responsible for making progress payments to its third-party contractors in its primary land development and infrastructure construction business, any increase in the labour costs of those third-party contractors may negatively affect the Group's cash flow, which could materially and adversely affect the Group's business, prospects and results of operations.

In addition, strikes or other labour unrests could directly or indirectly prevent or hinder the construction progress, and, if not resolved in a timely manner, could lead to delays in completing the Group's projects. Such actions are beyond the Group's foreseeability or control. There is no assurance that labour unrest will not affect general labour market conditions or result in further changes to labour laws.

The Group's limited insurance coverage may not adequately protect it against all operational risks.

The Group faces various operational risks in connection with its business, including but not limited to:

- construction interruptions caused by construction errors, electricity outages, raw material shortages, equipment failure and other operational risks;
- operating limitations imposed by environmental or other regulatory requirements;
- defective quality of the infrastructure or real estate properties it build or develops;
- work-related personal injuries;
- on-site construction accidents;
- disruption in the global capital markets and the economy in general;
- loss on investments;
- environmental or industrial accidents; and
- catastrophic events such as fires, earthquakes, explosions, floods, collapse of mine or other natural disasters.

The Group maintains limited insurance policies, and the claims under the insurance policies may not be honoured fully or on time, or the insurance coverage may not be sufficient to cover costs associated with accidents incurred in the Group's operations due to the above-mentioned operational risks. There are also certain types of losses (such as those from wars, acts of terrorism or acts of God, business interruption and third party (public) liability) that are not insured in the PRC because they are either uninsurable or not economically insurable. To the extent that the Issuer or any of its subsidiaries suffers loss or damage that is not covered by insurance or that exceeds the limit of its insurance coverage, the Group's results of operations and cash flow may be materially and adversely affected.

Any failure to maintain an effective quality control system could have an adverse effect on the Group's business and operations.

The Group relies on its quality control systems to ensure the safety and quality of its projects and to satisfy the requirements under applicable laws and those set out in the relevant development contracts. The effectiveness of the Group's quality control system depends on a number of factors, including the design of the system, the related training programme as well as its ability to ensure that the Group's and the subcontractors' employees adhere to its quality control policies and guidelines.

There is no assurance that the existing quality control policies and system of the Group are effective and are able to identify potential defects or flaws in the Group's projects. Any failure of the Group's quality control systems could result in defects in its projects or services, which in turn may subject the Group to contractual, product liability and other claims. Any such claims, regardless of whether they are ultimately successful, could cause the Group to incur significant costs, harm its business reputation and result in significant disruption to its operations. Furthermore, if any of such claims were ultimately successful, the Group could be required to pay substantial monetary damages or penalties. Although the Group believes that its quality control systems are sound, there is no assurance that failures in its quality control systems will not occur in the future, and any such failure could have an adverse effect on the Group's business and operations.

The Ministry of Land and Resources may impose fines or penalties on the Group or revoke the land use rights with respect to certain land held by the Group.

Under applicable PRC laws and regulations, the Ministry of Land and Resources may impose an idle land fee equal to 20 per cent. of the land premium or allocation fees if the Group does not commence development of the land held by the Group for more than one year after the date specified in the relevant land use rights grant contract, or the Group commences development on an area which is less than one-third of the area granted, or the capital invested in the development is less than one-fourth of the total investment approved for the development, and the development is suspended for more than one year without governmental approval. The Ministry of Land and Resources has the power to revoke the land use rights certificate without compensation if the Group does not commence development for more than two years after the date specified in the relevant land use rights grant contract without compelling causes. On 3 January 2008, the State Council issued the Notice on Promoting the Saving and Intensification of Use of Land (國務院關於促進節約集約用地的通知) which states, among other things, that the Ministry of Land and Resources and other authorities are required to research and commence the drafting of implementation rules concerning the levy of land appreciation fees on idle land. Furthermore, in August 2009, the Ministry of Land and Resources issued the Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (國土資源部關於嚴格建設用地管理促進批而未用土地利用的通知) reiterating its policy on idle land.

As at the date of this Offering Circular, the Group has not received any fine or penalty or notice of fine or penalty from the relevant governmental authorities relating to any idle land. However, no assurance can be given that the Group will always be able to comply with the relevant policies on idle land and that the governmental authorities will not penalise the Group should there be any non-compliance in the future. The imposition of fines and penalties could have a material and adverse effect on the Group's business, financial condition and results of operations.

The Group may not be able to detect or prevent fraud, money laundering or other misconduct committed by its employees, representatives, agents, customers or other third parties in its business operations in a timely manner.

The Group may be exposed to fraud, money laundering or other misconduct committed by its employees, representatives, agents, customers or other third parties that could subject it to financial losses and sanctions imposed by governmental authorities, which in turn affects its reputation. Such misconduct could include:

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Group in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;
- recommending products, services or transactions that are not suitable for the Group's customers;
- misappropriation of funds;
- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities when marketing or selling products;
- engaging in unauthorised or excessive transactions to the detriment of the Group's customers;
- making or accepting bribes;
- conducting any inside dealing; or
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

While the Group's internal control procedures are designed to monitor its operations and ensure overall compliance, such internal control procedures may be unable to identify all incidents of noncompliance or suspicious transactions in a timely manner if at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Group takes to prevent and detect such activities may not be effective. There is no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity and adversely affect the Group's company image and business.

The Group is exposed to litigation risks.

The Group may from time to time be involved in disputes with governmental entities, indigenous residents, contractors, suppliers, employees and other third party service providers during the course of its daily operations. Claims may be brought against members of the Group based on a number of causes such as defective or incomplete work, personal injuries, property damages, breach of warranty or delay in completion and delivery projects. In addition, the Group may bring up claims against project contractors for additional costs incurred as a result of the contractors' underperformance or non-performance, project defects or default by the contractors. If the disputes or claims are not resolved or settled through negotiation or mediation, the Group may be involved in lengthy and costly litigation or arbitration proceedings, which may distract the Group's financial and managerial resources. In the event that the Group prevails in those legal proceedings, there is no assurance that the judgement or awards will be effectively enforced. If a judgment or award is rendered against the Group, the amounts payable by the Group may not be fully covered by the Group's insurance, and the amounts could differ from the provisions made by the Group based on its estimates. Any material charges associated with claims brought against the Group and material write downs associated with the Group's claims could have a material adverse impact on its financial condition, results of operations and cash flow.

The Group's businesses may be adversely affected if it is unable to retain and hire qualified employees.

The success of the Group's business is dependent to a large extent on its ability to attract and retain key personnel who possess in-depth knowledge and understanding of the industries in which the Group invests or operates. These key personnel include members of the Group's senior management, experienced engineers, project development and management personnel, legal professionals, risk management personnel and other operation personnel. Competition for attracting and retaining these individuals is intensive. Such competition may require the Group to offer higher compensation and other benefits in order to attract and retain qualified professionals, which could materially and adversely affect the Group's financial condition and results of operations. As a result, the Group may be unable to attract or retain these personnel to achieve its business objectives and the failure to do so could severely disrupt its business and prospects. For example, the Group may not be able to hire enough qualified personnel to support its new infrastructure projects or business expansion. As the Group expands its business or hires new employees, the employees may take time to get accustomed to any new standard procedures and consequently may not comply with the standard procedures of any new business in an accurate and timely manner. The occurrence of any of the events discussed above could lead to unexpected loss to the Group and adversely affect its revenue and financial condition.

The Group's businesses may be affected by unforeseen natural disasters or an outbreak, or threatened outbreak, of any severe contagious disease which may in turn significantly reduce demand for the Group's services and have an adverse effect on its financial condition and results of operations.

The Group's business is subject to general economic and social conditions in China. Natural disasters, epidemics and other acts of God which are beyond the Group's control may adversely affect the economy, infrastructure and livelihood of the people in China. Some regions in China are under the threat of earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as Middle East Respiratory Syndrome (MERS), Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, human swine flu (also known as Influenza A (H1N1)) or the recent cases of H7N9 avian flu. In addition, past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in China. A recurrence of SARS or an outbreak of any other epidemics in China, such as the H5N1 or the H7N9 avian flu, especially in the cities where the Group has operations, may result in material influence of the Group's related business, which in turn may adversely affect its financial condition and results of operations.

The Issuer's accounts were audited in accordance with PRC GAAP which differs from IFRS. The Issuer's auditor has limited international capital markets experience.

The Issuer's consolidated financial statements as at and for the years ended 31 December 2015, 2016, 2017 and 30 June 2018 were prepared in accordance with the PRC GAAP. Although PRC GAAP are substantively in line with IFRS, PRC GAAP are, to a certain extent, different from IFRS. See "*Summary of Certain Differences Between PRC GAAP and IFRS*". There is no guarantee that the PRC GAAP will fully converge with IFRS or there will be no additional differences between the two accounting standards in the future. Potential investors should consult their own professional advisers for an understanding of any differences that may exist between PRC GAAP and IFRS, and how those differences might affect the financial information included in this Offering Circular. The Issuer's current independent auditor, Mazars, is a registered member of The Chinese Institute of Certified Public

Accountants and although it has significant audit experience in the PRC, it has limited international capital markets experience. Prospective investors should consider these factors prior to making any investment decision.

Historical consolidated financial information of the Group may not be indicative of its current or future results of operations.

The historical financial information of the Group included in this Offering Circular is not indicative of its future financial results. This financial information is not intended to represent or predict the results of operations of any future periods. The Group's future results of operations may change materially if its future growth does not follow the historical trends for various reasons, including factors beyond its control, such as changes in economic environment, China's environmental rules and regulations and the domestic and international competitive landscape of the industries in which the Group operates its businesses.

RISKS RELATING TO THE PRC

China has experienced a slowdown in its economic development and the future performance of China's economy is uncertain.

The economy of China experienced rapid growth in the past 30 years. However, there has been a decrease in China's GDP growth rate since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of China may not be sustainable. According to the National Statistics Bureau of China, the annual growth rate of China's GDP in 2015 slowed to 6.9 per cent. on a year-on-year basis compared to 7.3 per cent. in 2014, and it further decreased to 6.7 per cent. in 2016, which was the slowest annual GDP growth rate recorded in 26 years. For the year ended 31 December 2017, China's GDP growth rate slightly increased to 6.9 per cent. In May 2017, Moody's changed China's long-term sovereign credit rating and foreign currency issuer ratings to A1 from Aa3. In September 2017, S&P Global Ratings also downgraded China's long-term sovereign credit rating to A + from AA-, citing increasing economic and financial risks from a prolonged period of strong credit growth.

The future performance of China's economy is not only affected by the economic and monetary policies of the PRC Government, but it is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world, such as the United States and the European Union. For example, the United Kingdom voted in a national referendum to withdraw from the European Union on 23 June 2016 and served its formal withdrawal notification to the European Union on 29 March 2017. There is substantial uncertainty relating to the implementation of the United Kingdom's exit or its impact on the economic conditions of other part of the world, such as China's, including but not limited to further decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies) and a possible economic recession involving more countries and areas. Therefore, there exists continued uncertainty for the overall prospects for the global economy and China's economy this year and beyond.

Changes in the economic, political and social conditions in the PRC and government policies adopted by the PRC Government may affect the Group's business and prospects.

China's economy differs from the economies of most developed countries in many respects, including with respect to government involvement, level of development, economic growth rate, control of foreign exchange and allocation of resources. China's economy has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC Government has implemented a series of measures emphasising market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises.

However, a large portion of productive assets in China remain owned by the PRC Government. The PRC Government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there can be no assurance that the PRC Government will continue to pursue the economic reforms or that any such reforms will not have an adverse effect on the Group's business.

The Group's operations and financial results may also be affected by changes in political, economic and social conditions or the relevant policies of the PRC Government, such as changes in laws and regulations (or the interpretation thereof). In addition, the growth of the economic and technology development zones and infrastructure construction demand in China depends heavily on economic growth. If the China's economic growth slows down or if China experiences an economic recession, the growth of development in China's economic and technology development zones and infrastructure construction demand may also slow down, and the Group's business prospects may be materially and adversely affected. The Group's operations and financial results, as well as the Issuer's ability to satisfy its obligations under the Bonds, could also be materially and adversely affected by changes to or introduction of measures to control changes in the rate or method of taxation and the imposition of additional restrictions on currency conversion.

Uncertainty with respect to China's legal system may affect the Group.

As substantially all of the Group's businesses are conducted, and substantially all of the Group's assets are located, in the PRC, the Group's operations are governed principally by laws and regulations of the PRC. The PRC's legal system is based on written statutes while prior court decisions, in certain circumstances, may be cited as reference but have limited precedential value. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation, foreign exchange and trade, with a view to enhancing the protections afforded to market participants in the PRC. However, the PRC has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their nonbinding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, PRC's legal system is based, in part, on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, the Group may not be aware of the Group's violation of these policies and rules until sometime after the violation. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management's attention and it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgements by a court of another jurisdiction. These uncertainties relating to the interpretation and implementation of PRC's laws and regulations may adversely affect the legal protections and remedies that are available to the Group in its operations and to the holders of the Bonds.

Investors may experience difficulties in effecting service of legal process and enforcing judgments against the Group and the Group's management.

The Issuer and all of its subsidiaries are incorporated under the laws of the PRC. All of the Group's assets are located in the PRC. In addition, all of the Issuer's directors, supervisors and senior management reside within the PRC. As a result, it may not be possible for investors to effect service of process outside the PRC upon the Issuer's directors, supervisors and senior management, including for matters arising under applicable securities law. A judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with the PRC or if judgments of the courts in the PRC have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. However, the PRC does not have treaties or arrangements providing for the reciprocal recognition and enforcement of judgments of courts with most other jurisdictions, including Japan, the

United States and the United Kingdom. Therefore, it may be difficult or impossible for investors to recognize and enforce any judgments obtained from foreign courts against the Group, the Issuer, or its directors, supervisors or senior management in the PRC.

Government control of currency conversion may adversely affect the value of investors' investments.

All of the Group's operating revenue is denominated in Renminbi, which is also the reporting currency. Renminbi is not a freely convertible currency. A portion of the Group's cash may be required to be converted into other currencies in order to meet the Group's foreign currency needs, including cash payments on interests and principal, if any, on the Bonds. However, the PRC Government may restrict future access to foreign currencies for current account transactions at its discretion. If this were to occur, the Issuer might not be able to pay interests and principal to the holders of the Bonds or any other foreign currency denominated debt, if any. On the other hand, foreign exchange transactions under capital account in the PRC continue to be not freely convertible and require the approval of SAFE. These limitations may affect the Group's ability to obtain foreign currencies through equity financing, or to obtain foreign currencies for capital expenditures.

The Group's labour costs may increase for reasons such as the implementation of China's employment regulation.

Labour Contract Law of the PRC (中華人民共和國勞動合同法), as amended on 28 December 2012, was issued on 29 June 2007 and came into effect on 1 January 2008. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and compensation payment at dismissal of employees. A minimum wage requirement has also been incorporated into Labour Contract Law of the PRC. In addition, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), issued on 14 December 2007 and effective from 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from 5 to 15 days. Employees who consent to waive such vacation at the request of employers due to work commitments shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. The implementation of the labour law in the PRC has increased the Group's labour costs (including those incurred by contractors). In the event the Group decides to significantly change its workforce, Labour Contract Law of the PRC could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires, which may result in an adverse impact on the Group's businesses and results of operations.

Further, in the event that there is a labour shortage or a significant increase to labour costs, the Group's business operation costs is likely to increase. In such circumstances, the profit margin may decrease and the financial results may be adversely affected. In addition, inflation in the PRC has increased in recent years, which also results in the increase of the costs of labour. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's operations and therefore negatively impact the Group's profitability.

There can be no assurance of the accuracy or comparability of facts and statistics contained in this Offering Circular with respect to the PRC, its economy or the relevant industry.

Facts and other statistics in this Offering Circular relating to the PRC, its economy or the relevant industry in which the Group operates have been directly or indirectly derived from official government publications and certain other public industry sources and although the Group believes such facts and statistics are accurate and reliable, it cannot guarantee the quality or the reliability of such source materials. They have not been prepared or independently verified by the Issuer, the Managers, the Trustee, the Agents or any of its or their respective affiliates, employees, directors, agents, advisors or representatives, and, therefore, the Issuer, the Managers, the Trustee, the Agents or any of its or their respective affiliates, employees, directors, agents, advisors or representatives makes no representation as to the completeness, accuracy or fairness of such facts or other statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be incomplete, inaccurate or unfair or may not be comparable to statistics produced for other economies or the same or similar industries in other countries and should not be unduly relied upon. Furthermore, there is no assurance that such facts or statistics are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts or other statistics.

RISKS RELATING TO THE BONDS AND THE STANDBY LETTER OF CREDIT

The PRC Government is not contractually obliged to repay any amount under the Bonds or the Trust Deed if the Issuer fails to meet its obligations under the Bonds.

Similar to other companies beneficially controlled by the PRC Government, the Issuer may be generally perceived to have access to liquidity support from its beneficial controlling shareholder in light of its ownership structure and the nature of its beneficial controlling shareholder, particularly in the event that the Issuer becomes financially distressed. However, the PRC Government as the ultimate shareholder of the Issuer only has limited liability in the form of its equity contribution in the Issuer. As such, the PRC Government is under no contractual obligation to pay any amount under the Bonds or the Trust Deed if the Issuer fails to meet its obligations under these instruments, and, as a result, no financial support from any PRC governmental entity may materialise. The Issuer should rely upon the cash flow generated from its operations and external borrowings to satisfy its cash needs for servicing its outstanding indebtedness and for financing its operating activities. The Bonds are solely to be repaid by the Issuer as an obligor under the relevant transaction documents and as an independent legal person.

The PRC Government (including the Chongqing Municipal Government and the Chongqing Municipal Government Finance Bureau) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer. This position has been reinforced by Circular 23 and Circular 706.

The PRC Government as the ultimate shareholder of the Issuer only has limited liability in the form of its equity contribution in the Issuer. As such, the PRC Government does not have any payment obligations under the Bonds. If the Issuer does not fulfil its obligations under the Bonds and the Trust Deed, the Bondholders will only have recourse against the Issuer, and not the PRC Government.

The Bonds will be mandatorily redeemed upon a pre-funding failure.

The Conditions provide for a demand to be made under the Standby Letter of Credit in the event the Issuer fails to pre-fund principal and/or interest payments due on the Bonds or upon the occurrence of an Event of Default under the Bonds. Such demand will be made in respect of the full amount of the outstanding principal due and interest accrued on the Bonds (together with all fees, expenses and other amounts payable by the Issuer under or in connection with the Bonds, the Trust Deed and/or the Agency Agreement then outstanding), and thereafter the Bonds will be mandatorily redeemed in accordance with Condition 6(d) (*Mandatory Redemption upon Pre-funding Failure*) of the Conditions. Bondholders will not be able to hold their Bonds to maturity should such mandatory redemption occur.

The interpretation of the NDRC Circular may involve significant uncertainty, which may adversely affect the enforceability and/or effective performance of the Bonds. Any failure to complete the relevant filings and/registration under the NDRC Circular and with SAFE within the prescribed time frames may have adverse consequences for the Issuer and/or the investors of the Bonds.

The NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities or medium to long term loans with a term not less than one year issued or incurred outside the PRC with the NDRC prior to the issue of the securities or drawings under the loans, and notify the particulars of the relevant issues or drawings within ten PRC working days after the completion of the relevant issue or drawing. The Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC on 9 March 2018 (as amended on 13 December 2018) evidencing such registration. The Issuer also undertakes to file or cause to be filed with the NDRC the requisite information and documents on the issuance of the Bonds with the NDRC within ten Registration Business Days after the Issue Date.

The interpretation of the NDRC Circular may involve significant uncertainty, which may adversely affect the enforceability and/or effective performance of the Bonds. The NDRC Circular is silent on the legal consequences of non-compliance with the pre-issue and post-issue registration requirements. In the worst-case scenario, such noncompliance with the post-issue notification requirement under the NDRC Circular may result in it being unlawful for the Issuer to perform or comply with any of its obligations under the Bonds and the Bonds might be subject to enforcement as provided in Condition 9 *(Events of Default)* of the Conditions. In addition, the administration of the NDRC Circular may be subject to a certain degree of executive and policy discretion by the NDRC. There is also risk that the registration certificate with the NDRC may be revoked or amended in the future or that future changes in PRC laws and regulations may have a negative impact on the performance or validity and enforceability of the Bonds in the PRC. Potential investors in the Bonds are advised to exercise due caution when making their investment decisions.

The Issuer also undertakes that it will within 15 Registration Business Days after the Issue Date, register or cause to be registered with SAFE the issue of the Bonds in accordance with the applicable law, regulations and implementation rules issued by SAFE and other competent authorities in the PRC from time to time, and use its best endeavours to complete the SAFE Registration and obtain a registration record from SAFE on or before the Registration Deadline (being the day falling 60 Registration Business Days after the Issue Date). The Issuer intends to complete the registration of the Bonds with SAFE and obtain the registration record from SAFE within the time periods prescribed by such applicable law, regulations and implementation rules. The Issuer has already consulted with the local branch of SAFE in connection with the registration and filing procedures and documentary requirements. The Issuer does not foresee any substantive obstacle in completing the registration within the abovementioned period. However, whether or not the registration of the Bonds will be completed within such prescribed time periods is subject to SAFE's sole discretion. If the Issuer fails to complete the registration with the local branch of SAFE, the Issuer may have difficulty in remitting funds offshore to service payments in respect of the Bonds and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Bonds and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Bonds may be materially and adversely affected and the Bondholders may also require the Issuer to redeem all of such holder's Bonds on the Put Settlement Date at their principal amount together with any interest accrued to but excluding the relevant Put Settlement Date.

The Bonds are unsecured obligations of the Issuer and are subordinated to the Issuer's secured indebtedness to the extent of the value of the collateral securing such indebtedness.

The Bonds are the Issuer's general unsecured obligations, and the repayment of the Bonds may be compromised if:

- the Issuer enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's indebtedness.

If any of these events were to occur, the Issuer's assets and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Bonds.

The Bonds are the Issuer's unsecured obligations and will (i) rank at least equally in right of payment with all the Issuer's other present and future unsecured and unsubordinated obligations, (ii) be effectively subordinated to all of the Issuer's present and future secured indebtedness to the extent of the value of the collateral securing such indebtedness, and (iii) be senior to all of the Issuer's present and future subordinated obligations, subject in all cases to exceptions as may be provided by applicable law and regulations. As a result, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will be prior to those of unsecured creditors. In the event of the Issuer's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or upon any acceleration of the Bonds, these assets will be available to pay obligations on the Bonds only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to the Bondholders rateably with all of the Issuer's other unsecured and unsubordinated creditors, including trade creditors. If there are insufficient assets remaining to pay all these creditors, then all or a portion of the Bonds then outstanding would remain unpaid.

The Bonds will be structurally subordinated to the existing and future indebtedness and other liabilities and commitments of the Issuer's existing and future subsidiaries.

None of the Issuer's subsidiaries will guarantee the Bonds. Therefore, the Bonds will be structurally subordinated to any indebtedness and other liabilities and commitments, including trade payables and lease obligations, of the Issuer's existing or future subsidiaries, whether or not secured. The Issuer may not have direct access to the assets of such subsidiaries unless these assets are transferred by dividend or otherwise to the Issuer. The ability of such subsidiaries to pay dividends or otherwise transfer assets to the Issuer is subject to various restrictions under applicable laws and the contracts and agreements that they enter into from time to time. The Issuer's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Bonds or make any funds available therefor, whether by dividends, loans or other payments. As a result, all claims of creditors of the existing and future subsidiaries of the Issuer, including trade creditors, lenders and all other creditors, and rights of holders of preferred shares of such subsidiaries (if any) will have priority as to the assets of such subsidiaries over claims of the Issuer as shareholder and those of creditors of the Issuer, including holders of the Bonds.

If the Issuer is unable to comply with the restrictions and covenants in its debt agreements, or the Bonds, there could be a default under the terms of these agreements, or the Bonds, which could cause repayment of the Issuer's debt to be accelerated.

If the Issuer is unable to comply with the restrictions and covenants in its present or future debt obligations and other financing agreements, the cross-default provision of the Bonds could be triggered when (i) any other present or future indebtedness of the Issuer or any of its subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above have occurred in aggregate equals or exceeds U.S.$15,000,000 or its equivalent. See "*Terms and Conditions of the Bonds – Events of Default – With respect to the Issuer – Cross-Acceleration*". As a result, the default by the Issuer or any of its subsidiaries under any other present or future indebtedness, guarantees and indemnities may cause the acceleration of repayment of, or result in a default under, the Bonds. If any of these events occur, there can be no assurance that the Issuer's assets and cash flows would be sufficient to repay all of the Issuer's indebtedness in full, or that it would be able to find alternative financing. Even if the Issuer could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer.

Additional procedures may be required to be taken to bring matters or disputes governed by English law to the Hong Kong courts, and a Bondholder would need to be subject to the exclusive jurisdiction of the Hong Kong courts. There is also no assurance that the PRC courts will recognise and enforce judgments of the Hong Kong courts.

The Conditions and the transaction documents are governed by English law, whereas parties to these documents submit to the exclusive jurisdiction of the Hong Kong courts. In order to hear matters or disputes governed by English law, Hong Kong courts may require certain additional procedures be taken. Under the Supreme People's Court Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排), judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of the Hong Kong courts. However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or under certain other circumstances specified by the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned. While it is expected that the PRC courts will recognise and enforce a judgment given by the Hong Kong courts, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Bonds will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holder's ability to initiate a claim outside Hong Kong will be limited.

The Bonds may not be a suitable investment for all investors.

The Bonds are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with a measured and appropriate addition of risk to the investors' overall portfolios. A potential investor should not invest in the Bonds unless they have the expertise (either alone or with the help of a financial advisor) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent (a) Bonds are legal investments for it, (b) Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of any Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial advisor) possible economic scenarios, such as interest rate and other factors which may affect its investment and the ability to bear the applicable risks.

An active trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. There can be no assurance as to the liquidity of the Bonds or that an active trading market will develop. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar securities. Although approval in-principle has been received for the listing of and quotation for the Bonds on the official list of the SGX-ST, no assurance can be given as to the liquidity of, or trading market for, the Bonds. The Managers are not obliged to make a market in the Bonds, and if any Manager does so, it may discontinue such market making activity at any time at its sole discretion. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. In addition, Bondholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Offering Circular), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Bonds. Such lack of liquidity may result in investors suffering losses on the Bonds in secondary resales even if there is no decline in the performance or the assets of the Group. It is not possible to predict which of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Bonds and instruments similar to the Bonds at that time. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

Investors in the Bonds may be subject to foreign exchange risks.

The Bonds are denominated and payable in Singapore dollars. An investor who measures investment returns by reference to a currency other than Singapore dollars would be subject to foreign exchange risks by virtue of an investment in the Bonds due to the fluctuation in the exchange rate of Singapore dollars and the investor's reporting currency. The value of Singapore dollars is affected by many economic, political and other factors over which the Issuer has no control. Depreciation of the Singapore dollar against such currency could cause a decrease in the value of the Bonds and a decrease in effective yield of the Bonds below their stated coupon rates causing a loss when the return on the Bonds is translated into such currency.

The liquidity and price of the Bonds following the offering may be volatile.

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the Issuer's revenue, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, the revenues, earnings, results of operations or otherwise in the financial condition of the LC Bank, changes in government regulations and changes in general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There is no assurance that these developments will not occur in the future.

International financial markets and world economic conditions may adversely affect the market price of the Bonds.

The market price of the Bonds may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Bonds is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including the PRC. Since the global financial crisis in 2008 and 2009, the international financial markets have experienced significant volatility. In December 2016, the US Federal Reserve raised interest rates for the first time in a year, and the second time since the 2008 financial crisis. The US Federal Reserve raised interest rates eight times in 2015, which may increase the uncertainties relating to the prices of U.S. dollar denominated bonds. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be adversely affected.

The Issuer may be unable to redeem the Bonds upon the due date for redemption thereof.

Upon maturity, the Bonds will be redeemed at their principal amount, or following the occurrence of a Relevant Event (as defined in the Conditions), the Issuer may, at the option of any Bondholder, be required to redeem all, but not some only, of such Bondholder's Bonds at their principal amount, together with accrued interest to (but excluding) the date of redemption. See "*Terms and Conditions of the Bonds – Redemption and Purchase*". On the Maturity Date or if such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds on the Maturity Date or in such event may also be limited by the terms of other debt instruments. The Issuer's failure to redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's other indebtedness.

The insolvency laws of the PRC may differ from those of another jurisdiction with which the holders of the Bonds are familiar.

Because the Issuer is incorporated under the laws of the PRC, any insolvency proceeding relating to the Issuer would probably involve PRC insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar. There is no assurance that investors in the Bonds will be able to receive the same level of protection under the insolvency laws of the PRC as those in their respective home jurisdictions.

Modifications and waivers of the Conditions, the Trust Deed and the Standby Letter of Credit may be made by the Trustee or less than all of the holders of the Bonds, and decisions may be made on behalf of all holders of the Bonds that may be adverse to the interests of the individual holders of the Bonds.

The Conditions and the Trust Deed contain provisions for calling meetings of the holders of the Bonds to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including those Bondholders who did not attend and vote at the relevant meeting and those Bondholders who voted in a manner contrary to the majority. There is a risk that the decision of the majority of holders of the Bonds may be adverse to the interests of the individual holders of the Bonds.

The Conditions provide that the Trustee may, without the consent of the holders of the Bonds, agree to any modification of the Trust Deed, the Conditions, the Agency Agreement and/or the Standby Letter of Credit (other than in respect of a Reserved Matter (as defined in the Trust Deed)) which in the opinion of the Trustee will not be materially prejudicial to the interests of the holders of the Bonds and to any modification of the Conditions, the Trust Deed, the Agency Agreement or the Standby Letter of Credit which in the opinion of the Trustee is of a formal, minor or technical nature or is to correct a manifest error or to comply with any mandatory provision of applicable law.

The Trustee is not, however, responsible nor shall have any liability for the legality, effectiveness, validity, enforceability or admissibility in evidence of the Trust Deed, the Agency Agreement, the Standby Letter of Credit or the Bonds or any transaction documents relating to the Bonds.

In addition, the Trustee may, without the consent of the holders of the Bonds, authorise or waive any proposed breach or breach of the Conditions, the Trust Deed, the Agency Agreement or the Standby Letter of Credit if, in the opinion of the Trustee, the interests of the holders of the Bonds will not be materially prejudiced thereby. See "*Terms and Conditions of the Bonds – Meetings of Bondholders, Modification, Waiver, Authorisation, Determination and Entitlement of Trustee*".

The Trustee may request holders of the Bonds to provide an indemnity and/or security and/or pre-funding to its satisfaction.

In certain circumstances (including without limitation the giving of notice pursuant to Condition 9 (*Events of Default*) of the Conditions and the taking of enforcement steps pursuant to Condition 13 (*Enforcement*) of the Conditions), the Trustee may (in its sole discretion) request the Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes any action on behalf of Bondholders. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such actions directly.

Gains on the transfer of the Bonds and interest payable by the Issuer to overseas Bondholders may be subject to income tax and value-added tax under PRC tax laws.

Under the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "**EIT Law**") which took effect on 1 January 2008 and amended on 24 February 2017 and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by non-resident enterprise Bondholders would be treated as income derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法) (the "**IIT Law**") as last amended on 31 August 2018 and effective on 1 January 2019, and its implementation rules, any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of China for less than one year shall pay individual income tax for any income obtained within the PRC. There is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the ten per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal

Evasion with Respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) (the "**Arrangement**") which was promulgated on 21 August 2006 and became effective on 8 December 2006, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

On 23 March 2016, the MOF and the State Administration of Taxation issued the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform (關於全面推開營業稅改徵增值稅試點的通知) (Caishui [2016] No. 36) ("**Circular 36**"), which introduced a new value-added tax ("**VAT**") from 1 May 2016. Under Circular 36, VAT is applicable where the entities or individuals provide services within the PRC. The Issuer will be obliged to withhold VAT of 6 per cent. and certain surcharges on payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, and the interpretation and enforcement of such laws and regulations involve uncertainties.

If a Bondholder, being a non-resident enterprise or non-resident individual, is required to pay any income tax or VAT on gains on the transfer of the Bonds, the value of the relevant Bondholder's investment in the Bonds may be materially and adversely affected.

The Bonds will initially be evidenced by a Global Certificate and holders of a beneficial interest in a Global Certificate must rely on the procedures of the clearing systems.

The Bonds will initially be evidenced by beneficial interests in a Global Certificate. Such Global Certificate will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear and Clearstream (the "**Clearing Systems**"). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Certificates. The Clearing Systems will maintain records of the beneficial interests in the Global Certificate. While the Bonds are evidenced by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Bonds are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the relevant Clearing Systems for distribution to their account holders.

A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant Clearing System, and if such holder is not a participant in a Clearing System, or the procedures of the participant through which such holder owns its interest, to receive payments or exercise any rights under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

Bondholders should be aware that a definitive Certificate which has a principal amount that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

In relation to any Bond which has a principal amount consisting of a minimum specified denomination plus a higher integral multiple of another smaller amount, it is possible that the Bonds may be traded in amounts in excess of the minimum specified denomination that are not integral multiples of such minimum specified denomination. In such a case a Bondholder who, as a result of trading such amounts, holds a principal amount of less than the minimum specified denomination will not receive a definitive Certificate in respect of such holding (should definitive Certificates be printed) and would need to purchase a principal amount of Bonds such that it holds an amount equal to one or more specified denominations. If definitive Certificates are issued, holders should be aware that a definitive Certificate which has a principal amount that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

The Bonds may be redeemed by the Issuer prior to maturity.

The Issuer may redeem the Bonds at its option, in whole but not in part, at a redemption price equal to their principal amount (together with interest accrued to but not including the date fixed for redemption) if, subject to certain conditions, as a result of a change in tax law, the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Conditions), as further described in Condition 6(b) (*Redemption for Taxation Reasons*) of the Conditions.

If the Issuer redeems the Bonds prior to the Maturity Date, investors may not receive the same economic benefits they would have received had they held the Bonds to maturity, and they may not be able to reinvest the proceeds they receive in a redemption in similar securities. In addition, the Issuer's ability to redeem the Bonds may reduce the market price of the Bonds.

The Issuer may issue additional Bonds in the future.

The Issuer may, from time to time, and without the consent of the Bondholders, create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects save for the first payment of interest on them and the timing for making and completing the NDRC Post-issue Filing and the SAFE Registration and the related notifications) and so that the same shall be consolidated and form a single series with outstanding Bonds or otherwise raise additional capital through such means and in such manner as it may consider necessary. See "*Terms and Conditions of the Bonds – Further Issues*". There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds. The issue of any such debt securities may also reduce the amount recoverable by investors in the Bonds upon the Issuer's bankruptcy, winding-up or liquidation.

Changes in market interest rates may adversely affect the value of the Bonds.

The Bonds will carry fixed interest rates. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. If Bondholders sell the Bonds they hold before the maturity of such Bonds, they may receive an offer less than their investment.

The ratings of the Bonds may be downgraded or withdrawn.

The Bonds are expected to be assigned ratings of "Baa2" by Moody's. The rating represents the opinion of the rating agency and its assessment of the ability of the Issuer to perform its obligations under the Bonds, the Trust Deed and the Agency Agreement and credit risks in determining the likelihood that payments will be made when due under the Bonds. The rating does not constitute a recommendation to buy, sell or hold the Bonds and may be subject to revision, qualification, suspension, reduction or withdrawn at any time. The Issuer cannot assure investors that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances in the future so warrant. The Issuer is not obliged to inform holders of the Bonds of any such revision, downgrade or withdrawal. Each rating should be evaluated independently of any other rating of the Bonds or other securities of the Issuer (if any). A revision, qualification, suspension or withdrawal at any time of the rating assigned to the Bonds may adversely affect the market price of the Bonds and the Issuer's ability to access the debt capital markets.

The LC Bank's ability to perform its obligations under the Standby Letter of Credit is subject to the financial condition of Shanghai Pudong Development Bank Co., Ltd. ("SPDB").

The LC Bank is not a separate and independent legal person but has capacity to carry on its activities within its scope of the authorisation given by SPDB, and if the assets of the LC Bank are not sufficient to meet the obligations of the LC Bank under the Standby Letter of Credit, SPDB would have an obligation to satisfy the balance of the obligations under the Standby Letter of Credit. Therefore, the ability of the LC Bank to make payments under the Standby Letter of Credit will depend on the financial condition of SPDB, which could be materially and adversely affected by a number of factors, including, but not limited to, the following:

- *Impaired loans and advances*: SPDB's results of operations have been and will continue to be negatively affected by its impaired loans. If SPDB is unable to effectively control and reduce the level of impaired loans and advances in its current loan portfolio and in new loans SPDB extends in the future, or SPDB's allowance for impairment losses on loans and advances is insufficient to cover actual loan losses, SPDB's financial condition could be materially and adversely affected.

- *Collateral and guarantees*: A substantial portion of SPDB's loans is secured by collateral and pledges. In addition, a substantial portion of its PRC loans and advances is backed by guarantees. If SPDB is unable to realise the collateral, pledges or guarantees securing its loans to cover the outstanding principal and interest balance of such loans due to various factors, SPDB's financial condition could be materially and adversely affected.

In addition, as neither SPDB nor the LC Bank has waived sovereign immunity for the purpose of the Standby Letter of Credit, it is possible that such immunity is asserted at the time of enforcement of the Standby Letter of Credit.

The LC Bank may be affected by the Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong.

On 7 July 2017, the Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong (the "**FIRO**") came into operation. The FIRO provides for, among other things, the establishment of a resolution regime for authorised institutions and other within scope financial institutions in Hong Kong which may be designated by the relevant resolution authorities, which may include members of SPDB (a "**FIRO group entity**"). The resolution regime seeks to provide the relevant resolution authorities with administrative powers to bring about timely and orderly resolution in order to stabilise and secure continuity for a failing authorised institution or within scope financial institution in Hong Kong. In particular, in the context of a resolution of any FIRO group entity, the relevant resolution authority will have the ability to resolve other entities within SPDB as if they were themselves a within scope financial institution for the purposes of FIRO and take certain actions and make certain directions in relation to such entities. Resolution actions or reorganisation measures taken, or bail-in powers exercised, in respect of SPDB in any other relevant jurisdiction may be recognised, and given effect to, under Hong Kong law. Any such actions could potentially affect contractual and property rights relating to the SPDB. The implementation of FIRO remains untested and certain detail relating to FIRO will be set out through secondary legislation and supporting rules. Therefore, SPDB is unable to assess the full impact of FIRO on the financial system generally, SPDB's counterparties, SPDB, any of its consolidated subsidiaries or other group entities, SPDB's operations and/or its financial position.

The SBLC expires 30 days after the Maturity Date.

The SBLC will expire 30 days after the Maturity Date. In the event that the Trustee does not enforce the SBLC by this expiration date, Bondholders will not be able to benefit from the credit protection provided by the LC Bank.

EXCHANGE RATE INFORMATION

PRC

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. On 21 July 2005, the PRC Government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. The floating band was further widened to 1.0 per cent. on 16 April 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 26.9 per cent. from 21 July 2005 to 31 December 2013. On 14 March 2014, the PBOC further widened the floating band against the U.S. dollar to 2.0 per cent. Following an announcement by the PBOC on 11 August 2015 to improve the central parity quotations of Renminbi against the U.S. dollar by authorising market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market, Renminbi depreciated significantly against the U.S. dollar in the remainder of 2015 and 2016 before rebounding in 2017. In 2018 the Renminbi has experienced further fluctuation in value against the U.S. dollar with significant depreciation occurring in the second quarter of 2018. The PRC Government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

The following table sets forth information concerning exchange rates between the Renminbi and the U.S. dollar for the periods presented:

	Renminbi per U.S. dollar Noon Buying Rate[1]			
Period	**End**	**Average[2]**	**High**	**Low**
2013	6.0537	6.1412	6.2438	6.0537
2014	6.2046	6.1704	6.2591	6.0402
2015	6.4778	6.2868	6.4896	6.1870
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7569	6.9575	6.4773
2018				
July	6.8038	6.7164	6.8102	6.6123
August	6.8300	6.8453	6.9330	6.8018
September	6.8680	6.8551	6.8880	6.8270
October	6.9737	6.9191	6.9737	6.8680
November	6.9558	6.9367	6.9558	6.8894
December	6.8755	6.8837	6.9077	6.8343
2019				
January (through 11 January)	6.7596	6.8322	6.8708	6.7596

Notes:

(1) Exchange rates between Renminbi and U.S. dollars represent the noon buying rates as set forth in the H.10 statistical release of the Federal Reserve Board.

(2) Annual and semi-annual averages have been calculated from month-end rate. Monthly averages have been calculated using the average of the daily rates during the relevant period.

SINGAPORE

The following table sets forth information concerning exchange rates between the Singapore dollar and the U.S. dollar for the periods presented:

	Singapore Dollar per U.S. dollar Noon Buying Rate[1]			
Period	**End**	**Average[2]**	**High**	**Low**
2013	1.2622	1.2511	1.2831	1.2203
2014	1.3244	1.2665	1.3244	1.2376
2015	1.4166	1.3746	1.4337	1.3171
2016	1.4465	1.3800	1.4522	1.3366
2017	1.3363	1.3802	1.4498	1.3363
2018				
July	1.3604	1.3630	1.3728	1.3555
August	1.3722	1.3687	1.3804	1.3619
September	1.3667	1.3710	1.3785	1.3645
October	1.3845	1.3790	1.3845	1.3716
November	1.3716	1.3748	1.3800	1.3698
December	1.3623	1.3704	1.3767	1.3623
2019				
January (through 11 January)	1.3524	1.3575	1.3652	1.3516

Notes:

(1) Exchange rates between Singapore dollars and U.S. dollars represent the noon buying rates as set forth in the H.10 statistical release of the Federal Reserve Board.

(2) Annual and semi-annual averages have been calculated from month-end rate. Monthly averages have been calculated using the average of the daily rates during the relevant period.

TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions of the Bonds substantially in the form in which they (other than the text in italics) will be endorsed on the definitive Certificates and referred to in the global certificate.

The S$150,000,000 in aggregate principal amount of 4.35 per cent. credit enhanced bonds due 2021 (the "**Bonds**", which expression, unless the context requires otherwise, includes any further securities issued pursuant to Condition 15 and to be consolidated and forming a single series therewith) of Chongqing Banan Economic Park Development & Construction Co., Ltd.(重慶巴南經濟園區建設實業有限公司)(the "**Issuer**") are constituted by a trust deed (as amended or supplemented from time to time, the "**Trust Deed**") dated 1 February 2019 (the "**Issue Date**") made between the Issuer and Citicorp International Limited(花旗國際有限公司)(in such capacity, the "**Trustee**", which expression shall include all persons for the time being trustee or trustees under the Trust Deed) as trustee for itself and the holders (as defined below) of the Bonds. The Bonds have the benefit of an irrevocable standby letter of credit (the "**Standby Letter of Credit**") dated 1 February 2019 issued by Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch (the "**LC Bank**").

The Bonds are the subject of an agency agreement dated the Issue Date (as amended or supplemented from time to time, the "**Agency Agreement**") made between the Issuer, the Trustee and Citibank, N.A., London Branch as principal paying agent (in such capacity, the "**Principal Paying Agent**", which expression shall include any successor principal paying agent appointed from time to time in connection with the Bonds), as registrar (in such capacity, the "**Registrar**", which expression shall include any successor registrar appointed from time to time in connection with the Bonds) and as transfer agent (in such capacity, the "**Transfer Agent**", which expression shall include any additional or successor transfer agent appointed from time to time in connection with the Bonds) and Citibank, N.A., Hong Kong Branch as the bank holding the Pre-funding Account (as defined below) and the LC Proceeds Account (as defined below) (in such capacities, the "**Pre-funding Account Bank**" and the "**LC Proceeds Account Bank**", respectively, each of which expressions shall include any successor). References herein to "**Paying Agents**" means the Principal Paying Agent together with any additional or successor paying agent appointed from time to time in connection with the issue of the Bonds, and "**Agents**" means the Principal Paying Agent, any other Paying Agents, the Registrar, any Transfer Agent and any other agent or agents and their successor(s) appointed from time to time under the Agency Agreement with respect to the Bonds.

Certain provisions of these terms and conditions (these "**Conditions**") are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and those provisions of the Agency Agreement and the Standby Letter of Credit applicable to them. Copies of the Trust Deed, the Agency Agreement and the Standby Letter of Credit are available for inspection by the Bondholders upon written request and satisfactory proof of holding during normal business hours (being 9:00 a.m. to 3:00 p.m. Monday to Friday except for public holidays) at the principal place of business for the time being of the Trustee, being at the Issue Date at 39/F, Champion Tower, Three Garden Road, Central, Hong Kong, and at the specified office for the time being of the Principal Paying Agent.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed.

1 FORM, AUTHORISED DENOMINATION AND TITLE

The Bonds are issued in the specified denomination of S$250,000 and integral multiples of S$250,000 in excess thereof (each an "**Authorised Denomination**"). The Bonds are evidenced by registered certificates (the "**Certificates**") and, save as provided in Condition 3(b), each Certificate shall evidence the entire holding of Bonds by the same holder.

Title to the Bonds shall pass by transfer and registration in the Register as described in Condition 3. The holder of any Bond shall (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate (other than the endorsed form of transfer, duly completed) evidencing it or the alleged destruction, theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, "**Bondholder**" or in respect of a Bond, "**holder**" means the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first-named thereof).

*Upon issue, the Bonds will be initially evidenced by a global certificate (the "**Global Certificate**") registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV and Clearstream Banking S.A. The Conditions are modified by certain provisions contained in the Global Certificate in respect of any of the Bonds that are evidenced by the Global Certificate. See "Summary of Provisions relating to the Bonds in Global Form".*

2 STATUS, STANDBY LETTER OF CREDIT AND PRE-FUNDING

(a) Status

The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law and regulations, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

(b) Standby Letter of Credit

The Bonds will have the benefit of the Standby Letter of Credit which is issued in favour of the Trustee, on behalf of itself and the holders of the Bonds, by the LC Bank. The Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Standby Letter of Credit on behalf of itself and the holders of the Bonds upon the presentation of a demand by authenticated SWIFT (or otherwise as permitted under the Standby Letter of Credit) sent by the Trustee or an agent of the Trustee to the LC Bank in accordance with the Standby Letter of Credit (a "**Demand**") stating that (i) the Issuer has failed to comply with Condition 2(c) in relation to pre-funding the amount that is required to be pre-funded under these Conditions and/or has failed to provide the Required Confirmations (as defined in Condition 2(c)) in accordance with Condition 2(c); or (ii) an Event of Default (as defined in Condition 9) has occurred and the Trustee has given notice to the Issuer that the Bonds are immediately due and payable in accordance with Condition 9; or (iii) the Issuer has otherwise failed to pay the fees, expenses and other amounts payable by it under or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds when due and such failure has continued for a period of seven days from the date of the Trustee delivering its demand therefor to the Issuer.

Only one drawing is permitted under the Standby Letter of Credit. Such drawing on the Standby Letter of Credit will be payable in Singapore dollars to or to the order of the Trustee and at the time and to the account specified in the Demand presented to the LC Bank. Payments received by the Trustee in respect of a Demand will be deposited into the LC Proceeds Account.

The payment made under the Standby Letter of Credit in respect of any amount payable under these Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds shall, to the extent of the drawing paid to or to the order of the Trustee, satisfy the obligations of the Issuer in respect of such amount payable under these Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds.

The LC Bank's liability under the Standby Letter of Credit shall be expressed and payable in Singapore dollars and shall not exceed S$154,262,500, representing only (i) the aggregate principal amount of the Bonds plus interest payable for one Interest Period (as defined below) and (ii) S$1,000,000 for any fees, costs, expenses and other amounts payable by the Issuer under or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds. The Standby Letter of Credit takes effect from the Issue Date and shall remain valid and in full force until 5:00 p.m. (Beijing time) on 1 January 2022 unless extended in accordance with its terms.

The form of the Standby Letter of Credit is scheduled to the Offering Circular. See "Appendix – Form of Irrevocable Standby Letter of Credit".

(c) Pre-Funding

In order to provide for the payment of any amount in respect of the Bonds and any amount payable under the Agency Agreement, the Trust Deed and/or any other transaction document relating to the Bonds (the "**Relevant Amount**") as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by no later than the Banking Day (the "**Pre-funding Date**") falling 13 (thirteen) Banking Days prior to the due date for such payment:

(i) unconditionally pay or procure to be paid the Relevant Amount into the Pre-funding Account; and

(ii) deliver to the Trustee and the Principal Paying Agent by facsimile (X) a Payment and Solvency Certificate signed by any Authorised Signatory, and (Y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the Pre-funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (London time) on the second Banking Day preceding the due date for such payment (together, the "**Required Confirmations**").

If the Trustee does not receive the Required Confirmations by 10:00 a.m. (Hong Kong time) on the Banking Day immediately following the Pre-funding Date (a "**Pre-funding Failure**"), the Trustee shall:

(1) as soon as practicable, and in any event not later than 5:00 p.m. (Hong Kong time) on the Banking Day immediately following the Pre-funding Date, notify the LC Bank and the LC Proceeds Account Bank by facsimile of the occurrence of the Pre-funding Failure; and

(2) by no later than 11:00 a.m. (Hong Kong time) on the second Banking Day following the Pre-funding Date issue a Demand to the LC Bank for the aggregate principal amount of all of the Bonds then outstanding, together with interest accrued to but excluding the Mandatory Redemption Date (as defined in Condition 6(d)) and all fees and expenses of the Trustee then outstanding, *provided that*, subject to and in accordance with the terms of the Standby Letter of Credit, the Trustee need not physically present the Standby Letter of Credit to the LC Bank and shall be entitled to draw on the Standby Letter of Credit by way of a Demand by authenticated SWIFT sent on its behalf (or, in certain limited circumstances set out in the Standby Letter of Credit, by physical delivery).

After receipt by the LC Bank of such Demand, the LC Bank shall by 11:00 a.m. (Hong Kong time) on the seventh Banking Day immediately following receipt of such Demand (if a Demand is received before 11:00 a.m. (Hong Kong time)), or by 11:00 a.m. (Hong Kong time) on the eighth Banking Day immediately following receipt of such Demand (if a Demand is received after 11:00 a.m. (Hong Kong time)) pay to or to the order of the Trustee the amount in Singapore dollars specified in the Demand to the LC Proceeds Account.

(d) Definitions

In these Conditions:

"**Authorised Signatory**" means any director or any other officer of the Issuer who has been duly authorised by the board of directors of the Issuer to sign any certificate or document required in connection with the Bonds on behalf of, and so as to bind, the Issuer and which the Issuer has notified in writing to the Trustee and the Agents as provided in the Agency Agreement;

"**Banking Day**" means a day (other than a Saturday or a Sunday or a public holiday) on which banks are open for business in Beijing, Singapore, London and Hong Kong;

"**LC Proceeds Account**" means a non-interest bearing Singapore dollar account established in the name of the Trustee with the LC Proceeds Account Bank;

"**Payment and Solvency Certificate**" means a certificate in substantially the form set forth in the Agency Agreement stating the Relevant Amount in respect of the relevant due date in respect of the Bonds and confirming that (a) a payment for the Relevant Amount has been made by the Issuer to the Pre-funding Account in accordance with Condition 2(c) and (b) the Issuer is solvent; and

"**Pre-funding Account**" means a non-interest bearing Singapore dollar account established in the name of the Issuer with the Pre-funding Account Bank.

3 TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES

(a) Register

The Issuer will cause a register (the "**Register**") to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement, on which shall be entered the names, addresses and details of the registered account (as defined in Condition 7(a)(ii)) of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers of the Bonds. Each holder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(b) Transfer

Subject to the Agency Agreement and Conditions 3(e) and 3(f), a Bond may be transferred (in whole or in part but in any case in an Authorised Denomination) by surrendering the Certificate issued in respect of that Bond at the specified office of the Registrar or any Transfer Agent, with the form of transfer on the back of the Certificate (or in the form obtainable from the Registrar or any Transfer Agent) duly completed and signed and any other evidence as the Registrar or the relevant Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed such form of transfer. In the case of a transfer of only part of a holding of Bonds evidenced by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred (which shall be in an Authorised Denomination) shall be issued to the transferor. In the case of a transfer of the Bonds to a person who is already a holder of the Bonds, a new Certificate evidencing the enlarged holding shall only be issued against surrender of the Certificate evidencing the existing holding. No transfer of title to a Bond will be valid unless and until entered on the Register.

Transfers of interests in Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

(c) Delivery of New Certificates

Each new Certificate to be issued upon a transfer of Bonds pursuant to Condition 3(b) shall be made available for delivery within seven business days (as defined below) of receipt of a duly completed form of transfer, surrender of the existing Certificate(s) and provision of any other evidence required by the Registrar or the relevant Transfer Agent as provided in Condition 3(b). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Certificate and evidence shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify.

In this Condition 3(c), "**business day**" means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

Except in the limited circumstances described herein (see "Summary of Provisions relating to the Bonds in Global Form"), owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.

(d) Formalities Free of Charge

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any Agent but upon (i) payment (or the giving of such indemnity and/or security and/or pre-funding as the Issuer, the Registrar or the relevant Transfer Agent (as the case may be) may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; (ii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied in its absolute discretion with the documents of title or identity of the person making the application and (iii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied that the Regulations (as defined in Condition 3(f)) have been complied with.

(e) Closed Periods

No holder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including) the due date for any payment of principal in respect of that Bond; or (ii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)); or (iii) after a Tax Redemption Notice (as defined in Condition 6(b)) has been delivered by the Issuer pursuant to Condition 6(b); or (iv) after a Put Exercise Notice (as defined in Condition 6(c)) in respect of such Bond has been deposited by such holder pursuant to Condition 6(c).

(f) Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations promulgated concerning transfers of Bonds (the "**Regulations**"), the initial form of which is scheduled to the Agency Agreement. The Regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current Regulations will be mailed (free of charge to the Bondholders) by the Registrar to any Bondholder who requests one in writing and upon satisfactory proof of holding.

4 COVENANTS

(a) Notification to NDRC

The Issuer undertakes that (i) it will, within ten Registration Business Days after the Issue Date, file or cause to be filed with the NDRC the requisite information and documents in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by the NDRC and effective 14 September 2015 and any implementation rules as issued by the NDRC from time to time (the "**NDRC Post-issue Filing**") and (ii) comply with with all applicable PRC laws and regulations in relation to the Bonds.

(b) Notification of Completion of the NDRC Post-issue Filing

The Issuer shall, within ten Registration Business Days after making the NDRC Post-issue Filing, provide the Trustee with (i) a certificate in English signed by an Authorised Signatory confirming the completion of the NDRC Post-issue Filing and (ii) copies of the relevant documents evidencing due filing with the NDRC (if any), certified in English as a true and complete copy of the original by an Authorised Signatory, and, within ten Registration Business Days after items (i) and (ii) above (together, the "**Filing Documents**") have so been provided to the Trustee, give notice to the Bondholders (in accordance with Condition 16) confirming the completion of the NDRC Post-issue Filing. The Trustee shall have no obligation or duty to monitor or ensure or assist with the NDRC Post-issue Filing on or before the deadline referred to above or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the Filing Documents or to give notice to Bondholders confirming the completion of the NDRC Post-issue Filing, and shall not be liable to Bondholders or any other person for not doing so. The Trustee may rely on the Filing Documents conclusively without liability to any Bondholder or any other person for the accuracy, validity and/or genuineness of any matters or facts stated therein.

(c) Undertakings relating to SAFE Registration

The Issuer shall (i) within 15 Registration Business Days after the Issue Date, register or file or cause to be registered or filed with SAFE the issue of the Bonds (the "**SAFE Registration**") in accordance with the applicable law, regulations and implementation rules issued by SAFE and other competent authorities in the PRC from time to time, and (ii) use its best endeavours to complete the SAFE Registration and obtain a registration record from SAFE on or before the Registration Deadline.

The Issuer shall, within five Registration Business Days after it receives the record of the completion of the SAFE Registration from SAFE, (i) provide the Trustee with a certificate in English signed by an Authorised Signatory confirming the completion of the SAFE Registration, together with copies of the relevant documents evidencing completion of registration confirmed by SAFE and the particulars of the registration, each certified in English as a true and complete copy of the original by an Authorised Signatory (together, the "**Registration Documents**"), (ii) within ten Registration Business Days after the Registration

Documents have been so provided to the Trustee, give notice to the Bondholders (in accordance with Condition 16) confirming the completion of the SAFE Registration and (iii) comply with with all applicable PRC laws and regulations in relation to the Bonds. The Trustee shall have no obligation or duty to monitor or ensure the filing or completion of the SAFE Registration before the relevant deadlines specified and may rely on the Registration Documents conclusively without liability to any Bondholder or any other person for the accuracy, validity and/or genuineness of any matters or facts stated therein.

(d) Financial Information

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will furnish the Trustee with (i) a copy of the relevant Audited Financial Reports within 180 days of the end of each Relevant Period prepared in accordance with the Accounting Standards for Business Enterprises in the PRC ("**PRC GAAP**") (audited by a nationally or internationally recognised firm of independent accountants); and (ii) a copy of the Unaudited Financial Reports within 90 days of the end of each Relevant Period prepared on a basis consistent with the Audited Financial Reports; and if such statements shall be in the Chinese language, together with an English translation of the same translated by (X) a nationally or internationally recognised firm of independent accountants or (Y) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together with a certificate in English signed by an Authorised Signatory certifying that such translation is complete and accurate (on each of which the Trustee may conclusively rely without liability to any Bondholder or any other person).

(e) Compliance Certificate

The Issuer shall send a Compliance Certificate (on which the Trustee may conclusively rely without liability to any Bondholder or any other person as to such compliance) to the Trustee (i) at the same time as the Audited Financial Reports and the Unaudited Financial Reports are provided pursuant to Condition 4(d) and (ii) within 14 days of any written request by the Trustee.

(f) Ratings

So long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution of the Bondholders, the Issuer will maintain a rating on the Bonds by any of the Rating Agencies.

(g) Definitions

In these Conditions:

"**Audited Financial Reports**" means the annual audited consolidated balance sheet, consolidated income statement, consolidated statement of cash flows and consolidated statements of changes in equity of the Issuer together with any statements, reports (including any directors' and auditors' reports) and notes attached to or intended to be read with any of them;

"**Compliance Certificate**" means a certificate in English of the Issuer signed by an Authorised Signatory confirming that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer, as at a date (the "**Certification Date**") not more than five days before the date of the certificate:

(i) no Event of Default (as defined in Condition 9) or Potential Event of Default (as defined in the Trust Deed) has occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event has occurred, giving details of it; and

(ii) the Issuer has complied with all of its obligations under the Trust Deed and the Bonds or, if non-compliance has occurred, giving details of it;

"**NDRC**" means the National Development and Reform Commission of the PRC or any of its local counterparts;

"**PRC**" means the People's Republic of China, which shall for the purpose of these Conditions only, exclude the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

"**Rating Agencies**" means Moody's Investors Service, Inc., Fitch Ratings Ltd. or S&P Global Ratings, a division of S&P Global, Inc. or their respective successors;

"**Registration Business Day**" means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in Beijing;

"**Registration Deadline**" means the day falling 60 Registration Business Days after the Issue Date;

"**Relevant Period**" means (i) in relation to the Audited Financial Reports, each period of 12 months ending on the last day of the Issuer's financial year (being 31 December of that financial year); and (ii) in relation to the Unaudited Financial Reports, each period of six months ending on the last day of the Issuer's first half financial year (being 30 June of that financial year); and

"**Unaudited Financial Reports**" means the semi-annual unaudited consolidated balance sheet, consolidated income statement, consolidated statement of cash flows and consolidated statement of changes in equity of the Issuer together with any statements, reports (including any directors' and auditors' review reports, if any) and notes attached to or intended to be read with any of them, if any.

5 INTEREST

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 4.35 per cent. per annum, payable semi-annually in arrear on 1 February and 1 August in each year, commencing on 1 August 2019, and on 1 December 2021 (the "**Maturity Date**" and each an "**Interest Payment Date**").

Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate evidencing such Bond, payment of principal or premium (if any) is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holders, and (ii) the day falling seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Bond shall be calculated per S$1,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the actual number of days in the Interest Period (or such other period) divided by 365, rounding the resulting figure to the nearest SGD.01 (SGD.005 being rounded upwards).

6 REDEMPTION AND PURCHASE

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**"), which shall specify the date for redemption and the method by which payment shall be made, to the Bondholders in accordance with Condition 16 (which shall be irrevocable) and in writing to the Trustee and the other Agents, at 100 per cent. of their principal amount (together with any interest accrued to but excluding the date fixed for redemption), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 25 January 2019, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, *provided that* no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

Prior to the giving of any Tax Redemption Notice pursuant to this Condition 6(b), the Issuer shall deliver to the Trustee (A) a certificate in English signed by an Authorised Signatory stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer taking reasonable measures available to it, and (B) an opinion, in form and substance satisfactory to the Trustee, of independent tax or legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment. The Trustee shall be entitled (but shall not be obliged) to accept and rely upon such certificate and opinion as sufficient evidence (without further investigation or query and without liability to the Bondholders or any other person) of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(b), in which event they shall be conclusive and binding on the Bondholders.

(c) Redemption for Relevant Events

Following the occurrence of a Relevant Event, the holder of any Bond will have the right (the "**Relevant Event Put Right**"), at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Put Settlement Date at their principal amount, in each case together with any interest accrued to but excluding the relevant Put Settlement Date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a "**Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed, by (i) not later than 30 days following a Relevant Event (the "**Initial Exercise Period**"), or (ii) if later, within 30 days following the date upon which notice of the Relevant Event is given to Bondholders by the Issuer as specified below (the "**Substituted Exercise Period**"). A Put Exercise Notice, once delivered, shall be irrevocable.

The "**Put Settlement Date**" in respect of any Bond for which such option is exercised shall (subject to Condition 6(d)) be the 14th day after the expiry of (1) the Initial Exercise Period where the option is exercised during the Initial Exercise Period and the Substituted Exercise Period does not commence before expiry of the Initial Exercise Period or (2) in all other circumstances, the Substituted Exercise Period.

Not later than 14 days following the day on which the Issuer becomes aware of a Relevant Event, the Issuer shall procure that notice regarding such Relevant Event shall be delivered to the Trustee in writing and to the Bondholders (in accordance with Condition 16) stating:

(i) the applicable Put Settlement Date;

(ii) the date of the Relevant Event and, briefly, the events causing, as applicable, the Change of Control or No Registration Event;

(iii) the date by which a Put Exercise Notice must be given;

(iv) the redemption amount and the method by which such amount will be paid;

(v) the names and addresses of all Paying Agents;

(vi) the procedures that holders must follow and the requirements that holders must satisfy in order to exercise the Relevant Event Put Right; and

(vii) that a Put Exercise Notice, once validly given, may not be withdrawn.

The Trustee and the Agents shall have no obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with any Relevant Event and shall not be required to monitor or to take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur, and shall not be liable to Bondholders, the Issuer or any other person for not doing so.

For the purposes of these Conditions:

(A) a "**Change of Control**" occurs when:

(i) (a) the Chongqing Municipal Government Finance Bureau, (b) the Chongqing Municipal Government and/or (c) any other Person Controlled by the Chongqing Municipal Government Finance Bureau and/or the Chongqing Municipal Government, together cease to hold or own directly or indirectly 100 per cent. of the issued share capital of the Issuer; or

(ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to one or more Persons other than (a) the Chongqing Municipal Government Finance Bureau, (b) the Chongqing Municipal Government and (c) any other Person Controlled by the Chongqing Municipal Government Finance Bureau and/or the Chongqing Municipal Government;

(B) "**Control**" means (i) the ownership or control of 100 per cent. of the voting rights of the issued share capital of a Person or (ii) the right to appoint and/or remove all or the majority of the members of a Person's board of directors or other governing body, in each case whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; the term "**Controlled**" has meanings correlative to the foregoing;

(C) a "**No Registration Event**" occurs when the Filing Documents and the Registration Documents are not delivered to the Trustee on or before the Registration Deadline;

(D) a "**Person**" includes any company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer's board of directors or any other governing board and does not include the Issuer's wholly-owned direct or indirect Subsidiaries;

(E) a "**Relevant Event**" will be deemed to occur if there is a No Registration Event or a Change of Control.

(F) "**Subsidiary**" means, with respect to any Person, (a) any corporation, association or other business entity of which more than 50 per cent. of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person; or (b) any corporation, association or other business entity which at any time has its accounts consolidated with those of that Person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such Person from time to time, should have its accounts consolidated with those of that Person; and

(G) "**Voting Stock**" means, with respect to any Person, capital stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

(d) Mandatory Redemption upon Pre-funding Failure

If any Bondholder shall have exercised its right to require the Issuer to redeem its Bonds in accordance with Condition 6(c) and the Trustee makes a Demand in accordance with Condition 2(c) as a result of a Pre-funding Failure relating to the amount payable pursuant to such redemption, the Bonds shall be redeemed in whole, but not in part, at their principal amount in accordance with this Condition 6(d) on the Put Settlement Date, together with interest accrued to, but excluding, the Put Settlement Date.

If a Pre-funding Failure occurs in respect of a scheduled payment of principal or interest payable under Condition 5 or Condition 6(a), the Bonds shall be redeemed in whole, but not in part, on the Interest Payment Date immediately falling after the date the Trustee makes a Demand in accordance with Condition 2(c) (the "**Mandatory Redemption Date**") at their principal amount, together with interest accrued to, but excluding, the Mandatory Redemption Date.

(e) Notice of redemption

All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date specified in the Tax Redemption Notice or, as the case may be, on the applicable Put Settlement Date. If there is more than one notice of redemption given in respect of any Bond (which shall include a Tax Redemption Notice given by the Issuer pursuant to Condition 6(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 6(c)), the notice given first in time shall prevail. Neither the Trustee nor any of the

Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption and shall not be liable to Bondholders, the Issuer or any other person for not doing so.

(f) Purchase

The Issuer or any of its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quota at meetings of the holders or for the purposes of Condition 9, Condition 12(a) and Condition 13.

(g) Cancellation

All Certificates evidencing Bonds purchased by or on behalf of the Issuer or its Subsidiaries shall be surrendered to the Registrar for cancellation and, upon surrender thereof, all such Bonds and Certificates shall be cancelled forthwith. Any Certificates so surrendered for cancellation and the relevant Bonds may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

7 PAYMENTS

(a) Method of Payment:

(i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Paying Agent if no further payment falls to be made in respect of the Bonds evidenced by such Certificates) in the manner provided in paragraph (ii) of this Condition 7(a).

(ii) Interest on each Bond shall be paid to the holders at their registered accounts shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in Singapore dollars by wire transfer to such registered account. In these Conditions, the "**registered account**" of a holder means the Singapore dollar account maintained by or on behalf of such holder with a bank, details of which appear in the Register.

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount (which need not be an Authorised Denomination). If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.

(iv) In this Condition 7, "**Payment Business Day**" means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are open for business in Singapore, Hong Kong and the place in which the specified office of the Principal Paying Agent is located.

Notwithstanding the foregoing, so long as the Global Certificate is held on behalf of Euroclear Bank SA/NV, Clearstream Banking S.A. or an Alternative Clearing System (as defined in the Trust Deed), each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant *clearing system on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 1 January and 25 December.*

(b) **Payments subject to Fiscal Laws**: Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

(c) **Payment Initiation**: Payment instructions (for value on the due date or, if that is not a day on which the bank where a registered account is maintained is open for receipt of such transfers, for value the next following such day) will be initiated on the due date for payment (or, if this is not a Payment Business Day, on the first following day which is a Payment Business Day) or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Paying Agent, on the first Payment Business Day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

(d) **Delay in Payment**: Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day or a day on which the bank where a registered account is maintained is open for receipt of such transfers, or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a transfer made in accordance with Condition 7(a)(ii) reaches the registered account of the Bondholder after the due date for payment.

(e) **Appointment of Agents**: The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Agents act solely as agents of the Issuer (or, in certain limited circumstances specified in the Agency Agreement and the Trust Deed, the Trustee) and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of any Agent and to appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar with a specified office outside the United Kingdom, (iii) a Transfer Agent and (iv) such other agents as may be required by any stock exchange on which the Bonds may be listed. Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer to the Bondholders in accordance with Condition 16.

8 TAXATION

All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by or within the PRC up to and including the aggregate rate applicable on 25 January 2019 (the "**Applicable Rate**"), the Issuer will increase the amounts paid by it to the extent required so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer is required to make a deduction or withholding by or within the PRC in excess of the Applicable Rate, the Issuer shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond:

(i) **Other connection**: held by a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the PRC other than the mere holding of the Bond; or

(ii) **Presentation more than 30 days after the Relevant Date**: in respect of which the Certificate evidencing it is presented (where presentation is required) for payment more than 30 days after the Relevant Date except to the extent that the relevant Bondholder would have been entitled to such Additional Tax Amounts on presenting the Certificate evidencing such Bond for payment on the last day of such period of 30 days; or

(iii) **Lawful avoidance of withholding**: to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the Certificate evidencing such Bond is presented for payment.

References in these Conditions to principal, premium (if any) and interest shall be deemed also to refer to any Additional Tax Amounts which may be payable under this Condition 8 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

In these Conditions, "**Relevant Date**" in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate evidencing such Bond being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

If the Issuer becomes subject at any time to any taxing jurisdiction other than the PRC, references in Condition 6(b) and this Condition 8 to the PRC shall be construed as references to the PRC and/or such other jurisdiction (as the case may be).

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer or the Bondholders or any other person to pay such tax, duty, charges, withholding or other payment or be responsible to provide any notice or information in relation to the Bonds in connection with payment of such tax, duty, charges, withholding or other payment.

9 EVENTS OF DEFAULT

If an Event of Default (as defined below) occurs the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding (as defined in the Trust Deed) or if so directed by an Extraordinary Resolution shall (provided that the Trustee shall have first been indemnified and/or secured and/or pre-funded to its satisfaction), give written notice to the Issuer that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest. An "**Event of Default**" occurs if:

(a) With respect to the Issuer

(i) **Non-Payment**: there has been a failure to pay (X) the principal of any of the Bonds when due, or (Y) any interest on any of the Bonds when due and such failure to pay interest continues for a period of 14 days; or

(ii) **Breach of Other Obligations**: the Issuer does not perform or comply with any one or more of its other obligations under the Bonds or the Trust Deed (other than where it gives rise to a right of redemption pursuant to Condition 6(c) or as described in Condition 9(a)(i)) and such default (X) is incapable of remedy or, (Y) if capable of remedy, is not remedied within 30 days after the Trustee has given written notice thereof to the Issuer; *provided that* any non-compliance with Condition 2(c) does not constitute an Event of Default under this Condition 9(a)(ii) unless and until an Event of Default has occurred under Condition 9(a)(i); or

(iii) **Cross-Acceleration**: (X) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (Y) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (Z) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(a)(iii) have occurred in aggregate equals or exceeds U.S.$15,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 9(a)(iii) operates); or

(iv) **Enforcement Proceedings**: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days; or

(v) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries on the whole or any material part of its properties, assets or revenues becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged or stayed within 30 days; or

(vi) **Insolvency**: the Issuer or any of its Principal Subsidiaries is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or any material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or any material part of its debts (or of any part which it will or might otherwise be unable to pay when due), or proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts; or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer or any of its Principal Subsidiaries; or

(vii) **Winding-up**: an order of any court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries, or the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by (X) a voluntary reconstruction, amalgamation, reorganisation, merger or consolidation while solvent or on terms approved by an Extraordinary Resolution of the Bondholders, or (Y) in the case of a Principal Subsidiary, whereby (A) the undertaking and assets of such Subsidiary are transferred to or otherwise vested in the Issuer or another Subsidiary of the Issuer or (B) such Subsidiary is sold or disposed of to any other person for market consideration on an arm's length basis and the proceeds of such sale or disposal are transferred to or otherwise vested in the Issuer or another Subsidiary of the Issuer; or

(viii) **Expropriation**: all or any material part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries is condemned, seized or otherwise expropriated by any person acting under the authority of any national, regional or local government; or the Issuer or any of its Principal Subsidiaries is prevented by any such person from exercising normal control over all or any material part of its undertaking, assets and revenues; or

(ix) **Standby Letter of Credit**: the Standby Letter of Credit is not (or is claimed by the LC Bank not to be) enforceable, valid or in full force and effect or the Standby Letter of Credit is modified, amended or terminated other than in accordance with Condition 12; or

(x) **Authorisation and Consents**: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (X) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Trust Deed, (Y) to ensure that those obligations are legally binding and enforceable and (Z) to make the Bonds, the Certificates, the Register and the Trust Deed admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or

(xi) **Illegality**: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed; or

(xii) **Analogous Events**: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(a)(iv) to 9(a)(viii) (both inclusive).

In this Condition 9(a), "**Principal Subsidiary**" means any Subsidiary of the Issuer:

(A) whose total revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total revenue, as shown by its latest audited income statement is at least five per cent. of the consolidated total revenue as shown by the latest published audited consolidated income statement of the Issuer including, for the avoidance of doubt, the Issuer's share of revenue of subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

(B) whose net profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated net profit, as shown by its latest audited income statement are at least five per cent. of the consolidated net profit as shown by the latest published audited consolidated income statement of the Issuer including, for the avoidance of doubt, the Issuer's share of profits of subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

(C) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited balance sheet are at least five per cent. of the consolidated total assets of the Issuer as shown by the latest published audited consolidated balance sheet of the Issuer including, for the avoidance of doubt, the investment of the Issuer in each subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and after adjustment for minority interests; or

(D) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that (xx) the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall forthwith become a Principal Subsidiary and (yy) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Issuer prepared as of a date later than such transfer are issued, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (A), (B) or (C) above of this definition;

provided that, in relation to paragraphs (A), (B) and (C) above of this definition:

(1) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Issuer adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

(2) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, total revenue, net profit or total assets of the Issuer and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Issuer;

(3) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total revenue, net profit or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer; and

(4) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer.

A certificate signed by any Authorised Signatory confirming that a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

(b) With respect to the LC Bank

(i) **Cross-Acceleration**: any indebtedness for money borrowed of the LC Bank or any of its Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period or any such indebtedness for money borrowed becomes due and payable prior to its stated maturity otherwise than at the option of the LC Bank or (as the case may be) the relevant Subsidiary or (provided that no event of default, howsoever described, has occurred) any person entitled to such indebtedness for money borrowed or raised or the LC Bank or any of its Subsidiaries fails to pay when due any amount payable by it under any guarantee or indemnity of any indebtedness for money borrowed, provided that the amount of indebtedness referred to in this Condition 9(b)(i) and/or the amount payable under any guarantee or indemnity referred to in this Condition 9(b)(i), individually or in the aggregate, exceeds U.S.$25,000,000 (or its equivalent in any other currency or currencies); or

(ii) **Security Enforced**: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial part of the undertaking, assets and revenues of the LC Bank or any of its Material Subsidiaries; or

(iii) **Insolvency etc**: (A) the LC Bank or any Material Subsidiary becomes insolvent or is unable to pay its debts as they fall due, (B) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the LC Bank or any Material Subsidiary or the whole or a material part of the undertaking, assets and revenues of the LC Bank or any Material Subsidiary, (C) the LC Bank or any Material Subsidiary takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee or indemnity of any indebtedness given by it or (D) the LC Bank or any Material Subsidiary ceases or threatens to cease to carry on all or any substantial part of its business, except (X) in the case of any Material Subsidiary, where the cessation is for the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation, merger or consolidation whereby the business, undertaking and assets of such Subsidiary are transferred to or otherwise vested in the LC Bank and/or another Subsidiary of the LC Bank, or (Y) on terms approved by an Extraordinary Resolution of the Bondholders; or

(iv) **Winding up etc**: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the LC Bank or any Material Subsidiary; or

(v) **Illegality**: it is or will become unlawful for the LC Bank to perform or comply with any one or more of its obligations under the Standby Letter of Credit, and the LC Bank fails to obtain the necessary waiver or approval or complete such other necessary remedial action within 30 calendar days such that the LC Bank may lawfully perform such obligations; or

(vi) **Analogous Events**: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in Conditions 9(b)(ii), 9(b)(iii) or 9(b)(iv).

In this Condition 9(b), "**Material Subsidiary**" means a Subsidiary of the LC Bank whose gross assets, gross revenue or net profit (consolidated in the case of a Subsidiary which itself has Subsidiaries) as at the date at which its latest audited financial statements were prepared or, as the case may be, for the financial period to which those audited financial statements relate, account for five per cent. or more of the consolidated gross assets, consolidated gross revenue or consolidated net profit of the LC Bank as at such date or for such period. If a Material Subsidiary transfers all of its assets and business to another Subsidiary of the LC Bank, the transferee shall become a Material Subsidiary and the transferor shall cease to be a Material Subsidiary on completion of such transfer.

The Trustee shall not be obliged to take any steps to ascertain whether an Event of Default or Potential Event of Default has occurred or to monitor the occurrence of any Event of Default or Potential Event of Default, and shall not be liable to the Bondholders or any other person for not doing so.

10 PRESCRIPTION

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within ten years (in the case of principal or premium (if any)) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 REPLACEMENT OF CERTIFICATES

If any Certificate is mutilated or defaced or is alleged to have been lost, stolen or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority rules, at the specified office of the Registrar on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity, pre-funding and otherwise as the Issuer or the Registrar may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 MEETINGS OF HOLDERS, MODIFICATION, WAIVER, AUTHORISATION, DETERMINATION AND ENTITLEMENT OF TRUSTEE

(a) Meetings of holders

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Standby Letter of Credit. Such a meeting may be convened by the Trustee or the Issuer and shall be convened by the Trustee upon request in writing from Bondholders holding not less than ten per cent. in aggregate principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed) and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed), or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed (each, a "**Reserved Matter**"), including consideration of proposals, *inter alia*, (i) to modify the Maturity Date or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, or (v) to modify or release the Standby Letter of Credit (other than an amendment or supplement to, or a replacement of, the Standby Letter of Credit in connection with a further issue of securities pursuant to Condition 15 or modification pursuant to Condition 12(b)), in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any such meeting adjourned for lack of quorum not less than 25 per cent., in aggregate principal amount of the Bonds then outstanding (as defined in the Trust Deed). Any Extraordinary Resolution duly passed shall be binding on Bondholders, whether or not they were present at the meeting at which such resolution was passed.

The Trust Deed provides that a resolution in writing signed by or on behalf of the Bondholders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed) shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document, or several documents in the same form each signed by or on behalf of one or more Bondholders.

(b) Modification, Waiver, Authorisation and Determination

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to any modification (other than any modification relating to a Reserved Matter) of, or to the waiver or authorisation of any breach or proposed breach of, or any failure to comply with, any of these Conditions or any of the provisions of the Trust Deed and/or the Agency Agreement and/or the Standby Letter of Credit which in its opinion is not materially prejudicial to the interests of the Bondholders, or may agree, without any such consent as aforesaid, to any modification hereof or thereof which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of applicable law. Any such modification, waiver or authorisation shall be binding on the Bondholders and, unless the Trustee agrees otherwise, such modification, waiver or authorisation shall be notified to the Bondholders by the Issuer as soon as practicable thereafter in accordance with Condition 16.

(c) Entitlement of the Trustee

In connection with the exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 12), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer (save as provided in Condition 8) or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

13 ENFORCEMENT

At any time after the Bonds become due and payable the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and/or the Bonds and, where appropriate, to draw down on and enforce the Standby Letter of Credit, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in aggregate principal amount of the Bonds then outstanding (as defined in the Trust Deed), and (b) other than in the case of the making of a drawing under the Standby Letter of

Credit, it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer or the LC Bank unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

14 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce payment unless first indemnified and/or secured and/or pre-funded to its satisfaction and for the Trustee to be paid or reimbursed for (*inter alia*) any liabilities incurred by it in priority to the claims of Bondholders. The Trustee is entitled to enter into business transactions with the Issuer, the LC Bank and/or any entity related to the Issuer or the LC Bank without accounting for any profit.

The Trustee and the Agents shall have no obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions, or to ascertain whether an Event of Default or a Potential Event of Default or a Relevant Event has occurred, and shall not be liable to the Bondholders or any other person for not doing so.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement, the Standby Letter of Credit or these Conditions to exercise any discretion or power, take or refrain from any action, make any decision or give any direction other than in the case of the making of a drawing under the Standby Letter of Credit, the Trustee is entitled, prior to its exercising any such discretion or power, taking or refraining from any such action, making any such decision, or giving any such direction, to seek directions from the Bondholders by way of an Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking or refraining from such action, making such decision, or giving such direction where the Trustee is seeking such directions or clarifications in respect of any directions from Bondholders or in the event that no such directions or clarifications are received by the Trustee.

None of the Trustee or the Agents shall be liable to any Bondholder, the Issuer, the LC Bank or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders or the Issuer, respectively. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by Bondholders holding the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed as further provided in the Trust Deed.

The Trustee and the Agents may rely without liability to Bondholders, the LC Bank or the Issuer or any other person on any report, confirmation or certificate or any opinion or advice of any legal adviser, accountant, financial adviser, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee, any Agent or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee and the Agents may accept and shall be entitled to rely on any such report, confirmation, certificate, opinion or advice and, in such event, such report, confirmation, certificate, opinion or advice shall be binding on the Issuer and the Bondholders.

15 FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects save for the first payment of interest on them and the timing for making and completing the NDRC Post-issue Filing and the SAFE Registration and the related notifications) and so that the same shall be consolidated and form a single series with the outstanding Bonds, *provided that* any

Rating Agency providing a rating on the Bonds pursuant to Condition 4(f) has been informed by the Issuer of such issue and confirms that such issue will not result in any change in the then credit rating of the Bonds, a further or supplemental or replacement standby letter of credit is issued by the LC Bank (or an amendment is made to the Standby Letter of Credit) on terms that are substantially similar to the Standby Letter of Credit (including that the stated amount of such further or supplemental standby letter of credit is at least equal to the principal of and an amount equal to the interest payment which is or would be due for an entire Interest Period on such further securities) and such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed. References to the Standby Letter of Credit shall thereafter include such further or supplemental or replacement or amended standby letter of credit.

16 NOTICES

All notices to the Bondholders shall be mailed to them by uninsured mail at their respective addresses in the Register. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any notice shall be deemed to have been given on the second day after being mailed or, as the case may be, on the date of such publication or, if published more than once, on the first date on which publication is made.

So long as the Bonds are evidenced by the Global Certificate and the Global Certificate is held on behalf of Euroclear Bank SA/NV and/or Clearstream Banking S.A. and/or an Alternative Clearing System, notices to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear Bank SA/NV and/or Clearstream Banking S.A. and/or the Alternative Clearing System, as applicable, for communication by it to entitled accountholders, in substitution for notification as required by the Conditions.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Bonds and the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

18 GOVERNING LAW AND JURISDICTION

(a) Governing Law

The Trust Deed, the Agency Agreement, the Standby Letter of Credit and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Trust Deed, the Agency Agreement and the Standby Letter of Credit and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Trust Deed, the Agency Agreement and the Standby Letter of Credit ("**Proceedings**") may be brought in such courts. The Issuer has, in the Trust Deed, irrevocably submitted to the exclusive jurisdiction of such courts and waived any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) Agent for Service of Process

The Issuer has, in the Trust Deed and the Agency Agreement, irrevocably appointed Cogency Global (HK) Limited at Unit B, 1/F, Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong to receive service of process in any Proceedings in Hong Kong. Such service shall be deemed completed on delivery to such agent (whether or not it is forwarded to and received by the Issuer). If for any reason such agent ceases to act as such or no longer has an address in Hong Kong, the Issuer has, in the Trust Deed, irrevocably agreed to forthwith appoint a substitute process agent in Hong Kong and deliver to the Trustee a copy of the agent's acceptance of that appointment within 30 days of such cessation, failing which the Trustee shall be entitled to appoint (at the Issuer's expense) such an agent by written notice to the Issuer. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) Waiver of Immunity

The Issuer has, in the Trust Deed, waived any right to claim sovereign, crown, state or other immunity from jurisdiction or execution and any similar defence, and has, in the Trust Deed, irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the terms and conditions of the Bonds (the "Conditions" or the "Terms and Conditions") set out in this Offering Circular. Terms defined in the Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions:

The Bonds, upon issuance, will initially be evidenced by a Global Certificate registered in the name of a nominee of, and deposited with, a common depositary on behalf of Euroclear and Clearstream.

Under the Global Certificate, the Issuer, for value received, promises to pay principal, interest and premium (if any) on the Bonds to the registered holder of the Bonds on such date or dates as the same may become payable in accordance with the Conditions.

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream or any other clearing system (an "**Alternative Clearing System**") is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

Payment

So long as the Bonds are evidenced by the Global Certificate and such Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing System, each payment in respect of the Global Certificate will be made to the person shown as the holder of the Bonds in the Register at the close of business of the relevant clearing system on the Clearing System Business Day immediately before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

Trustee's Powers

In considering the interests of the Bondholders whilst the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obliged to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) may consider such interests on the basis that such accountholders were the holder of the Bonds in respect of which such Global Certificate is issued.

Notices

So long as the Bonds are evidenced by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing System, notices to Bondholders shall be validly given by the delivery of the relevant notice to Euroclear or Clearstream or such Alternative Clearing System, as applicable, for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

Bondholder's Redemption

The Bondholder's redemption option in Condition 6(c) *(Redemption for Relevant Events)* may be exercised by the holder of the Global Certificate giving notice to any Paying Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Conditions.

Transfers

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of Euroclear and Clearstream or any Alternative Clearing System and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream or any Alternative Clearing System and their respective direct and indirect participants.

Cancellation

Cancellation of any Bond evidenced by the Global Certificate which is required by the Conditions to be cancelled will be effected by a reduction in the principal amount of the Bonds in the Register.

Meetings

For the purposes of any meeting of Bondholders, the holder of the Bonds evidenced by the Global Certificate shall (unless the Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each S$1,000 of the Bonds.

USE OF PROCEEDS

The net proceeds of the offering (after deducting underwriting commissions and expenses) is expected to be approximately S$146,000,000. The Issuer intends to use the proceeds from the offering for the repayment of debt.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated total indebtedness (both current and non-current portions) and total capitalisation of the Issuer as at 30 June 2018:

(i) on an actual basis, and

(ii) on an adjusted basis to give effect to the issue of the Bonds before deducting the commissions and other estimated expenses payable in connection with the offering of the Bonds.

The summary consolidated financial information below should be read in conjunction with the Issuer's consolidated financial statements and the notes to those statements included elsewhere in this Offering Circular.

	As at 30 June 2018			
	Actual		Adjusted	
	(RMB'000)	*(USD'000)*[(1)]	*(RMB'000)*	*(USD'000)*[(1)]
Current indebtedness				
Short-term borrowings	148,000.00	22,366.29	148,000.00	22,366.29
Non-current liabilities due within one year	693,038.10	104,734.42	693,038.10	104,734.42
Total current indebtedness	**841,038.10**	**127,100.71**	**841,038.10**	**127,100.71**
Non-current indebtedness				
Long-term borrowings	7,996,360.71	1,208,438.85	7,996,360.71	1,208,438.85
Bonds payable	2,457,762.56	371,425.94	2,457,762.56	371,425.94
Bonds to be issued	–	–	728,434.59	110,083.66
Other non-current liabilities	550,000.00	83,117.98	550,000.00	83,117.98
Total non-current indebtedness	**11,004,123.27**	**1,662,982.77**	**11,732,557.86**	**1,773,066.43**
Total indebtedness[(2)]	**11,845,161.36**	**1,790,083.48**	**12,573,595.95**	**1,900,167.14**
Total equity	**8,546,450.22**	**1,291,570.36**	**8,546,450.22**	**1,291,570.36**
Total capitalisation[(3)]	**20,391,611.58**	**3,081,653.84**	**21,120,046.17**	**3,191,737.50**

Notes:

(1) For convenience only, all conversions from Renminbi into U.S.$ are made at the rate of RMB6.6171 to U.S.$1.00, based on the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 29 June 2018.

(2) Total indebtedness equals the sum of total current indebtedness and total non-current indebtedness.

(3) Total capitalisation equals the sum of total indebtedness and total equity.

There has been no material adverse change in the total capitalisation of the Issuer since 30 June 2018.

DESCRIPTION OF THE LC BANK

The information included below is for information purposes only and is based on, or derived or extracted from, among other sources, publicly available information. The Issuer has taken reasonable care in the compilation and reproduction of the information. None of the Issuer, the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives, advisors has independently verified such information. No representation or warranty, express or implied, is made or given by the Issuer, the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives, advisors as to the accuracy, completeness or sufficiency of such information. Accordingly, such information should not be unduly relied upon.

The Bonds have the benefit of the Standby Letter of Credit which will be issued by Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch as the LC Bank. Under PRC laws, the LC Bank is not a separate and independent legal person but has capacity to carry on its activities within its scope of authorisation given by SPDB, and if the assets of the LC Bank are not sufficient to meet the obligations of the LC Bank under the Standby Letter of Credit, SPDB would have an obligation to satisfy the balance of the obligations under the Standby Letter of Credit.

OVERVIEW

SPDB is a national joint-stock commercial bank founded on 28 August 1992. SPDB commenced business on 9 January 1993 and was listed on the Shanghai Stock Exchange (Stock Code: 600000.SS) on 10 November 1999, becoming the first commercial bank listed on the Shanghai Stock Exchange following the promulgation of the PRC Securities Law.

SPDB's principal business activities are corporate and investment banking, personal banking and treasury business. As at 30 June 2018, SPDB had 41 first-level branches (including the Hong Kong Branch, Singapore Branch and London Branch) and a total of 1,761 outlets, covering nearly all provinces, autonomous regions and municipalities in the PRC. It is strategically focused in locations in economically developed areas with higher levels of income, including the Yangtze River Delta region, the Pearl River Delta region, the Beijing-Tianjin-Hebei metropolitan region and the Yangtze River economic zone.

As at and for the year ended 31 December 2015, 2016, 2017 and the six months ended 30 June 2018, SPDB held RMB5,044.4 billion, RMB5,857.3 billion, RMB6,137.2 billion and RMB6,091.8 billion in total assets, respectively, RMB2,245.5 billion, RMB2,762.8 billion, RMB3,194.6 billion and RMB3,345.6 billion in loans of foreign and domestic currency, respectively, and RMB2,954.1 billion, RMB3,002.0 billion, RMB3,037.9 billion and RMB3,210.4 billion in total deposits from customers, respectively, while earning a net profit for the year attributable to shareholders of SPDB of RMB50.6 billion, RMB53.1 billion, RMB54.3 billion after taxes, respectively and for the six months of RMB28.6 billion.

In 2018, SPDB was ranked 70th place (13th place among PRC enterprises, ninth place among PRC banks) among the Forbes Global 2000 based on four aggregative indicators (namely sales, profit, assets and market capitalisation). SPDB was also ranked 227th place (48th place among PRC enterprises, seventh Place among PRC banks) in Fortune's "Global 500", 25th place (eighth place among PRC banks) in terms of core capital and first place among all banks in terms of cost-to-income ratio in its list of Top 1000 World Banks and 13th place (sixth place among PRC banks) in its list of Top 500 Banking Brands by The Banker in 2018, with a brand worth of US$14.772 billion, a jump of five places compared to its ranking in 2017. SPDB was ranked 17th place (seventh place among other banks), second place among commercial banks of the same type) by Interbrand in 2018, with a brand worth of RMB18.7 billion. SPDB was also awarded, among others, the "Best Board of Directors" and the "Best New Media Operation" by Securities Times in the eighth Tianma – PRC Listed Companies Investor Relationships Selection. In addition, SPDB was also awarded the "2016 Most Influential Financial

Brand" by Financial Times, the "2016 Best Wealth Management Bank" and the "2016 Best Internet Bank" by East Money Net, the "Best Private Bank for Transparency" among PRC private banks and the "Best Fund Management Project" by the Asian Banker and the golden award by the 21st Century Financial Report and 21st Century Commercial Comments. It ranked third in the "Top 100 Shanghai Enterprise" and second in the "Top 100 Shanghai Service Industry" by the Shanghai Enterprise Federation in 2016. In 2015, SPDB was awarded, among others, the "Risk Management Achievement", "Best National Cash Management Bank in China" and "Best Mobile Banking Project in China" awards by The Asian Banker. It was also named the "Top 100 Golden Bull Listed Companies", the "Most Profitable Golden Bull Listed Company" and the "Golden Bull Evergreen Company" awarded by the China Securities Times. In 2014, SPDB received a number of awards, including the "Best Performance" and "Best Transaction" awards in syndicated loans and "Best Partner Bank for Trading Enterprises" by the China Banking Association, the "Most Reliable Bank", "Best Corporate Finance Brand", "Best Cash Management Brand" and "Best Investment Banking Brand" awards by CFOWORLD magazine and the "Best Retail Bank" award at the Stars of China Awards by Global Finance magazine.

PRINCIPAL BUSINESS ACTIVITIES

SPDB's principal business activities in the PRC include corporate banking and investment banking business, personal banking business and treasury business.

CORPORATE AND INVESTMENT BANKING BUSINESS

Adhering to its customer-oriented strategy, SPDB offers comprehensive financial services in the areas of financing, wealth management, investment banking, cash management, electronic banking and asset custody to its customers. It has also made significant developments in numerous fields, such as in its investment banking, green credit, merger and acquisition ("**M&A**") loans, direct equity funds and custody businesses. As at 30 June 2018, SPDB had approximately 1.43 million corporate financing clients.

Corporate deposit/loan business

As at 30 June 2018, total corporate deposits (including treasury deposits) of SPDB stood at RMB2,599.32 billion down by RMB63.39 billion or 2.38 per cent. from 30 June 2017. Total corporate loans of SPDB were RMB2,005.88 billion as at 30 June 2018, up by RMB146.9 billion or by 7.90 per cent. from 30 June 2017. Corporate NPL ratio was 2.84 per cent. as at 30 June 2018.

SPDB's loans and advances constitute the principal portion of its assets, at 54.92 per cent. as at 30 June 2018. Corporate loans have historically constituted the largest component of SPDB's loan portfolio. SPDB's corporate loans consist of short-term loans and medium-and long-term loans. These corporate loan products mainly take the form of ordinary corporate loans, bill discounting and trade finance.

SPDB lends to corporate borrowers in a wide range of industry sectors and across nearly all geographic regions of the PRC. The following table sets forth information on SPDB's outstanding corporate loans and advances by type as at the dates indicated:

	As at 31 December			As at 30 June
	2015	**2016**	**2017**	**2018**
	(RMB million)	*(RMB million)*	*(RMB million)*	*(RMB million)*
Loans and advances to corporate customers				
Commercial loans	1,564,247	1,707,344	1,772,962	1,800,672
Trade finance	31,887	23,970	44,898	52,036
Discounted bills	62,080	61,293	134,609	153,168

Investment Banking Business

SPDB offers a wide range of investment banking services including debt financing, asset-backed structured financing, green finance, and M&A advisory services. It acted as the lead underwriter for the issue of RMB500 million asset-backed notes by Shanghai PD Luqiao Construction Co., Ltd. in 2012, which was among the first batch of its kind in the PRC. SPDB was the sole lead underwriter for the transaction. In 2012, SPDB acted as underwriter in the first single commercial bank financial bonds issuance by Shanghai Rural Commercial Bank, with a deal size of RMB5 billion, further enriching the variety of bond underwriting business undertaken by SPDB. In 2012, SPDB developed the innovative "Green Finance Comprehensive Service Version 2.0" a key product in which is the collaboration with Asian Development Bank to provide building energy efficiency financing, the first of its kind in the PRC. In 2014, SPDB helped China General Nuclear Power Corp. to issue the first green carbon credit-backed corporate bond on the domestic interbank market. In the first quarter of 2015, SPDB further pioneered the first "blue" financial services centre in the PRC located in Qingdao, which focuses on marine-related financial services. SPDB was awarded "The Best Investment Bank in the PRC", "The Best Debt Securities Underwriting Bank in the PRC", "The Best Debt Financing Bank in the PRC" by the Securities Times in 2016. SPDB expects that the investment banking business will continue to be an important part of its business.

SPDB underwrote a total of RMB154.70 billion of corporate debt financing instruments for the six months ended 30 June 2018, up by 46.2 per cent. from the corresponding figure for the six months ended 30 June 2017.

Trade finance business

SPDB provides domestic and international trade finance services to customers. SPDB places great emphasis on technological capabilities and has successfully developed platforms to allow the entire trade financing procedures to be performed online.

The accumulated international trade settlement volume was U.S.$114.91 billion for the six months ended 30 June 2018, down of 5.94 per cent. from the corresponding figure for the six months ended 30 June 2017; factoring business volume was approximately RMB47.1 billion for the six months ended 30 June 2018, down by 42.03 per cent. from the corresponding figure for the six months ended 30 June 2017.

Asset custody business

SPDB provides an array of custody services to securities investment funds, enterprise annuity, National Council for Social Security Fund, insurance companies, qualified foreign institutional investors (QFII), qualified domestic institutional investors (QDII) and other bank clients, including assets custody, capital clearing, accounting, transaction monitoring, performance appraisal and reporting service. Custody services provided by SPDB include those relating to securities corporate clients' assets, foundation assets, building maintenance funds, housing funds, staff mutual-aid funds, securities investment funds, trust assets and transactional funds. For the six months ended 30 June 2018, SPDB provided custodian services to approximately 734 equity funds, with the total amount under custody amounting to RMB1,499.54 million.

SPDB is continually seeking to pursue innovations in its custody services and has made developments in the areas of financial product funds escrow, QFII/QDII trust custody, supervision and/or custody of internet platform funds, custody of funds of margin financing and securities lending, single-purpose prepaid funds depository etc. SPDB also successfully launched the first custody business nationwide of collective QDII trusts: Greater China QDII. Grasping opportunity of opening-up of custody services for single-purpose prepaid funds, SPDB has signed the first single-purpose prepaid card funds depository deal.

As at 30 June 2018, the size of SPDB's asset custody business was RMB10.48 trillion, an increase of 23.44 per cent. from 30 June 2017; SPDB's custody fee income was RMB1.76 billion as at 30 June 2018, down by 7.72 per cent. from the corresponding figure as at 30 June 2017.

Asset management business

SPDB provides a range of asset management solutions to corporate clients. As at 30 June 2018, it had over 1.43 million corporate financing clients. Revenue from the sales of asset management products amounted to RMB3.02 billion as at 30 June 2018. SPDB has developed various electronic systems to provide solutions to its clients, including an integrated depositary system and online tax payment systems.

Pension business

SPDB has provided pension management services since its establishment and has one of the longest history of providing specialised pension management services among commercial banks in the PRC. Being among the first batch of banks to provide enterprise annuity custody services, SPDB pioneered many enterprise annuity services.

SPDB provides a comprehensive range of enterprise annuity and employee benefit services including pension asset management, enterprise annuity custody, enterprise annuity account management, employee benefit scheme management, scheme design and related investment performance analysis.

As at 30 June 2018, SPDB managed approximately 395,624 individual accounts for enterprise annuity.

PERSONAL BANKING BUSINESS

Guided by its core "customer-centric and market-oriented" principles, SPDB continued to accelerate business restructuring and strategic transformation of personal finance business, and to enhance the development of products system and implemented classified and categorised management of customers. SPDB continued to maintain a rapid development of personal financial services, with main operation indicators ranking it high among joint-stock banks. The principal components of SPDB's personal finance business consist of personal loans and strategic transformation of retail finance business, personal deposits, wealth management and private banking, foreign exchange services, bank debit cards and bank credit cards. As at 30 June 2018, SPDB had approximately 46.73 million personal customers.

SPDB's retail finance business has experienced rapid growth in recent years. SPDB recorded personal financial product sales of approximately RMB2,316 billion as at 30 June 2018. As at 30 June 2018, SPDB's balances of personal deposits and personal loans recorded RMB608.93 billion and RMB1,339.76 billion, respectively, representing an increase of 19.81 per cent. and an increase 14.66 per cent. over 30 June 2017, respectively.

Personal Deposits

SPDB accepts deposits in Renminbi as well as certain major foreign currencies. It mainly offers demand deposits and time deposits to its personal banking customers.

By continuing its efforts to develop deposit products to meet the diverse needs of its customers, SPDB promoted the development of personal deposits and achieved further growth in its personal deposits business. As at 31 December 2015, 2016, 2017 and 30 June 2018, the personal deposits reached RMB501,948 million, RMB473,820 million, RMB486,822 million and RMB608,929 million, respectively.

Personal Loans

SPDB's personal loans have experienced substantial growth in recent years. As at 31 December 2015, 2016, 2017 and 30 June 2018, its outstanding personal loans totalled RMB587,304 million, RMB970,199 million, RMB1,242,131 million and RMB1,339,761 million, respectively.

Loans to personal customers include personal housing loans, personal business loans, credit card overdrafts and other personal loans such as personal consumer loans.

Personal business loans primarily include loans to individuals and business proprietors. As at 30 June 2018, the outstanding amount of its personal business loans amounted to RMB213,279 million, accounting for approximately 15.9 per cent. of the total outstanding amount of SPDB's personal loans.

Personal Housing Loans

Personal housing loans form the largest component of SPDB's personal loan portfolio. As at 30 June 2018, the outstanding amount of SPDB's personal housing loans amounted to RMB553,026 million, accounting for approximately 41.3 per cent. of the total outstanding amount of its personal loans.

Credit Card Loans

SPDB's credit card business targets different client segments and offers a wide variety of credit card products including cards focused on travel, shopping and lifestyle themes. As at 30 June 2018, the outstanding amount of the SPDB's personal credit card business amounted to RMB411,156 million, accounting for approximately 30.7 per cent. of the total outstanding amount of its personal loans.

Personal Consumer Loans and Other Personal Loans

Personal consumer loans include personal auto loans, personal overseas study loans, personal secured loans and personal unsecured loans. As at 30 June 2018 excluding housing mortgages, personal business loans and credit card loans, the outstanding amount of SPDB's personal consumer loans and other personal loans amounted to RMB162,300 million, an increase of 56.55 per cent. as compared to the corresponding figure as at 30 June 2017.

Bank Cards

SPDB offers a variety of debit card and credit card products to its customers. For the years ended 31 December 2015, 2016, 2017 and the six months ended 30 June 2018, it recorded RMB6,683 million, RMB12,670 million, RMB17,717 million and RMB10,697 million, respectively, of fees from the bank card business. For the six months ended 30 June 2018, SPDB registered RMB827.6 billion in credit card transaction value, representing an increase of 64.36 per cent. from the corresponding figure for the six months ended 30 June 2017.

Private Banking

SPDB began its private banking business in 2011. As at the date of this Offering Circular, it has established 29 private banking and wealth management centres serving high net worth individual customers.

TREASURY BUSINESS

SPDB's treasury business covers three main areas; exchange trading business, over-the-counter ("**OTC**") business and asset management business. As at 30 June 2018, the main operational assets of SPDB reached approximately RMB5.2 trillion.

Exchange Trading Business

SPDB engages in a wide variety of exchange trading, including trading in bonds, currencies, foreign exchange, precious metals, derivatives and commodities. In 2015, it formally launched its gold import business and precious metals account business. It also launched an e-commerce trading platform to carry out the sale of precious metals to realise its "internet + finance" innovative business model. For the six months ended 30 June 2018, the value of Renminbi bond transactions handled by SPDB amounted to approximately RMB1.56 trillion.

OTC BUSINESS

SPDB engages in a number of OTC transactions, including the inter-banking business and trading in notes. For the six months ended 30 June 2018, it provided facilities to 496 financial institution clients, with the total amount of facilities provided amounting to RMB4.86 trillion.

Asset Management Business

SPDB provides a wide range of asset management products to suit its customers' needs and is constantly exploring new products and investment channels. As at 30 June 2018, it attained sales of asset management products exceeding RMB1.22 trillion. It was awarded the "2016 Gold Shell Award", the "Best Asset Management Bank", "2016 Best Wealth Management Products" and "2016 Overseas Financial Services New Elite Bank" by the 21st Century Business Herald.

BOARD OF DIRECTORS

The board of directors of SPDB as at the date of this Offering Circular consisted of:

Name	Position
GAO Guofu	Chairman of the Board of Directors
LIU Xinyi	President and Vice Chairman of the Board of Directors
PAN Weidong	Director
FU Fan	Director
GU Jianzhong	Director
DONG Xiuming	Director
HUA Renchang	Independent Director
WANG Zhe	Independent Director
QIAO Wenjun	Independent Director
ZHANG Ming	Independent Director
YUAN Zhigang	Independent Director
CHEN Weizhong	Independent Director

SHAREHOLDERS

The rights of controlling shareholders in SPDB are contained in the articles of association of SPDB, and SPDB will be managed in accordance with those articles and with the provisions of the Company Law of the PRC, as amended.

GENERAL INFORMATION

SPDB's headquarters is located at No. 12, Zhongshang Dong Yi Road, Shanghai. Its website address is www.spdb.com.cn/. Information contained on SPDB's website is subject to change from time to time and does not form part of this Offering Circular. No representation is made by the Group, the Managers, the Trustee, the Agents, or any of their respective affiliates, directors, officers, employees, agents, representatives, advisors, and none of the Group, the Managers, the Trustee, the Agents, or any of their respective affiliates, directors, officers, employees, agents, representatives, advisors, take any responsibility for any information contained on SPDB's website.

Copies of the latest interim and annual reports of SPDB, as well as its public filings, can be downloaded free of charge from the website of the Shanghai Stock Exchange. Information contained in such filings does not form part of this Offering Circular.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is a major investment, financing, asset and project management platform in the Banan Economic Zone, and is a state-owned enterprise wholly owned by the Banan Finance Bureau. It plays an important role in the development of the Banan Economic Zone, one of the district-level economic zones in China. The Group's strategic positioning and its state-owned background give it advantages and resources to fulfil its business mission. Since its establishment in 2007, the Issuer has been engaged in many projects to increase the urbanisation and commercial attractiveness of the Banan Economic Zone, involving primary land development such as construction of roads, tunnels and river improvement as well as infrastructure construction.

The total planning area of the Banan Economic Zone amount to 46.36 square kilometres and consists of five main areas, namely Huaxi, Jieshi, Tianming, Jinzhu and Lujiao. Each area contains a cluster of enterprises within certain key industries. The table below sets out the key industries within each area of the Banan Economic Zone:

Area	**Key industry**
Huaxi	Auto manufacturing, textile and garment manufacturing
Jinzhu	Automobile, printing
Jieshi	Consumers electronics
Tianming	Automobile and automobile accessories manufacturing industry
Lujiao	Financial service outsourcing, modern service

Focusing its business operations in the Banan Economic Zone, the Group is primarily engaged in the business of primary land development, infrastructure construction and other businesses such as the construction, operation, rental and sale of standardised manufacturing facilities.

According to the《關於組建重慶市南部新城產業投資集團有限公司的通知》(巴南府發[2018]36號) issued by the People's Government of Banan on 28 December 2018 (the "**Restructuring Circular**"), it is anticipated that Banan Finance Bureau will transfer its entire shareholding interest in the Issuer to an intermediate holding company, which in turn will be wholly-owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Banan (the "**Restructuring**"). It is expected that the Restructuring will be completed in 2019 pending relevant registration and filing procedures. Merger accounting in respect of the transaction would apply from 1 January 2019 in the Issuer's future audited consolidated financial statements.

As at 30 June 2018, the Issuer has a paid-in capital of RMB537.55 million and total assets of approximately RMB21.83 billion. For the years ended 31 December 2015, 2016, 2017, and the six months ended 30 June 2018, the Issuer reported a total operating revenue of approximately RMB1,087.53 million, RMB1,098.23 million, RMB947.68 million, and RMB45.76 million, respectively.

COMPETITIVE STRENGTHS

The Issuer believes that the Group has the following competitive strengths:

The Group benefits from Chongqing's and Banan's strategic location.

Chongqing became one of the four independent municipalities of China in 1997. In 2009, the State Council of the People's Republic of China issued the "Several Opinions on Promoting Urban and Rural Reform and Development of Chongqing (Guo Fa [2009] No.3)"《關於推進重慶市統籌城鄉改革和發展的若干意見》(國發[2009]3號), which elevated the urbanisation development plans of Chongqing to an important strategic element at the national level. This has led to the rapid development and urbanisation of the Chongqing municipality.

Banan District as one of Chongqing's nine core districts is part of that strategic developmental growth. Banan is located south of the main city of Chongqing and is seven kilometres from the town centre of Chongqing. The northern and southern ends of the Banan District are conveniently connected via the Lijiatuo Yangtze River Bridge (李家沱長江大橋), Yudong Yangtze River Bridge (魚洞長江大橋) and Masangxi Yangtze River Bridge (馬桑溪長江大橋). Banan District is also at the intersection of various highways including the Inner Ring Highway, the Outer Ring Highway, the Chongqing-Guizhou Highway and the Chongqing-Hunan Highway. In addition, the Banan section of the Chongqing-Lichuan railway is under construction, and the Qijiang section of the Chongqing-Guiyang high-speed railway is planned to connect with the Yipin and Jieshi branch rail lines. Following the rapid construction of various vital infrastructure such as railroads, freight stations, the Yangtze River Wharf, transportation hubs and other transportation facilities, the construction of these vital transportation-related infrastructure will further solidify Banan District's central position in the southern parts of Chongqing.

In this regard, leveraging its geographical advantages and coupled with rapid development and growth, Banan District's economy has strengthened significantly over the years. As the Group's business operations and investments are located within Banan District, the Group's business has, and will continue to benefit from, the rapid development, growth and urbanisation of the city.

Strong support from the Chongqing Municipal Government to develop the land and infrastructure in the Banan Economic Zone.

The Group is a major investment, financing, asset and project management platform in the Banan Economic Zone. It focuses on the development of the land and infrastructure in the Banan Economic Zone and is of strategic importance to the urbanisation of Chongqing as a whole. Pursuant to the Land Use and Grant Supplemental Agreement and Master Agreement which the Issuer signed with the People's Government of Banan, the Banan Finance Bureau undertakes to pay the Issuer for the projects developed by the Issuer in relation to its primary land development and infrastructure construction projects. The Issuer's state-owned background and its strategic positioning ensures that it has ample opportunities to carry out primary land development and infrastructure construction projects.

The Group has received strong support from the PRC Government by way of government subsidies and grants. In addition, there are also many favourable policies set in place to further solidify the business operations of the Group. For example, "Opinion of the CPC Chongqing Municipal Committee and the People's Government of Chongqing on Accelerating the Construction of Characteristic Industrial Parks" (Yu Wei Fa [2002] No. 28)(《中共重慶市委、重慶市人民政府關於加快建設特色工業園區的意見》(渝委發[2002]28號)) and the "Opinion of the CPC Banan District Committee of Chongqing and the People's Government of Banan District of Chongqing on Accelerating the Development and Construction of Economic Zones" (Ba Nan Wei Fa [2008] No. 9)(《中共重慶市巴南區委重慶市巴南區人民政府關於加快經濟園區開發建設的意見》(巴南委發[2008]9號) were promulgated to support the development and growth of industrial parks and economic zones. Governmental support and favourable policies have enabled the Group to accumulate funds for the sustainable and rapid development of its business.

As the sole enterprise involved in the construction of basic infrastructure and primary land development in the Banan Economic Zone, the Group plays a crucial role in increasing and maintaining the development plans of the Chongqing Municipal Government for the Banan Economic Zone. The Group is well placed to leverage the favourable political climate as well as its unique position in the development of the Banan Economic Zone. With the continued strong support from the People's Government of Banan and the Chongqing Municipal Government, the Group believes that it will be able to continue to operate and invest in capital-intensive and large-scale land development and infrastructure projects to further expand its business operations and consolidate its existing position in the Banan District.

Steady revenue stream from its agreements entered into by the Issuer with the People's Government of Banan.

The Issuer had entered into various agreements with the People's Government of Banan, including the Land Use and Grant Agreement, the Land Use and Grant Supplemental Agreements and the Master Agreement. These agreements each have a five-year term. As the People's Government of Banan has included its financial obligations under these agreements in the local government budget, this ensures a steady stream of revenue for the Group. The operating revenue of the Group has maintained a steady growth. For the years ending 2015, 2016, and 2017, the Issuer recorded an operating revenue of RMB1,087.53 million, RMB1,098.23 million and RMB1,098.23 million, respectively. The Group believes that its operating revenue will keep to a steady upward trend.

Abundant land reserves for future project development with large growth potential in property value.

The Group's land reserve provides it with the most important resource to engage in primary land development and infrastructure construction. The Group believes its land reserves is able to satisfy its demand for land for the next few years. In addition, the Group expects that the continued development of the Banan Economic Zone will increase the value of the land in the zone, including the Group's land reserves.

Strong financing capability with a sound and stable credit position.

The Group has access to diversified financing channels to fund its project development, such as bank loans, issuance of corporate bonds and private placement notes in the domestic capital market. Different sources of capital give the Group the opportunity to better manage its credit risk by optimising the maturity profile of its outstanding debts and securing low-cost capital if available. The Group maintains good and long-term relationships with a number of banks and financial institutions in China. As at 30 June 2018, the Group has credit facilities in the total amount of approximately RMB15.00 billion, of which RMB3.20 billion had not been utilised.

The Group has not defaulted on the repayment of any loans. It maintains a strict investment and financing plan, withdrawing and applying all funds based on the progress of its construction projects.

Comprehensive and systematic business operation model led by an experienced management team.

The Group has established a comprehensive and systematic business model which is in line with modern corporate practice. For example, the Group has a "Cost Control and Management System for Construction Projects of Companies in the Economic Zone"《經濟園區公司建設項目成本控制管理制度》enabling it to standardise the management of a project, including project establishment and approval, project construction, tender and bidding management. It also has a clear delineation of responsibilities within the Group and has a robust management and incentive structure in place. The apex of its corporate governance structure comprises its board of directors, senior management and supervisory committee. The Group has an experienced management team with extensive knowledge in the industries in which it operates. Please see "*Directors, Supervisors and Senior Management*" for further information on the Issuer's management team.

The Group has set up 13 departments to oversee the different aspects of the Group's daily operations, such as the asset management department, comprehensive management department, finance and accounting department, investment and financing development department and the project management department.

The Group believes that its comprehensive and systematic business operation model as well as its experienced management team ensures an efficient management of the Group's business operations and has proved to be crucial in ensuring its success over the years.

BUSINESS STRATEGIES

The Group aims to continue to focus its efforts to serve the development of the Banan Economic Zone. In order to achieve its objectives, the Group intends to implement the following strategies:

Continue and expand on basic infrastructure projects in the Banan District.

The Group's infrastructure construction business is one of its core business pillars as well as one of its primary sources of revenue. The Group plans to leverage the economic growth and strategic location of the Banan District as well as favourable government policies and the People's Government of Banan's strong support to the Group to continue to focus on infrastructure construction and development. Going forward, the Group will continue to focus on undertaking basic infrastructure construction projects in Banan District as well as related reinvestments. The Group also intends to rely on its basic infrastructure projects to expand into other related sectors, with the aim of achieving a synergistic effect across its chosen sectors. In particular, the Group intends to capitalise on its experience in infrastructure construction within the Banan Economic Zone to raise the benchmarks for project construction, eventually establishing itself as a leader within the industry. By leveraging its extensive industry and execution experience, the Group believes that it will continue to play a key role in executing the Chongqing Municipal Government's city development plans.

Ramp up on the construction of standardised manufacturing facilities and promote structural reorganisations and upgrades to different industrial zones within the Banan Economic Zone to enhance the commercial attractiveness of the zone.

The Group intends to continue to be a leader in developing the Banan Economic Zone. According to the "12th Five-Year Development Plan for the Banan Economic Zone of Chongqing"《重慶市巴南區經濟園區"十二五"發展規劃》, the key to developing the Banan Economic Zone as a centre of investment promotion and as a feature industrial park is to attract a group of high technology, high value-add and competitive enterprises. Therefore, apart from focusing on the basic infrastructure construction projects, the Group intends to attract these highly prized enterprises by equipping the zone with complementary standardised manufacturing facilities. These manufacturing facilities are attractive to enterprises as it helps lower their cost of production by outsourcing to a centralised but efficient manufacturing facility.

In addition, the Issuer also intends to promote the optimisation of the geographical layout of different industries in the Banan Economic Zone pursuant to the "Industry Development Plan for the Banan Economic Zone of Chongqing"《重慶市巴南經濟園區產業發展規劃》. In particular, the Issuer will help optimise the geographical layout within the Banan Economic Zone by advancing the development of the automotive, motorbike and parts industry in one cluster, the electronic information industry, production service industry and headquarters economy industry in one cluster, the equipment manufacturing industry in one cluster, and the modern service industry in one cluster. This will enhance the cost effectiveness and economies of scale by grouping the relevant industries together.

The Issuer believes enhancing the attractiveness of the Banan Economic Zone will lead to an increase in land prices within the Banan Economic Zone as well as general economic development of the Banan District.

Adhere to prudent financial management policies with stringent risk control.

The Group believes that a prudent financial management system can reduce operational and financial risks and help achieve long-term sustainable growth. As such, the Group will continue to enhance its financial management system by implementing a stringent financial reporting and control system to comply with legal and regulatory requirements. The Group will also maintain prudent investment policies that target to achieve balance between assets and liabilities, between investment return and risk taking, and between principal business and other ancillary business. The Group strives to prudently manage its financials while fulfilling investment and development needs to drive its profitability.

Explore new financing channels.

The Group has traditionally funded its business operation and working capital through bank loans, issuance of corporate bonds and private placement notes in the domestic capital market. With its state-owned background, the Group has maintained long-term relationships with several notable commercial banks and financial institutions in the PRC. The Group is seeking active opportunities to utilise the capital markets with a view to reducing capital costs and maintaining an optimal finance structure, including the issuance of offshore bonds. The Group intends to explore and employ new financing channels to secure funding on more favourable terms to better support the financing needs of the Group's projects.

Further enhance management capability and improve corporate governance structure.

The Group will continue to improve and streamline its management structure, so as to strengthen its capabilities in terms of corporate management and internal control. The Group considers that effective management at all organisational levels and among members of the Group is critical to optimise its overall operational efficiency.

HISTORY AND DEVELOPMENT

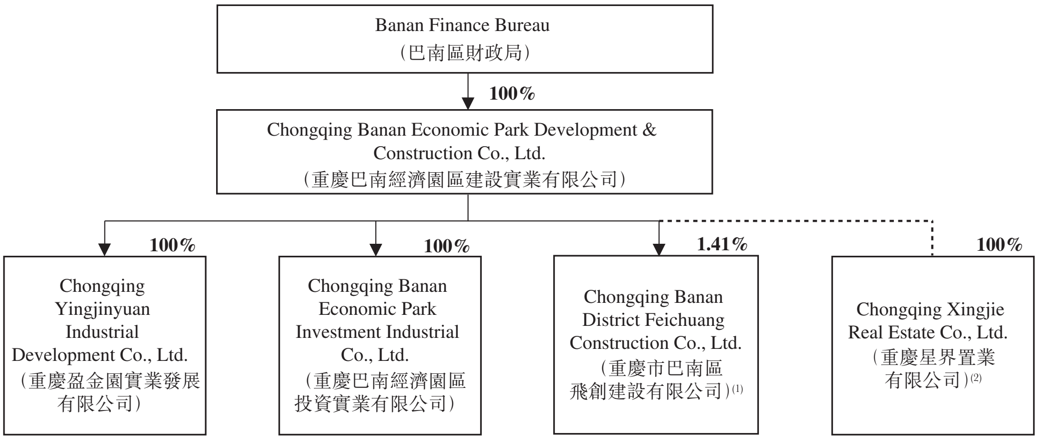
The following table sets out the significant milestones of the Group:

2007	On 4 September 2007, the Issuer was established by the Banan Finance Bureau with an initial registered capital of RMB20 million.
2008	On 15 October 2008, pursuant to the Notice of the District Finance Bureau Transferring the shares of Chongqing Banan Economic Park Development & Construction Co., Ltd. and Chongqing Tianjia Investment Co., Ltd.《關於區財政局劃轉所持重慶巴南經濟園區建設實業有限公司重慶天嘉投資有限公司股權的通知》(巴南府發[2007]79號) issued by the People's Government of Banan, the Banan Finance Bureau transferred all its equity interests in the Issuer to Chongqing Yuxing Asset Management Co., Ltd.(重慶市渝興資產經營有限公司). Consequently, the Issuer converted from being a state-owned enterprise to a limited liability company owned by Chongqing Yuxing Asset Management Co., Ltd.(重慶市渝興資產經營有限公司).
2008	On 5 May 2008, the Issuer's registered capital was increased by RMB30 million, resulting in the increase of the Issuer's registered share capital to RMB50 million.
2008	On 31 December 2008, the Issuer's registered capital was increased by RMB55.22 million, resulting in the increase of the Issuer's registered share capital to RMB105.22 million.

2009	On 17 February 2009, the Issuer's registered capital was increased by RMB94.78 million, resulting in the increase of the Issuer's registered share capital to RMB200 million.
2010	On 2 February 2010, the Issuer's registered capital was increased by RMB70 million, resulting in the increase of the Issuer's registered share capital to RMB270 million.
2010	On 8 February 2010, the Issuer's registered capital was increased by RMB100 million, resulting in the increase of the Issuer's registered share capital to RMB370 million.
2010	On 7 April 2010, the Issuer's registered capital was increased by RMB70 million, resulting in the increase of the Issuer's registered share capital to RMB440 million.
2010	On 19 April 2010, the Issuer's registered capital was increased by RMB47.5521 million, resulting in the increase of the Issuer's registered share capital to RMB487.5521 million.
2010	On 8 December 2010, the Issuer's registered capital was increased by RMB50 million, resulting in the increase of the Issuer's registered share capital to RMB537.5521 million.
2011	On 10 January 2011, pursuant to the Notice on Changing the Investors of Chongqing Banan Economic Park Development & Construction Co., Ltd.《關於變更重慶巴南經濟園區建設實業有限公司出資人的通知》(巴南府發[2011]2號) issued by the People's Government of Banan, the Banan Finance Bureau was reinstated as the shareholder of the Issuer. Consequently, the Issuer converted from being a limited liability company to a state-owned enterprise controlled by the Banan Finance Bureau.
2014	On 20 August 2014, the Issuer issued a total amount of RMB0.5 billion domestic corporate bonds for a term of seven years with a coupon rate of 7 per cent.
2015	In March 2015, the Issuer issued a total amount of RMB0.6 billion domestic corporate bonds for a term of seven years with a coupon rate of 6.17 per cent.

CORPORATE STRUCTURE

The following chart presents a simplified structure of the Group and the shareholding of the Issuer as at the date of this Offering Circular:



Note:

(1) The Issuer exercises actual control over all the business operations and management of Chongqing Banan District Feichuang Construction Co., Ltd. (重慶市巴南區飛創建設有限公司). The financial results of Chongqing Banan District Feichuang Construction Co., Ltd. (重慶市巴南區飛創建設有限公司) are included in the consolidated financial statements of the Group for the years ended 31 December 2015, 2016, 2017, and the six months ended 30 June 2018.

(2) The Issuer has entered into a sale and purchase agreement in October 2018 with an independent third party to dispose of all equity interest and liabilities in Chongqing Xingjie Real Estate Co., Ltd. (重慶星界置業有限公司) ("**Chongqing Xingjie**"), for a consideration of approximately RMB1.06 billion. Chongqing Xingjie was engaged in the business of real estate development. The disposal was conducted based on commercial decision and will be completed after relevant regulatory filing. As at the date of the Offering Circular, the Issuer was still the registered shareholder of Chongqing Xingjie.

According to the Restructuring Circular, it is anticipated that Banan Finance Bureau will transfer its entire shareholding interest in the Issuer to an intermediate holding company, which in turn will be wholly-owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Banan. It is expected that the Restructuring will be completed in 2019 pending relevant registration and filing procedures. The Group will remain indirectly wholly-owned by the Banan Finance Bureau.

BUSINESS SEGMENTS

The Group is primarily engaged in primary land development and the construction of infrastructure within the Banan Economic Zone. In addition, it also constructs standardised manufacturing facilities within the Banan Economic Zone and operates, leases or sells the standardised manufacturing facilities to enterprises within the Banan Economic Zone.

The following table sets forth a breakdown of the Group's total operating revenue from each business segment in absolute amount and as a percentage of its total operating revenue for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June	
Business segment	**2015 (RMB'000)** *(Audited)*	%	**2016 (RMB'000)** *(Audited)*	%	**2017 (RMB'000)** *(Audited)*	%	**2018 (RMB'000)** *(Unaudited)*	%
Primary land development	453,904.60	41.74	742,243.00	67.59	617,226.27	65.13	36,310.27	79.35
Infrastructure construction	617,290.71	56.76	346,086.33	31.51	311,561.57	32.88	–	–
Other businesses	16,337.55	1.50	9,902.96	0.90	18,891.79	1.99	9,446.57	20.65
Total operating revenue	1,087,532.86	100	1,098,232.29	100	947,679.03	100	45,756.83	100

Primary land development

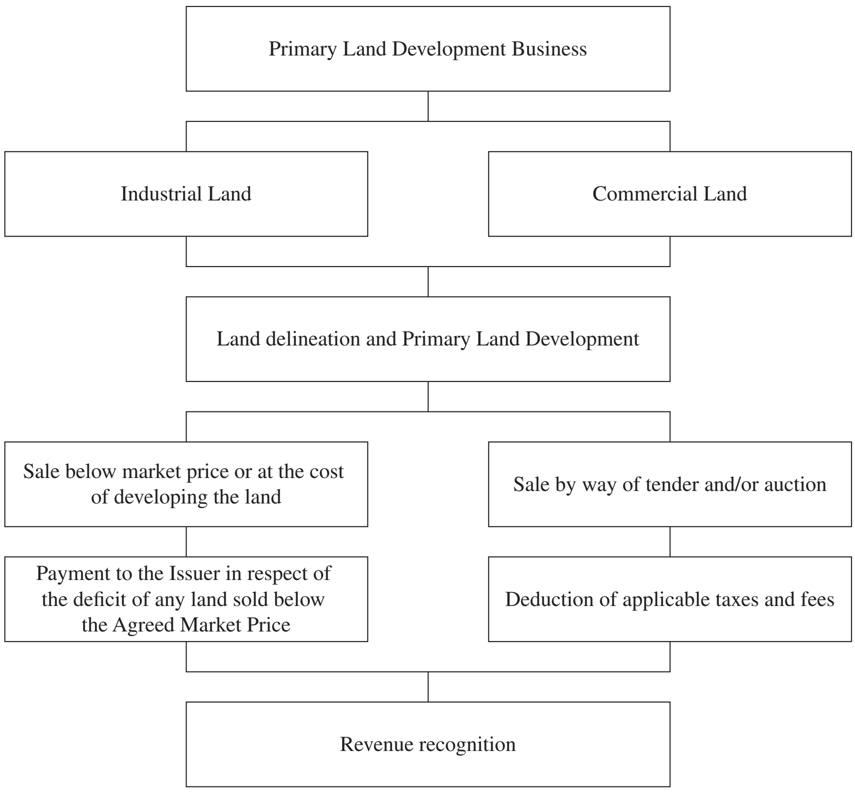
Primary land development has been the Group's core business since its establishment. The Issuer has been commissioned by the People's Government of Banan to develop all the land within the Banan District held by the Banan Land Reservation Centre, particularly land within the Banan Economic Zone. In addition, the Issuer also develops land it privately owns. Over the years and since its establishment, the Group has developed a significant amount of land within the Banan District. As at 30 June 2018, the Group has developed lands with a total investment amount of approximately RMB9.28 billion.

Business model

Primary land development is a vital step in laying the foundations for urban development. The process of primary land development generally involves the following steps:

- Demolition of existing infrastructure (if any);
- Building and laying networks including roads, water and drainage systems, electricity and communication cables, and gas pipes; and
- Surface levelling.

The Issuer is responsible for the financing and capital outlay requirements required for primary land development. Upon completion of the primary land development process, the land will be delineated and sold by way of tender and/or auction. The plots of land are divided into two categories: (i) land for industrial use ("**Industrial Land**"), and (ii) land for commercial use ("**Commercial Land**"). The following flowchart sets out the business model and process by which the Issuer conducts its primary land development business:



In respect of Industrial Lands, as a means of attracting new capital and investment, the People's Government of Banan has implemented a preferential land grant policy for new enterprises within the Banan Economic Zone. Under the preferential land grant policy, new enterprises are granted preferential purchase prices for land within the Banan Economic Zone, either below the market price of the land or at the cost of developing the land. In this regard, in order to safeguard the interests of the Issuer, and for the periods between 1 January 2016 to 31 December 2020, the Issuer has entered into a Land Use and Grant Supplemental Agreement with the People's Government of Banan under which the agreed market price per Mu of land is RMB450,000. The People's Government of Banan will pay the Issuer the deficit in respect of any land sold below the Agreed Market Price for Industrial Land, and the Issuer will keep the profits of any land sold above the Agreed Market Price for Industrial Land.

In respect of Commercial Lands, they are sold by way of tender and/or auction by the Chongqing Land Resources and Housing Administration Bureau after development. Upon a successful sale, the underlying costs of the land, which includes the cost of development, will be returned to the Banan Finance Bureau with the remaining profits divided between the central government, the municipal government and the district government in the proportions of 44 per cent., 28 per cent. and 28 per cent., respectively. In this regard, the full amounts paid to the district government will be paid to the Issuer.

The Issuer's primary land development business is mainly concentrated in three development zones, namely Jieshi, Tianming and Lujiao. These development zones encompass approximately 40.62 square kilometres of land. The following table sets forth the amounts of land that have been developed by the Issuer for the periods indicated:

	For the year ended 31 December			**For the six months ended 30 June**
Land type	**2015 (Mu 畝)**	**2016 (Mu 畝)**	**2017 (Mu 畝)**	**2018 (Mu 畝)**
Industrial	459.25	1,117.83	1,031.92	–
Commercial	158.31	114.79	84.11	12.28
Total	617.56	1,232.62	1,116.03	12.28

For the years ended 31 December 2015, 2016, 2017, and the six months ended 30 June 2018, the Group's operating revenue generated from its primary land development business was approximately RMB453.90 million, RMB742.44 million, RMB617.23 million and RMB36.31 million, respectively, representing 41.74 per cent., 67.59 per cent., 65.13 per cent. and 79.35 per cent. respectively, of the Group's total operating revenue for the same periods. For the years ended 31 December 2015, 2016, 2017, and the six months ended 30 June 2018, the Group's operating profit generated from its primary land development business was approximately RMB261.51 million, RMB333.18 million, RMB247.68 million and RMB32.01 million.

Currently, the Group has approximately 6,768 mu of land, comprising 5,245 mu of Industrial Land and 1,523 mu of Commercial Land, which requires development. The Issuer intends to develop approximately 500 Mu of land for each of the years ending 31 December 2018 and 2019.

Infrastructure Construction

The Issuer is the primary state-owned entity through which the People's Government of Banan implements its infrastructure and facilities development plans for the industrial parks of the Banan District. Since the Group's establishment, it has been engaged by the People's Government of Banan to construct infrastructure within the Banan Economic Zone by way of an agent construction model. Under the agent construction model, the Group is engaged as a general contractor, instead of project owner, under which it acts as an agent for the People's Government of Banan to coordinate and procure financing necessary for the relevant infrastructure projects within the Banan Economic Zone. The Group's infrastructure construction business segment comprises two sub-categories: construction of resettlement housing and construction of basic infrastructure.

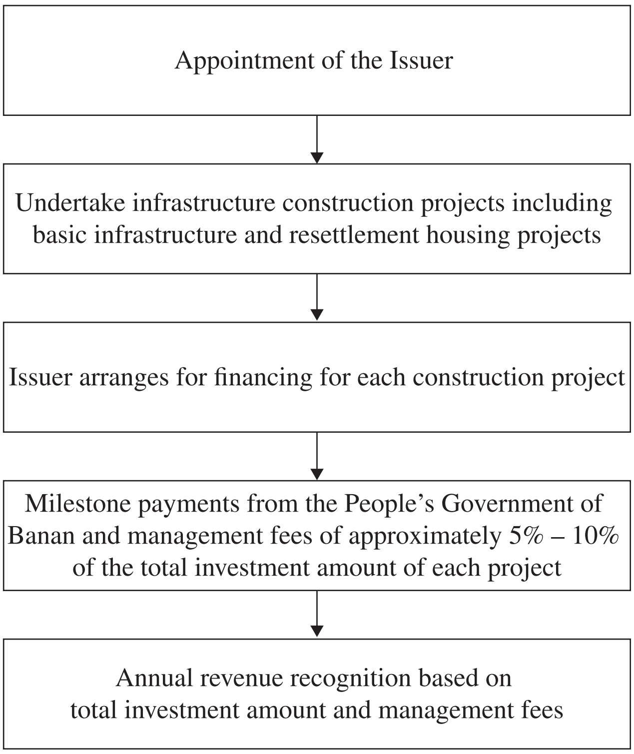
Infrastructure Construction Business	For the year ended 31 December 2015 (RMB'000) *(Audited)*	2016 (RMB'000) *(Audited)*	2017 (RMB'000) *(Audited)*	For the six months ended 30 June 2018 (RMB'000) *(Unaudited)*
Construction of resettlement housing	82,082.31	22,916.13	3,131.96	–
Construction of basic infrastructure	535,208.40	323,170.20	308,429.60	–
Total	617,290.71	346,086.33	311,561.57	–

The Group entered into the Master Agreement in 10 June 2011 and further entered into the Supplemental Agreement in 31 December 2015. Operating revenue reported under this business segment primarily represents the investment amount for each project as approved by the People's Government of Banan, as well as an additional percentage based on the investment amount. The additional percentage ranges from 5 per cent. to 8 per cent. based on written agreements with the People's Government of Banan. In this regard, the construction projects undertaken by the Group all fall within the Master Agreement.

The Group is responsible for the financing of each project and will seek payment annually from the People's Government of Banan based on the construction progress of each individual project.

Business model

The following flowchart sets forth the business model and process by which the Issuer conducts its infrastructure construction business:



All the projects that have been undertaken by the Group thus far have been public projects in which the Group was appointed by the People's Government of Banan. Contractors that the Group generally worked with are large construction companies such as Chongqing First Construction Group Co., Ltd. and Chongqing Construction Fourth Construction Co., Ltd. In this regard, the Group generally selected its third-party contractors through a public tender and budding process, in which the Group took into consideration a number of factors relating to the candidates such as track record, credentials and pricing. The following table sets out the details of the projects developed by the Group under the agent construction model as at 30 June 2018:

Project	Total investment amount (RMB'000)	Date of completion
Phase I road construction works and basic infrastructure construction in Jieshi New Town (界石新城道路建設一期及基建工程)	15,364	October 2015
Phase I construction works of the Tianming Automobile Industrial Park (天明汽摩產業園一期基建項目)	23,670	May 2016
Phase I construction works of standard manufacturing facilities in Jieshi Cluster (界石組團標準廠房一期項目)	100,271	February 2017

As at 30 June 2018, the Group has completed infrastructure projects with a total estimated investment amount of approximately RMB1.39 billion. As at the date of this Offering Circular, the Group has four ongoing projects representing an estimated investment amount of approximately RMB4.38 billion. The following table sets out the details of the projects being developed by the Group under the agent construction model as at 30 June 2018:

Project	Total estimated investment amount (RMB'000)	Estimated date of completion
Phase II construction works of the Tianming Automobile Industrial Park (天明汽摩產業園基建二期項目)	172,112.20	December 2018
Phase II construction works of zone B of Jieshi Digital Industrial Park (界石數碼產業園B區二期項目)	50,883.86	June 2018
Phase IV construction works of zone B of Jieshi Digital Industrial Park (界石數碼產業園B區四期項目)	85,838.11	December 2018
Phase V construction works of zone B of Jieshi Digital Industrial Park (界石數碼產業園B區五期項目)	129,653.63	December 2018

For the years ended 31 December 2015, 2016 and 2017, the Group's operating revenue generated from its infrastructure construction business was RMB617.29 million, RMB346.09 million and RMB311.56 million respectively, representing 56.76 per cent., 31.51 per cent., and 32.88 per cent., respectively, of the Group's total operating revenue for the same periods. For the years ended 31 December 2015, 2016 and 2017, the Group's operating profit generated from its infrastructure construction business was RMB29.40 million, RMB16.02 million and RMB14.42 million, respectively. For the six months ended 30 June 2018, the Group did not derive any revenue from its infrastructure construction business.

Other businesses

The Group is also involved in the construction, operation, leasing and selling of standardised manufacturing facilities within the Banan Economic Zone.

The Banan Economic Zone is a newly developed innovative industrial park, built as part of the overarching strategic development effort to promote Chongqing as a major economic centre in western China. Due to an increasing number of manufacturers migrating to western parts of China, including Banan, the People's Government of Banan is stepping up its efforts to increase the speed of development of its industrial parks. The Group intends to capitalise on these opportunities to promote the usage of standardised manufacturing facilities as a means of land conservation. In particular, the Group intends to lease and/or sell such manufacturing facilities to enterprises within the Banan Economic Zone.

For the years ended 31 December 2015, 2016, 2017, and the six months ended 30 June 2018, the Group's operating revenue generated from its other businesses business segment was RMB16.34 million, RMB9.90 million, RMB18.89 million and RMB9.45 million, respectively, representing 1.5 per cent., 0.90 per cent., 1.99 per cent. and 20.65 per cent. respectively, of the Group's total operating revenue for the same periods. For the years ended 31 December 2015, 2016, 2017, and the six months ended 30 June 2018, the Group's operating loss resulting from its other businesses business segment was RMB14.46 million, RMB9.00 million, RMB19,330.01 and RMB296,170.85, respectively.

OCCUPATIONAL SAFETY

The Group regards occupational health and safety as one of its important corporate and social responsibilities. The Group has implemented guidelines setting out the responsibilities of its safety officers. The Group has established a variety of internal rules and operating procedures for work safety, accident handling and safety training. As at the date of this Offering Circular, the Group has not suffered any material safety accidents.

ENVIRONMENT MATTERS

The Group is subject to environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters issued by the governmental authorities in the PRC. The Group believes that it is in compliance in all material aspects with applicable environmental laws and regulations. As at the date of this Offering Circular, the Group is not aware of any environmental proceedings or investigations to which it is or might become a party.

EMPLOYEES

As at the date of the Offering Circular, the Group has approximately 116 employees.

In accordance with the applicable regulations of local governments in regions where the Group has business operations, the Group makes contributions to the pension contribution plans, medical insurance, unemployment insurance, maternity insurance and personal injury insurance of its employees. The amount of contributions is based on a specified percentage of each employee's aggregate salary as required by the relevant PRC authorities. In addition to statutory contributions, the Group provides annual bonuses to employees. The Group enters into an employment contract with each of its employees in accordance with applicable PRC laws. Such contracts include provisions on wages, vacation, employee benefits, health and safety and grounds for termination.

INSURANCE

Consistent with what the Group believes to be customary practice in the PRC, it does not carry any business interruption insurance, key-man insurance or insurance covering potential environmental damage claims. Such insurance is not mandatory under the laws and regulations of the PRC, and such insurance is either unavailable in the PRC or requires substantial cost.

LEGAL AND REGULATORY PROCEEDINGS

The Group is from time to time involved in disputes and legal proceedings arising in the ordinary course of its business. See *"Risk Factors – Risks relating to the Group's businesses – The Group is subject to litigation risks."*

To the best of its knowledge, there are no current litigation or arbitration proceedings against the Group or any of its directors as at the date of this Offering Circular that could have a material adverse effect on its business, financial condition or results of operations.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE ISSUER

Directors

The Issuer has five directors. The directors are appointed for a term of three years, which is renewable upon re-appointment or re-election. The directors are primarily responsible for determining business plans and investment proposals.

The following table sets forth the Issuer's directors as at the date of this Offering Circular:

Name	Age	Position
Hu Ji (胡驥)	39	Chairman
Dai Guangcheng (代光成)	57	Director
Yang Hua (楊鏵)	41	Director
Wang Ziyi (王子依)	37	Director
Wang Yuanjian (王永健)	43	Director

Mr. Hu Ji has been the chairman of the Issuer since April 2017. Mr. Hu concurrently also acts as General Manager of the Issuer. Mr. Hu also acts as the executive vice chairman of the development and construction management committee and deputy secretary of the party committee of Banan Economic Zone. Mr. Hu previously served as section chief and deputy director section chief of the Foreign Trade Department of Chongqing Foreign Trade and Economic Commission, chief representative of automobile and motorcycle investment promotion group of Chongqing Foreign Trade and Economic Commission, deputy director and section chief of electromechanical Commerce Department of Chongqing Foreign Trade and Economic Commission, senior special affairs of Chongqing Helicopter Industry Investment Company.

Mr. Dai Guangcheng has been the director of the Issuer since April 2017. Mr. Dai concurrently also acts as Executive Deputy General Manager of the Issuer. Mr. Dai also acts as the deputy director of the Investment Promotion Office of the People's Government of Banan. Mr. Dai previously served as platoon commander, company assistant, battalion assistant, deputy league deputy minister and league director.

Mr. Yang Hua has been the director of the Issuer since April 2017. Mr. Yang concurrently also acts as Deputy General Manager of the Issuer. From 2007 to 2014, Mr. Yang served as deputy section chief of budget section, head of talent section and head of social security section of Chongqing Banan District Finance Bureau. From 2014 to 2015, Mr. Yang served as deputy general manager of Chongqing Highway Logistics Base Construction Co., Ltd (重慶公路物流基地建設有限公司).

Mr. Wang Ziyi has been the director of the Issuer since April 2017. Mr. Wang concurrently also acts as Deputy General Manager of the Issuer. Mr. Wang also acts as the director of the construction promotion service section of the Issuer. Mr. Wang previously served as staff member and deputy director of Lujiao Industrial Park Service Center (重慶市巴南區鹿角工業園區服務中心) of Banan District; member and deputy chief of the investment promotion service section of the management committee of Banan District Economic park from 2007 to 2011. Mr. Wang also previously worked as an office teller and conducted other related work in the family factory of People's Liberation Amy Unit 95696.

Mr. Wang Yuanjian has been the director of the Issuer since April 2017. Mr. Wang is the Employee representative director of the Issuer. Mr. Wang also concurrently acts as the director of the investment attraction department of the Issuer. Mr. Wang previously served as deputy general manager of development department and deputy manager of investment promotion department of the Issuer. Mr. Wang previously worked as construction worker, safety officer and project manager in Chongqing Bazhou Construction (Group) Co., Ltd (重慶巴州建設(集團)有限公司) and placement department engineer of Chongqing Huaxi Industrial Park Management Committee (重慶市花溪工業園區管委會安置部).

Supervisors

The supervisors of the Issuer are responsible for monitoring financial matters and overseeing the actions of the director and the management of the Issuer.

The following table sets forth the Issuer's supervisors as at the date of this Offering Circular:

Name	Age	Position
Shi Ronggui (石榮貴)	31	Supervisor
Wang Yang (汪洋)	44	Supervisor
Qi Ping (齊萍)	41	Supervisor
Tan Hong (譚紅)	36	Supervisor
He Qingsong (何青松)	38	Supervisor

Mr. Shi Ronggui has been the supervisor of the Issuer since April 2017. Mr. Shi concurrently also acts as the director of the legal department of the Issuer. Mr. Shi previously served as staff member and the director of the comprehensive management department of the Issuer. Mr. Shi previously worked as a news reporter in the current political department of Banan Daily (巴南日報).

Mr. Wang Yang has been the supervisor of the Issuer since April 2017. Mr. Wang concurrently also acts as the director of the land acquisition and demolition department of the Issuer. Mr. Wang previously served as deputy director of the land acquisition and demolition department of the Issuer. Mr. Shi previously worked as captain of the enforcement team of the administrative department of the Jieshi Town of the People's Government of Banan (巴南界石鎮政府).

Ms. Qi Ping has been the supervisor of the Issuer since April 2017. Ms. Qi concurrently also acts as the deputy director of the finance and accounting department of the Issuer assisting the department director. Ms. Qi previously served as deputy director of the investment and financing development department of the Issuer. Ms. Qi previously worked as accounting management personnel in the Tianming Headquarters of Banan Economic Park, Chongqing Xiexin Shopping Center Development Management Co., Ltd (重慶協信購物中心發展管理有限公司) and China Construction Bank Banan Branch.

Ms. Tan Hong has been the supervisor of the Issuer since April 2017. Ms. Tan concurrently also acts as the director of the human resources department of the Issuer. Ms. Tan previously served as deputy director of the human resources department of the Issuer. Ms. Tan previously served as director of the human resources department of Chongqing Zhuanghong Trading Co., Ltd (重慶莊虹商貿有限公司) and worked as human resources assistant in the human resources department of Chengdu Impression Electronics Co., Ltd. Chongqing Branch (成都印象電子有限公司重慶分公司).

Mr. He Qingsong has been the supervisor of the Issuer since April 2017. Mr. He concurrently also acts as the deputy director of the safety and environment protection department of the Issuer. Ms. Qi previously served as deputy director of the legal department of the Issuer, and served as staff in the investment promotion department and comprehensive management department. Mr. He previously worked as investment promotion manager in Chongqing Derby Technology Co., Ltd (重慶德比科技有限公司) and designer in Chongqing Chuangxiang Decoration Design Co., Ltd (重慶創想裝飾設計有限公司).

Senior Management

The general manager of the Issuer is responsible for overseeing the day-to-day management of the Issuer's business and operations. The following table sets forth information regarding the Issuer's senior management as at the date of this Offering Circular:

Name	Age	Position
Hu Ji (胡驥)	39	General Manager
Dai Guangcheng (代光成)	57	Executive Deputy General Manager
Yang Hua (楊鏵)	41	Deputy General Manager
Wang Ziyi (王子依)	37	Deputy General Manager

For detailed information regarding each senior management, please refer to above "Directors".

Corporate Governance

The Issuer has established and implemented an effective corporate governance structure. It has adopted a flat organizational structure and set up 13 departments at the Issuer level to be jointly led by the general manager (such as the asset management department, comprehensive management department, finance and accounting department, investment and financing development department and the project management department) to promote its operational efficiency and to optimise its management structure.

The primary duties of the 13 departments are set forth as follows:

- asset management department is principally responsible for managing the operation and increment of assets, stocks, properties and its respective certificates, managing the registration of properties, establishing asset management system, formulating and implementing the asset optimization or liquidation plan.

- comprehensive management department is principally responsible for organizing administrative conferences, meetings and major events, managing internal document and company chops, human resources, IT, staff training and legal documents.

- finance and accounting department is principally responsible for implementing audit policies, plans and strategies, organizing periodic financial audits, preparing profit distribution plan, coordinating the budget and governmental funding with the municipal and regional branch of ministry of finance, evaluating the internal control system, assisting the implementation of assets management and reorganization.

- investment and financing development department is principally responsible for formulating plans for equity investment and financing, managing the investment projects and expanding financing channels, maintaining the relationship with domestic and international financial institutions.

- project management is principally responsible for managing the whole process of construction projects and evaluating the completion of the project.

- Planning and development department is primarily responsible for the overall planning, the preparation and implementation of annual investment plan, new projects research and feasibility analysis, handling the projects marketing and publicity.

- Investment promotion department is primarily responsible for organizing investment promotion activities, collecting projects information, negotiation with potential enterprises, arranging for the signing of final agreements with various enterprises.

- Construction management general office is primarily responsible for handling administrative examination and approval procedures for infrastructure projects and development projects, coordination, conducting environmental impact assessment of various projects.

- Land acquisition and demolition department is primarily responsible for land requisition and temporary construction work, assisting the local land department for the land measurement, acquisition and demolition, conducting related education and publicity, handling compensation fund distribution and related issues.

- Environment and safety department is primarily responsible for the formulation of safety and environment protection regulations and emergency plans, conducting safety supervision, screening and inspection.

- Construction service department is primarily responsible for following up the progress of projects and keep abreast of the status of projects, communication and coordination between engineering construction and backstage management department.

- Human resources department is primarily responsible for formulating and implementing human resource management policies, employee performance review and assessment, hiring, training, promotion, salary and welfare and other personnel related work.

- Legal department is primarily responsible for contracts review and performance management, supervision of bidding process, formulation of internal audit policies, handling litigation, arbitration, administrative proceedings, hearing and other legal affairs.

In addition, the Issuer has established several internal control systems, including corporate governance system, human resources system, information system, business control system, budget management system, accounting management system, financing management system, external investment system, external guarantee system, connected transaction system, internal supervision and control system, emergency management system and information disclosure system.

PRC REGULATIONS

This section summarises the principal PRC laws and regulations which are relevant to the issue of the Bonds and the provision by the LC Bank of the Standby Letter of Credit. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations which are relevant to the LC Bank.

MAJOR REGULATIONS ON LAND DEVELOPMENT

Land for Property Development

The Land Administration Law of the People's Republic of China (中華人民共和國土地管理法) promulgated on 25 June 1986 and amended in December 1988, August 1998 and August 2004 respectively stipulates that a construction enterprise that wishes to use state-owned land shall get it by means of compensation as assignment. However, land to be used for the specific purposes, including for urban infrastructure projects or public welfare undertakings and for major energy, communications, water conservancy and other infrastructure projects supported by the state, may be allocated with the lawful approval of a people's government at or above the county level.

Under the Provisional Regulations of the People's Republic of China on the Grant and Transfer of the Land-Use Rights of State-owned Urban Land (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例)(the "**Provisional Regulations on Grant and Transfer**") promulgated by the State Council on 19 May 1990, a land user shall pay an assignment price to the state as consideration for the grant of the right to use a land site within a certain term, and the land user may transfer, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the Provisional Regulations on the Grant and Transfer and the Law of the People's Republic of China on the Administration of Urban Property (中華人民共和國城市房地產管理法)(the "**Urban Property Law**") promulgated by the Standing Committee of the National People's Congress on 5 July 1994 and revised in August 2007 and August 2009, the land administration authority under the local government of the relevant city or county shall enter into a land use rights grant contract with the land user to provide for the assignment of land use rights. The land user shall pay the assignment price as provided by the assignment contract. After full payment of the assignment price, the land user shall register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights. The Regulations on Administration of Development of Urban Property (城市房地產開發經營管理條例)(the "**Development Regulations**") promulgated by the State Council on 20 July 1998 and amended in January 2011 and March 2018 respectively provide that land to be used for real estate development shall be obtained by means of grant with the exception of cases where the means of allocation may be adopted according to the provisions of law and the State Council.

Under the Rules Regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有土地使用權規定) promulgated by the Ministry of Land and Resources (the "**MLR**") on 9 May 2002, as implemented on 1 July 2002 and amended on 28 September 2007, land for industrial, commercial use, tourism, entertainment and commodity housing development and land that has more than two potential users shall be granted by means of tender, public auction or listing-for-sale. A tender of land use rights means the relevant land administration authority (the "**assignor**") issues a tender announcement inviting individuals, legal persons or other organizations (whether specified or otherwise) to participate in a tender for the land use rights of a particular parcel of land. The land user will be determined according to the results of the tenders. An auction for land use rights is where the assignor issues an auction announcement, and the bidders could at specified time and location openly bid for a parcel of land. A listing-for-sale is where the assignor issues a listing-for-sale announcement specifying the land grant conditions and inviting bidders to list their payment applications at a specified land exchange within a specified period. The procedures for tender, auction and listing-for-sale may be summarized as follows (for the purpose of the summary, the participant in a tender, auction or listing for sale is referred to as a bidder):

- The assignor shall announce at least 20 days prior to the day of competitive bidding, public auction or listing-for-sale. The announcement should include basic particulars of the land parcel, qualification requirements for bidders, the methods and criteria for selection of the winning bidder and certain conditions such as the deposit for the bid.

- The assignor shall inform the applicants who satisfy the requirements of the announcement to attend the competitive bidding, public auction or listing-for-sale.

- After determining the winning bidder by holding a competitive bidding, public auction or listing for- sale, the assignor and the winning bidder shall then enter into a confirmation. The assignor should refund the other applicants their deposits.

- The assignor and the winning bidder shall enter into a contract for the assignment of state-owned land use rights at a time and venue set out in the confirmation. The deposit for the bid paid by the winning bidder will be deemed as part of the assignment price for the land use rights.

- The winning bidder may apply to register the land registration after paying off the assignment price. The people's government at the municipality or county level or above should issue the land use rights certificate.

On 11 June 2003, the MLR promulgated the Regulations on the Grant of State-owned Land Use Rights by Agreement (協議出讓國有土地使用權規定). According to this regulation, if there is only one entity interested in using the land, the land use rights (excluding land use rights for business purposes including commercial, tourism, entertainment and residential commodity properties) may be assigned by way of agreement. If two or more entities are interested in the land use rights to be assigned, such land use rights shall be granted by means of tender, auction or listing-for-sale.

On 31 August 2006, the State Council promulgated the Notice of the State Council on the Relevant Issues Concerning the Strengthening of Land Control (國務院關於加強土地調控有關問題的通知) ("**Circular 31**") and stated that the minimum price standards for the assignment of industrial land shall not be lower than the total amount of the cost of acquisition of that piece of land, the cost of land development in the early stage and the relevant fees charged according to the relevant provisions. The industrial land shall be assigned by means of bid invitation, auction or listing. Where any land is assigned at a price lower than the minimum price standards, or the assignment is subsidized or refunded by various means, it is an act amounting to the illegal assignment of the state-owned land use right. In addition, it is prohibited to use any agricultural land under the collective ownership of farmers to engage in any non-agricultural construction by means of "lease instead of expropriation", or to expand the scale of construction land without authorization. The circulation of the land use right of construction land under the collective ownership of farmers shall be in compliance with the planning and be strictly confined within the scope of legally acquired construction land. It amounts to an illegal granting of land if any functionary of the state organ occupies any land for construction by approving the means of "lease instead of expropriation". And it amounts to an illegal occupation of land if any entity or individual occupies any land for construction by means of "lease instead of expropriation" without authorization.

On 4 April 2007, the MLR and the Ministry of Supervision jointly promulgated the Notice of the Ministry of Land and Resources and the Ministry of Supervision on the Relevant Issues Concerning the Putting into Practice of the System of Assignment of Industrial-use Land by Means of Bid Invitation, Auction or Listing (國土資源部、監察部關於落實工業用地招標拍賣掛牌出讓制度有關問題的通知). It was made clear that the industrial land shall be assigned by means of bid invitation, auction or listing, especially (i) with regard to the supply of industrial land by the government, it shall only be assigned or leased out by means of bid invitation, auction or listing; (ii) If the municipal or provincial people's governments have already ascertained the scope of the supply of land and their prices through the conclusion of agreements on the investment of industrial projects and the land involved has already been completed the formalities of agricultural land conversion as well as the formalities of examination and approval on land expropriation prior to the release of the Circular 31, the land in question may still be assigned or leased out by means of agreements; however, it must observe the relevant provisions of the Regulations on the Grant of State-owned Land Use Rights by Agreement and the conclusion of the land assignment or lease contracts shall be completed by 30 June 2007 after the relevant information such as the location, use, conditions of land use, intended land user and the price of the land have been publicly displayed to the society. If the aforesaid conditions are not observed or the aforesaid time-limit has been exceeded, the land shall then be assigned or leased out by means of bid invitation, auction or listing pursuant to the provisions.

On 28 September 2007, the MLR promulgated the Rules Regarding the Grant of State-Owned Construction Land Use Rights by Way of Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有建設用地使用權規定) which came into force on 1 November 2007. The rules stipulate the legal basis, principles, scope, procedures and legal liability arising from and in connection with the assignment of state-owned land use rights by competitive bidding, public auction or listing for sale. It clearly states that "Industrial land" mentioned shall include storage land but not mining land.

In March 2010, the MLR promulgated the Notification on Emphasizing Relevant Issues Relating to the Supply and Supervision of Land for Real Estate Development (國土資源部關於加強房地產用地供應和監管有關問題的通知)(the "**2010 Notice**") which adopted measures to improve the regulation of land for real estate development. These include measures to: improve the preparation and implementation of land supply plans; guarantee the supply of land for subsidized community housing developments; improve the regime of public tender, auction and listing-for-sale of land use rights; enhance the supervision on the use of land; disclose to the public information on the supply and assignment of land and the status of the construction project on the land; and conduct special inspections on outstanding problems related to land use.

Pursuant to the 2010 Notice, the administrative authorities for land and resources of cities and counties shall establish a regime for developers to report the commencement and completion of construction projects. Under such regime, the developer shall report in writing to the relevant administrative authority for land and resources at the commencement and completion of the construction project. The commencement and completion date of construction set forth in the agreements may be postponed by reporting the reasons for the delay to the respective administrative authority for land and resources no later than 15 days prior to such date. A developer who fails to report accordingly shall be announced to the public and prohibited from participating in any new land grant transactions for a minimum of one year. The lowest land premium for the assignment of land use rights shall not be lower than 70% of the benchmark price for land of the same grade in the same locality, and the deposit for the participation as a bidder for the land shall not be lower than 20% of the minimum land premium. The contract for the assignment of land shall be executed in writing within ten days after the deal is reached, the down payment of the land assignment price, which shall not be less than 50% of the full land assignment price, shall be paid within one month after the contract for the assignment of land is executed, and the land assignment price shall be paid in full no later than one year after the contract for the assignment of land is executed. A property development enterprise that defaults on the payment of the land premium, holds idle land, hoards or speculates in land, develops property on the land exceeding its actual development capacity or defaults on the performance of the contract for the assignment of land shall be banned from participating in any transactions for the assignment of land for a specified period.

On 21 September 2010, the MLR and the Ministry of Housing and Urban-Rural Development (the "**MOHURD**") jointly issued the Notice On Further Strengthening the Administration and Control of Real Estate Land and Construction (國土資源部、住房和城鄉建設部關於進一步加強房地產用地和建設管理調控的通知), which stipulates, among other things, that the planning and construction conditions and land use standards should be specified when a parcel of land is to be granted, and the restrictions on the area of one parcel of land granted for commodity properties should be strictly implemented. A property developer and its shareholders will be prohibited from participating in land bidding if act illegally, such as leaving the land idle for more than one year due to any corporate reason, or the development and construction enterprise developing and using the land in violation of the condition stipulated in the grant contract.

The Measures on the Administration of Reserved Land (土地儲備管理辦法), promulgated by the MOF, PBOC and MLR on 19 November 2007, defined reserved land and stipulated the administrative, regulatory and implementing procedures involved with the management, planning, allocation, use, development, capital expenditure and supply of reserved land. The MOF, CBRC, PBOC and MLR jointly promulgated the new Measures on the Administration of Reserved Land (土地儲備管理辦法) on 3 January 2018 which has superseded the previous measures, stating that before the reserve land is supplied, the land reserve institution may use the reserve land or the above-ground construction for use by renting or granting temporary use. The temporary use of reserve land shall continue not more than two years and shall not affect the supply of land. The temporary use of reserve land shall be reported to the competent authorities of land and resources at the same level for approval. In addition, where it is necessary to build construction during the temporary use of reserved land in the urban planning area, approval from the city planning administrative department shall be obtained and no permanent building shall be built.

Expropriation and Resettlement

According to the Land Administrative Law of the People's Republic of China (中華人民共和國土地管理法) promulgated by the Standing Committee of the National People's Congress on 25 June 25 1986 and amended in December 1988, August 1998 and August 2004 respectively, the state may, in the interest of the public, lawfully expropriate or requisition land and give compensation accordingly. Where land is to be expropriated by the state, the expropriation shall, after approval is obtained through legal procedure, be announced by people's governments at or above the county level, which shall help execute the requisition. Land expropriated shall be compensated for on the basis of its original purpose of use. Compensation for expropriated cultivated land shall include compensation for land, resettlement subsidies and compensation for attachments and young crops on the expropriated land.

Pursuant to the Administration Rules of Demolition and Removal of Housing in Urban Areas (城市房屋拆遷管理條例) (the "**Demolition and Removal Rules**") promulgated by the State Council on 13 June 2001, the party responsible for resettlement (the "**resettling party**") should apply for a resettlement permit before commencing resettlement. The resettling party must enter into written agreements with the relevant residents detailing, among other things, the compensation to be provided to the residents, which will be determined on the basis of, among other things, the property's location, permitted use and gross floor area. For leased housings, the resettlement and compensation agreements shall be reached among the resettling party, the relevant residents and the lessees. If the resettling party and the residents fail to reach agreement, either party may apply to the relevant authority for a ruling. A ruling will be given within 30 days of the application, following which either party may initiate proceedings in a people's court within three months from the ruling if they contest the ruling. The resettling party shall provide monetary compensation or alternative residence for the residents to be resettled according to relevant laws and regulations. There is no need to provide any compensation for the resettlement of illegal housings and temporary constructions, the valid term of which has expired. However, it is necessary to provide proper compensation to demolish those temporary constructions within the valid terms.

On 21 January 2011, the State Council promulgated the Regulation on Expropriation and Compensation Related to Buildings on State-owned Land (國有土地上房屋徵收與補償條例) (the "**Expropriation and Compensation Regulation**") which has superseded the Demolition and Removal Rules. The Expropriation and Compensation Regulation provides that, among other things: (i) buildings can be expropriated under certain circumstances for public interests, and governmental authorities are responsible for resettlement activities; real estate developers are prohibited from engaging in demolition and relocation operations; (ii) compensation shall be paid before the resettlement; (iii) compensation to owners of properties to be demolished cannot be less than the market value of similar properties at the time of expropriation. The market value of properties shall be determined by qualified real estate appraisal institutions in accordance with appraisal rules related to property expropriation. Any owner who does not agree with the appraised market value of the property may apply to the real estate appraisal institution for re-appraisal, and (iv) neither violence nor coercion may be used to force home owners to leave sites, nor may certain measures, such as illegal suspension of water and power supplies, be used in relocation operations.

Termination of the Land Use Rights

In accordance with the Land Administrative Law of the People's Republic of China（中華人民共和國土地管理法）promulgated by the Standing Committee of the National People's Congress on 25 June 1986 and amended in December 1988, August 1998 and August 2004 respectively, under any of the following cases, the land administrative authorities may recover the state-owned land use rights with the approval of the people's governments that originally gives the approvals or the relevant competent people's governments:

- use land for the sake of public interests (subject to proper compensation);
- use land for adjustment in re-building old city districts in order to implement urban construction plans (subject to proper compensation);
- when the term for the land use rights expires, the land user has failed to apply for an extension or failed to get approval for an extension;
- the use of land originally allocated has been stopped due to cancellation or removal of units; and
- roads, railways, airports and mining sites that have been approved to be abandoned.

Under the Provisional Regulations on Grant and Transfer, the maximum term of the land use rights shall be determined, respectively, in the light of the purposes listed below: (i) 70 years for residential purposes; (ii) 40 years for commercial, tourism and entertainment purposes; and (iii) 50 years for education, science, culture, public health, physical education, industrial, comprehensive utilization or other purposes.

Commencement of Development with Respect to a Property Project and Idle Land

Under the Urban Property Law, those who have obtained the land use rights by assignment must develop the land in accordance with the use and period of commencement as prescribed by the contract for the assignment of land. According to the Measures on Disposing Idle Land（閒置土地處置辦法）promulgated by the MLR on 28 April 1999 and amended on 1 July 2012, a parcel of land can be defined as idle land under any of the following circumstances:

- any state-owned land, of which the holder of the land use rights fails to start the construction and development of the land within one year after the commencement date as prescribed in the contract for fee-based use of state-owned construction land or the decision on allocation of state-owned land for construction; or
- any state-owned construction land of which the construction and development have been started but the area of land that is under construction and development is less than one third of the total area of land that should have been under construction and development or the amount invested is less than 25% of the total investment, and the construction and development of which has been suspended for more than one year.

Unless the delay in development of the land is caused by government actions as stipulated by the Measures on Disposing Idle Land, a parcel of land which has been deemed as idle land by competent authority of land and resources may be disposed of in the following ways:

- where the land has remained idle for more than one year, the competent authority of land and resources at the municipal or county level may, with the approval of the people's government at the same level, issue a Decision on Collecting Idle Land Fee to the holder of the land use rights and collect the idle land fee at the rate of 20% of the land assignment or allocation price, and such idle land fee shall not be included in the production cost by the holder of the land use rights; and

- where the land has remained idle for more than two years, the competent authority of land and resources at the municipal or county level may, with the approval of the people's government at the same level, issue a Decision on Forfeiting the Right to Use the State-owned Construction Land to the holder of the land use rights to forfeit the state-owned construction land use right without compensation.

On 12 September 2014, the MLR issued the Guidelines on Improving Economical and Intensive Use of Land (關於推進土地節約集約利用的指導意見), which requires to reinforce the implementation of the rules regarding idle land and to specify the controlling requirements of the land use standards in the relevant legal documents including land use approvals and land grant contracts.

MAJOR REGULATIONS IN INFRASTRUCTURE DEVELOPMENT INDUSTRIES

Planning of a Property Project

According to the Measures for Control and Administration of the Grant and Transfer of the Right to Use Urban State-owned Land (城市國有土地使用權出讓轉讓規劃管理辦法) promulgated by the MOHURD on 4 December 1992 and implemented on 1 January 1993 and amended on 26 January, 2011, after signing the contract for the assignment of land use rights, a property development enterprise shall apply for a project survey and a construction land planning permit from the city planning authority. The Law of the People's Republic of China on Urban and Rural Planning (中華人民共和國城鄉規劃法), promulgated by the Standing Committee of the National People's Congress in October 2007 which became effective in January 2008 and was amended on 24 April 2015, provides regulations with respect to the formulation, implementation, modification, control, supervision and related legal liability of measures aimed at curbing problems that may arise as a result of conflicts between city and rural construction developments. The scope of the measures includes the planning, layout and construction of cities, towns with administrative status, market towns and villages. In order to effectively prevent construction that is in breach of rules and regulations, the Law of the People's Republic of China on Urban and Rural Planning stipulates that where any construction project is commenced without obtaining a construction land planning permit, or where construction land planning permit has been obtained but construction has proceeded not in accordance with that permit, the Urban and Rural Planning Department at the county level or above may issue an order to cease construction. In the case that the construction can be remedied to conform to the relevant planning rules, an order can be made to rectify the construction in a prescribed period of time and a fine totalling between 5% to 10% of the total construction cost may be imposed. Where the construction cannot conform to relevant planning rules, an order for its demolition will be issued or, where demolition is not possible, the property and/or illegal income derived from the property will be confiscated and a fine totalling 10% or less of the construction cost will be imposed.

Construction of a Property Project

According to the Construction Law of the People's Republic of China (中華人民共和國建築法) promulgated by the Standing Committee of the National People's Congress on 1 November 1997 and amended on 22 April 2011, and the Measures for the Administration of Construction Permits for Construction Projects (建築工程施工許可管理辦法) promulgated by the MOHURD on 25 June 2014 and as effective from 25 October 2014, and amended on 28 September 2018, before the construction and decoration of various types of building and its ancillary facilities, as well as the installation of its supporting lines, pipelines and equipment, and the construction of urban municipal infrastructure projects, the construction enterprise shall apply to the competent department for housing and urban construction under the people's government at the county level or above for a construction permit.

Completion of a Property Project

According to the Development Regulations and the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例) promulgated by State Council on 30 January 2000 and amended on 7 October 2017, the Interim Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) promulgated by the MOHURD in April 2000 and amended in October 2009 and the Provisions on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收規定) promulgated by the MOHURD on 2 December 2013, after the completion of construction of a project, the property must undergo inspection and receive relevant approvals from local authorities including planning bureaus, fire safety authorities and environmental protection authorities. Thereafter, the property development enterprise shall apply to the property development authority under the people's government at the county level or above for a certificate of completion. Once the examination has been completed, a Record of Acceptance Examination upon Project Completion (項目竣工驗收報告) will be issued.

Environmental Protection

Pursuant to the requirements of relevant laws and regulations such as the Appraisal Measures for the Impact on the Environment of the PRC (中華人民共和國環境影響評價法) implemented by the Standing Committee of the National People's Congress in September 2003 and amended on 2 July 2016, and the Regulations Governing Environmental Protection of Construction Projects (建設項目環境保護管理條例) implemented by the State Council in November 1998 and amended on 16 July 2017 and as effective from 1 October 2017, a construction enterprise shall, in accordance with the following provisions, make arrangements for preparing a written report on the environmental effects or a statement on such effects or filling out a registration form of environmental effects: (i) where considerable effects may be exerted on the environment, preparing a written report on environmental effects, in which a comprehensive evaluation of the effects on the environment shall be made; (ii) where mild effects may be exerted on the environment, preparing a statement on the effects, in which an analysis or special evaluation of the effects shall be made; or (iii) where the effects on the environment are very little and therefore it is not necessary to make an evaluation of them, filling out a registration form of environmental effects. Where the preparation of the environmental impact report or environmental impact statement is required for a construction project under the law, the construction enterprise shall submit the environmental impact report or environmental impact statement to the competent administrative department of environmental protection which has the approval power for approval before the construction of the project commences; where the document of environmental impact assessment of a construction project fails to go through the examination as required under the law or fails to pass the examination by the examination and approval department, the construction enterprise shall not commence the construction. Upon the completion of a construction project, the construction enterprise shall apply with the competent administrative department of environmental protection which examined and approved the environmental impact report, environmental impact statement or environmental impact registration form of the construction project for inspection and acceptance of the completed environmental protection facilities which need to be associated with the construction project. A construction project requiring the preparation of the environmental impact report or the environmental impact statement shall not be put into operation or use until the environmental protection facilities constructed in association with the construction project have passed the inspection and acceptance; the construction project shall not be put into operation or use if the said environmental protection facilities fail to go through or fail to pass the inspection and acceptance.

Construction Safety

Under relevant laws and regulations such as the Laws for Safe Production in the PRC (中華人民共和國安全生產法) promulgated by the Standing Committee of the National People's Congress in June 2002 and as amended in August 2009 and August 2014 respectively, the property development enterprise should apply to the supervisory department on safety for the registration of supervision for work safety in construction before the commencement of construction. Constructions without such registration will not be granted a construction works commencement permit by the supervisory body. Contractors for the construction should establish the objectives and measures for work safety and improve the working environment and conditions of workers in a planned and systematic way. A work safety protection scheme should also be set up to carry out the work safety job responsibility system. At the same time, contractors should adopt corresponding site work safety protective measures according to the work protection requirements in different construction stages and such measures shall comply with the labour safety and hygiene standards of the State.

MAJOR REGULATIONS ON GOVERNMENT PROCUREMENT OF SERVICES

Pursuant to the Government Procurement Law of the People's Republic of China (中華人民共和國政府採購法)(the "**Government Procurement Law**") promulgated by Standing Committee of the National People's Congress on 29 June 2002, as effective from 1 January 2003 and amended on 31 August 2014, "Government Procurement" refers to the purchasing activities conducted with fiscal funds by government departments, institutions and public organizations at all levels, where the goods, construction and services concerned are in the centralized procurement catalogue complied in accordance with law or the value of the goods, construction or services exceeds the respective prescribed procurement thresholds. Specifically, "Procurement" refers to activities conducted by means of contract for the acquirement of goods, construction or services for consideration, including but not limited to purchase, lease, entrustment and employment. The methods including public invitation, invited bidding, competitive negotiation, single-source procurement, inquiry about quotations and other methods confirmed by the department for supervision over government procurement under the State Council shall be adopted for government procurement, among which public invitation shall be the principal method of government procurement and the Law of the People's Republic of China on Bid Invitation and Bidding (中華人民共和國招標投標法), promulgated by Standing Committee of the National People's Congress on 30 August 1999, as effective from 1 January 2000 and amended on 27 December 2017, shall apply.

Under the Administrative Measures for Government Procurement of Services (Interim)(政府購買服務管理辦法(暫行)), promulgated jointly by the MOF, the Ministry of Civil Affairs and the State Administration for Industry and Commerce on 15 December 2014 and as effective from 1 January 2015, government procurement of services refers to the condition that part of the public service items that are currently provided directly by the government and service items that are needed by the government to perform duties are handed over to non-government market players and public institutions that possess the necessary conditions according to certain methods and procedures and by playing the role of market mechanisms, and the government pays fees to such non-government market players and public institutions under relevant contracts. And the methods adopted for government procurement of services shall comply with the Government Procurement Law. In addition, it is explicitly stipulated that the funds needed for government procurement of services shall be set aside in a coordinated manner under existing fiscal budgets, subject to the Budget Law of the People's Republic of China (中華人民共和國預算法)(the "**Budget Law**") promulgated by the Standing Committee of the National People's Congress on 22 March 1994, as effective from 1 January 1995 and amended on 31 August 2014, as effective on 1 January 2015.

According to the Notice on Resolutely Stopping Local Illegal Financing in the Name of Government Procurement Services (關於堅決制止地方以政府購買服務名義違法違規融資的通知) promulgated by MOF on 28 May 2017, construction projects such as pre-development of reserved land and packaging construction projects and services in one project are strictly prohibited as government procurement services. The notice further makes clear that the government purchase of services shall not be used as the basis for increasing the financial expenditure of units in charge of budget.

MAJOR REGULATIONS ON FISCAL DEBTS OF LOCAL GOVERNMENTS

In accordance with Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of National Economy (中國人民銀行、中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見) issued jointly by the PBOC and CBRC on 18 March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise bonds and medium term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks. Notice of the State Council on Strengthening Management of Financing Platform of Local Government (國務院關於加強地方政府融資平台公司管理有關問題的通知) ("**Circular 19**") and Notice of NDRC on Further Regulating Issuance of Bonds by Financing Platform of Local Government (國家發展改革委員會辦公廳關於進一步規範地方政府投融資平台公司發行債券行為有關問題的通知) ("**Circular 2881**") were separately promulgated in June 2010 and November 2010. In accordance with Circular 19, all levels of local governments shall clear up the existing debts of their respective financing platforms. In accordance with Circular 2881, indebtedness of local governments will impact their respective financing platform's issuance of enterprise bonds.

In accordance with the currently effective Budget Law, it grants local governments the right to issue government bonds. On 21 September 2014, the State Council of the PRC released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (國務院關於加強地方政府性債務管理的意見) ("**Circular 43**"). Circular 43 aims at regulating the financing system of local governments and three channels are presented. In accordance with Circular 43, financing platforms shall no longer function as financing vehicles of the local governments nor incur new government debts. Public interest projects may be funded by the government through issuing government bonds and public interest projects with income generated may be operated independently by private investors or jointly by the government and private investors through the establishment of special purpose companies. Private investors or such special purpose companies shall invest in accordance with market-oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Private investors or the special purpose companies shall bear the obligation to pay off such debts and the government shall not be liable for any of the private investors' or special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to the State Council for approval, and then included in the budget plan of local governments.

On 23 October 2014, the MOF promulgated the Methods to Clear up and Clarify the Existing Fiscal Debt of Local Governments and Integrate it into Budgetary Management (地方政府存量債務納入預算管理清理甄別辦法) ("**Circular 351**") based on Circular 43. Circular 351 further requires the local governments to clear up the existing debts of their respective financing platforms of the local governments and classify such existing fiscal debts of the local governments into government debts and non-government debts. Pursuant to the Circular of the General Office of the State Council on Forwarding the Opinions of MOF, PBOC and CBRC on Properly Solving the Problem of Follow-up Financing for Projects under Construction of Local Government Financing Platform Companies (國務院辦公廳轉發財政部、人民銀行、銀監會關於妥善解決地方政府融資平台公司在建項目後續融資問題意見的通知) ("**Circular 40**") which was promulgated by General Office of the State Council of the PRC and became effective on 11 May 2015, local governments at all levels and banking financial institutions shall properly deal with follow-up financing issues for projects under construction of financing platform companies. Projects under construction refer to projects that have started construction upon the completion of examination, approval or filing procedures in accordance with relevant regulations by competent investment authorities before the date when the Circular 43 was promulgated. The key tasks of local governments and banking financial institutions are as follows: (i) supporting stock financing needs for projects under construction; (ii) regulating increment financing for projects under construction; (iii) administering in an effective and proper manner follow-up financing for projects under construction; and (iv) improving supporting measures.

Circular 40 sets forth the procedures and guidelines for the grandfathering of construction projects which were commenced by local government financing vehicles based on investment approvals obtained from the relevant development and reform committees. In particular, Circular 40 provides that:

- local governments and banking and financial institutions shall be responsible for supporting and ensuring the continued development of such grandfathered construction projects. Where the relevant loan contracts have been executed and are effective prior to 31 December 2014, banking and financial institutions shall be obliged to continue to provide loans as specified in such contracts and shall not be entitled to accelerate payment of the outstanding principal and interest, delay or otherwise suspend the ability of the local government financing vehicle to utilise the relevant loan facilities;

- local governments shall be required to closely monitor the financing and capital requirements in respect of the grandfathered construction projects and shall, subject to compliance with all applicable laws and regulations, provide financial and non-financial support for the completion of all such grandfathered construction projects. In the event of any cost overruns, the local government may provide additional capital by issuance of government bonds;

- loans granted by banking and financial institutions and the utilisation of such facilities and payments and transfers of the loan proceeds by the local government financing vehicles shall be closely monitored by the relevant lending institutions and such lending institutions shall be required to check and record the payment destinations for such proceeds. Such banking and financial institutions shall also prioritise support for farmland water conservancies, affordable housing and urban railway construction; and

- local government municipal finance bureaus are permitted to use fiscal surpluses (where the treasury balance exceeds its payment obligations for the next one and a half months) to finance the capital requirements for such grandfathered construction projects until the time of the next scheduled government bond issuance.

In order to enable local governments to effectively manage their indebtedness, on 12 March 2015, the MOF issued the Interim Administrative Measures for the Issuance of General Bonds of Local Governments (地方政府一般債券發行管理暫行辦法) (“**Circular 64**”). Pursuant to Circular 64, provincial governments, autonomous regions and centrally-administered municipalities would be entitled to issue municipal bonds based on quotas assigned to them by the State Council. In April 2015, the MOF further issued the Interim Administrative Measures for the Issue of Special Bonds by Local Governments (地方政府專項債券發行管理暫行辦法) (“**Circular 83”**), pursuant to which local governments would be able to issue special-purpose bonds in accordance with, and subject to, market conditions and practices. In May 2015, the MOF, the PBOC and the CBRC jointly issued the Circular on Matters Concerning Issuance of Local Government Bonds in the Manner of Directional Underwriting in 2015 (財政部、中國人民銀行、中國銀行業監督管理委員會關於2015年採用定向承銷方式發行地方政府債券有關事宜的通知) (“**Circular 102**”). Circular 102 provides that provincial governments may refinance the existing indebtedness of local governments by issuing bonds for the purposes of redeeming the specified bonds issued by local governments within the province.

In January 2016, the Ministry of Finance issued the Circular on the Work Concerning the Issue of Bonds by Local Governments (關於做好2016年地方政府債券發行工作的通知) (“**Circular 22**”). Circular 22 specifies that local governments are encouraged to issue bonds to refinance existing bank indebtedness, subject to consultation with the relevant bank lenders. Like Circular 102, Circular 22 also provides that local governments may issue bonds to refinance existing loans incurred from other financial institutions such as trust companies, securities, insurance and other financial institutions.

On 26 April 2017, the MOF, NDRC, Ministry of Justice, PBOC, CBRC and China Securities Regulatory Commission jointly issued the Notice of the Ministry of Finance and Other Departments on Further Regulating the Debt Financing Activities of Local Government (財政部等關於進一步規範地方政府舉債融資行為的通知) ("**Circular 50**"). The notice further requires that local governments and the departments shall not interfere with the daily operation and market-based financing of financing platform companies. Local governments shall not inject public-welfare assets and reserved land in financing platform companies or promise to use the expected income from the grant of reserved land as the source of funds for repayment of debts of financing platform companies or use government resources to interfere with normal business activities of financial institutions. It specifically mentioned that during domestic or overseas debt financing, a financing platform company shall take the initiative to make written statement to the creditors that it does not assume the government financing function and clarify that its new debts increased after 1 January 2015 shall not be local government debts in accordance with the law.

The MOF issued Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知), effective on 28 March 2018, which aims to increase the responsibility of PRC state-owned financial institutions to investigate into the financial independence and liquidity level of the local government financing vehicles that they assist in fundraising. On 11 May 2018, the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) ("**Circular 706**") was released which reiterates the PRC government's position to isolate the debt of local government financing vehicles from the relevant local government and to control the increase of the local governments' debt. Circular 706 requires companies that plan to borrow medium and long-term foreign debt to establish a sound and standardized corporate governance structure, management decision-making mechanism and financial management system. It further requires that the assets owned by such companies should be of good quality and clear ownership and it is forbidden to use public interest assets to be included in corporate assets.

MAJOR REGULATIONS ON LABOUR ISSUES

Employment Contracts

The Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法) (the "**Labour Contract Law**"), issued by the Standing Committee of the National People's Congress on 29 June 2007 and effective on 1 January 2008, as amended on 28 December 2012 with effect from 1 July 2013, governs the relationship between employers and employees and provides for specific provisions in relation to the terms and conditions of an employee contract. The Labour Contract Law stipulates that employee contracts shall be in writing and signed. It imposes more stringent requirements on employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. Pursuant to the Labour Contract Law, employment contracts lawfully concluded prior to the implementation of the Labour Contract Law and continuing as at the date of its implementation shall continue to be performed. Where an employment relationship was established prior to the implementation of the Labour Contract Law, but no written employment contract was concluded, a contract shall be concluded within one month after its implementation.

Employee Funds

Under applicable PRC laws, regulations and rules, including the Social Insurance Law of the People's Republic of China (中華人民共和國社會保險法), issued by the the Standing Committee of the National People's Congress on 28 October 2010 and effective on 1 July 2011, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例) issued by the State Council on 22 January 1999 and effective thereon, and the Regulations on Management of Housing Provident Fund (住房公積金管理條例) issued by the State Council on 3 April 1999 and effective thereon, as amended on 24 March 2002 and effective thereon, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and to housing provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the outstanding amount within a stipulated time period.

MAJOR REGULATIONS ON THE ISSUANCE OF FOREIGN BONDS

Pursuant to the NDRC Circular, which was promulgated by the NDRC and became effective on 14 September 2015, where domestic enterprises, overseas enterprises controlled by them or their overseas branches issue foreign debts, which are debt instruments of no less than one year of tenor that are denominated in domestic currency or foreign currency with the capital repaid and interest paid as agreed, including bonds issued overseas and long and medium-term international commercial loans, the enterprises shall apply to the NDRC for dealing with the formalities of record-filing and registration before issuance. The NDRC shall decide to accept it or not within five working days upon the receipt of the application and provide the Record-filing and Registration Certification of Issuance of Foreign Debts by Enterprises within seven working days after acceptance. The enterprises shall submit the issuance information to the NDRC within 10 working days after the end of issuance each time.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as of the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Bondholder or any persons acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. Persons considering the purchase of the Bonds should consult their own tax advisors concerning the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.

PRC

The following summary describes certain PRC tax consequences of ownership and disposition of the Bonds by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-resident Bondholders in this "Taxation – PRC" section. In considering whether to invest in the Bonds, investors should consult their own tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Enterprise Income Tax and Individual Income Tax Law

Pursuant to the EIT Law, the IIT Law and the implementation regulations in relation to both the EIT Law and the IIT Law, PRC income tax at a rate of ten per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals, respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Bondholders may be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of ten per cent. for non-resident enterprise Bondholders and at a rate of 20 per cent. for non-resident individual Bondholders (or a lower treaty rate, if any).

Such income tax shall be withheld by the Issuer that is acting as the obligatory withholder and the Issuer shall withhold the tax amount from each payment or payment due. To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non-resident enterprise Bondholders.

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by non-resident enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the IIT Law, any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of China for less than one year shall pay individual income tax for any income obtained within the PRC. There is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the ten per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts the holder from such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income.

According to the Arrangement, the Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

Value-added Tax

According to Circular 36, the entities and individuals providing services within PRC will be subject to VAT. Services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. Services subject to VAT include the provision of financial services, such as the provision of loans and the transfer of financial products. It is further clarified under Circular 36 that "loans" refers to the activity of lending capital for another's use and receiving the interest income thereon.

Therefore, starting from 1 May 2016, VAT and surcharges must be deducted at the rate of 6.72 per cent. of the interest payable by the Issuer on the Bonds under Circular 36.

Where a holder located outside the PRC resells Bonds to a buyer also located outside the PRC, since neither buyer nor seller is located in the PRC, theoretically Circular 36 would not apply and the Issuer would not have the obligation to withhold VAT or local levies. However, there is uncertainty as to the applicability of VAT if either a seller or buyer of Bonds is located within the PRC.

Circular 36 has been issued recently and remains subject to further clarification and/or interpretations by the competent tax authority. There is uncertainty as to the application of the Circular 36 in the context of the issuance of the Bonds, payments thereunder, and their sale and transfer.

Pursuant to the VAT reform detailed above, the Issuer may need to withhold VAT (should such tax apply) from payments of interest in respect of the Bonds for any Bondholders located outside the PRC. The Issuer has agreed to pay additional amounts to Bondholders, subject to certain exceptions, so that Bondholders would receive the full amount of the scheduled payment, as further set out in the Conditions.

Stamp Duty

No PRC stamp duty will be chargeable upon the issue or transfer of a Bond (for so long as the register of Bondholders is maintained outside the PRC and the issuance and the sale of the Bond is made outside of the PRC).

THE PROPOSED FINANCIAL TRANSACTIONS TAX ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Binds (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which affect the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to 1 January 2019. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds.

HONG KONG

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

- interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

- interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

- interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of the Bonds will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of the Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a corporation, who carries on of a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond.

SINGAPORE

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Inland Revenue Authority ("**IRAS**") of Singapore and the MAS in force as at the date of this Offering Circular, and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Bonds or of any person acquiring, selling or otherwise dealing with the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. The statements below do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Bonds and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Bonds are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of the Bonds, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Managers or any other persons involved in the issuance of the Bonds accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Bonds.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (the "**ITA**"), the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or;

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Further, such payments, where made to a person not known to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0% withholding tax described below) to non-resident persons (other than non-resident individuals) is 17.0%. The applicable rate for non-resident individuals is 22.0%. However, if the payment is derived by a person not resident in Singapore from sources other than its trade, business, profession or vocation carried on or exercised in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the withholding tax rate is 15.0%. The rate of 15.0% may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium or break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Bonds will not be taxable in Singapore. However, any gains derived by any person from the sale of the Bonds which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Bonds who adopt Singapore Financial Reporting Standard ("**FRS**") 39 or FRS 109, may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Bonds, irrespective of disposal, in accordance with FRS 39 or FRS 109. See "*Adoption of FRS 39 and FRS 109 for Singapore Income Tax Purposes*" below.

Adoption of FRS 39 and FRS 109 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The Inland Revenue Authority of Singapore has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement".

FRS 109 is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109, subject to certain exceptions. The Inland Revenue Authority of Singapore has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of the Bonds who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisors regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Bonds.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Managers dated 25 January 2019 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Managers, and the Managers have agreed to, severally but not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for the aggregate principal amount of the Bonds set forth opposite its name below.

Managers	Principal amount of the Bonds be subscribed
	(S$)
Haitong International Securities (Singapore) Pte. Ltd.	30,000,000
Standard Chartered Bank	30,000,000
Guotai Junan Securities (Hong Kong) Limited	30,000,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch	10,000,000
CLSA Limited	20,000,000
Ping An of China Securities (Hong Kong) Company Limited	20,000,000
China CITIC Bank International Limited	10,000,000
Total	**150,000,000**

The Subscription Agreement provides that the Issuer has agreed to pay the Managers certain fees and commissions, to reimburse the Managers for certain of their expenses in connection with the initial sale and distribution of the Bonds, and the Issuer will indemnify the Managers or any of their respective affiliates, directors, officers, employees, agents, representatives, advisors or any person who controls any of them against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Managers are subject to certain conditions precedent, and entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Managers and their respective subsidiaries or affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities ("**Banking Services or Transactions**"). The Managers and certain of their their respective subsidiaries or affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer for which they have received, or will receive, fees and expenses.

In connection with the offering of the Bonds, each of the Managers and/or their respective affiliate(s) may act as an investor for its own account and may take up Bonds in the offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Bonds being "offered" should be read as including any offering of the Bonds to the Managers and/or their respective affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. Each of the Managers or their respective affiliates may purchase the Bonds for its own account or for the accounts of its customers and enter into transactions, including credit derivative, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds).

In connection with the issue of the Bonds, any Manager appointed and acting in its capacity as stabilising manager (in such capacity, the "**Stabilising Manager**") or any person acting on behalf of the Stabilising Manager may, to the extent permitted by applicable laws and regulations, and directives, over-allot and effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail, but in doing so the Stabilising Manager or any person acting on behalf of the Stabilising Manager shall act as principal and not as agent of the Issuer. However, there is no assurance that the Stabilising Manager (or any person acting on its behalf) will undertake any stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the Bonds is made and, if begun, may be ended at any time, and must be brought to an end after a limited period. Any loss resulting from over-allotment and stabilisation will be borne, and any profit arising therefrom shall be beneficially retained, by the Managers in the manner agreed between them.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and a Manager or any of its affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Manager or its affiliate on behalf of the Issuer in such jurisdiction.

GENERAL

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds are subject to restrictions and may not be made except pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

Neither the Issuer nor any Manager makes any representation that any action has been or will be taken in any jurisdiction by the Managers or the Issuer that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Bonds (including marketing materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Manager will severally and not jointly comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distribute this Offering Circular or any such other material, in all cases at its own expense.

UNITED STATES

The Bonds and the Standby Letter of Credit have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Manager represents that it will not offer or sell the Bonds and the Standby Letter of Credit (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Bonds and the Standby Letter of Credit during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds and the Standby Letter of Credit within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

UNITED KINGDOM

Each of the Managers represents, warrants and agrees that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

THE PRC

Each of the Managers has represented and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

HONG KONG

Each of the Managers has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the "**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

SINGAPORE

Each of the Managers has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Managers has represented, warranted and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA, as modified or amended from time to time) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Bonds may not be circulated or distributed, nor may any Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interests (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

JAPAN

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Managers represents, warrants and agrees that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

SUMMARY OF CERTAIN MATERIAL DIFFERENCES BETWEEN PRC GAAP AND IFRS

The consolidated financial statements of the Issuer included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. Certain material differences exist between PRC GAAP and IFRS which might be relevant to the Issuer's financial information. The following is a general summary of certain material differences between PRC GAAP and IFRS as applicable to the Group. Since the summary is not meant to be exhaustive, there is no assurance regarding the completeness of this summary. The Issuer has not prepared a complete reconciliation of the consolidated financial information and related disclosure between PRC GAAP and IFRS and have not quantified such differences. Had any such quantification or reconciliation been undertaken by the Group, other potentially significant accounting and disclosure differences may have been required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons. Furthermore, no attempt has been made to identify future differences between PRC GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future. As a result, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete. In making an investment decision, each investor must rely upon its own examination of the Group, the terms of the offering and other disclosure contained herein. Each investor should consult its own professional advisors for an understanding the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

GOVERNMENT GRANT

Prior to 1 May 2017, under PRC GAAP, an assets-related government grant was only required to be recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. However, under IFRS, such assets-related government grants are allowed to be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. From 1 May 2017, the treatment of an assets-related government grant under the PRC GAAP has changed and is the same as that under IFRS.

Under PRC GAAP, the relocation compensation for public interests is required to be recognised as special payables. The income from compensation attributable to losses of fixed assets and intangible assets, related expenses, losses from production suspension incurred during the relocation and reconstruction period and purchases of assets after the relocation are transferred from special payables to deferred income and accounted for in accordance with the government grants standard. The surplus reached after deducting the amount transferred to deferred income shall be recognised in capital reserve.

Under IFRS, if an entity relocates for reasons of public interests, the compensation received shall be recognised in profit or loss.

REVERSAL OF AN IMPAIRMENT LOSS

Under PRC GAAP, once an impairment loss is recognised for a long-term asset (including investment property valued under the cost model, long-term equity investments, fixed assets, intangible assets and goodwill, etc.) (save for certain long-term receivables), it shall not be reversed in any subsequent period.

Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill may be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognised.

FIXED ASSETS AND INTANGIBLE ASSETS

Under PRC GAAP, only the cost model is allowed. However, in the event of a share reform, fair value measurement may also be permitted.

Under IFRS, an entity can choose either the cost model or the revaluation model as its accounting policy.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Under PRC GAAP, an enterprise shall measure available-for-sale financial assets at their fair values. If the available-for-sale financial assets do not have a quoted market price in an active market, and their fair value cannot be reliably measured, cost model shall be applied.

Under IFRS, available-for-sale financial assets are measured at fair value.

ACCOUNTING YEAR

Under PRC GAAP, the accounting year shall run from 1 January to 31 December.

IFRS requires financial statements to be presented at least annually. However, it does not specify the start or end of the financial reporting period and permits an entity to change its reporting date.

FORMAT OF FINANCIAL STATEMENTS AND ITEMS PRESENTED

PRC GAAP contains detailed requirements on the format of financial statements and the items to be presented.

IFRS sets out overall principles and minimum line items to be presented but does not prescribe the formats in detail.

CLASSIFICATION OF EXPENSES IN THE INCOME STATEMENT/STATEMENT OF COMPREHENSIVE INCOME

Under PRC GAAP, expenses must be classified based on their function in the income statement.

Under IFRS, enterprises may classify expenses either based on the nature of the expenses or their function in the statement of comprehensive income, depending on which format is considered reliable and more relevant.

STATEMENT OF CASH FLOWS

Under PRC GAAP, the direct method, together with a supporting note reconciling operating result to cash flows arising from operations, is the only permitted method.

Under IFRS, enterprises can choose whether to present cash flows from operating activities using the direct method or indirect method. Typically, entities reporting under IFRS use the indirect method.

NON-CONTROLLING INTEREST/MINORITY INTEREST

Under PRC GAAP, the acquirer should always recognise the minority interest at the minority shareholders' proportionate interest in the acquiree's identifiable net assets.

Under IFRS, the acquirer can choose, on an acquisition by acquisition basis, whether to measure components of non-controlling interest in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

BORROWING COSTS ELIGIBLE FOR CAPITALISATION

Under PRC GAAP, all exchange differences arising from the retranslation of the principal and interest of a specific foreign currency borrowing are eligible for capitalisation.

Under IFRS, borrowing costs eligible for capitalisation include exchange differences arising from foreign currency borrowings only to the extent that they represent an adjustment to interest costs.

LAND USE RIGHTS

Under PRC GAAP, the cost of acquiring a land use right is generally recognised as investment property, intangible assets (if held for own use) or inventories, depending on the use of the land.

Under IFRS, the cost of acquiring a land use right (or other leasehold interest in land) is generally recognised as an operating lease prepayment, and cannot be revalued. The only exception is where the land interest is eligible to be classified as investment property. There is diversity in practice as to whether the cost of land use rights (or other leasehold interests held under operating leases) is classified as inventory when the land interest is held for resale in the ordinary course of business.

GENERAL INFORMATION

1. **Clearing Systems**: The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 192194547 and ISIN XS1921945470.

2. **LEI**: The Legal Entity Identifier of the Issuer is 3003008KESX0S3WX7023.

3. **Authorisations**: The issue of the Bonds and entry into the transaction documents in connection with the Bonds were authorised by a Certificate on Registration of Enterprise Borrowing Foreign Debts issued by the NDRC on 9 March 2018 and amended on 23 December 2018, and by way of resolutions from the Issuer's shareholder dated 8 January 2018 as well as board resolutions of the Issuer dated 8 January 2018 and 4 December 2018 respectively. The Issuer has obtained all necessary consents, approvals and authorisations and completed all necessary filing, registration and other actions in connection with the issue and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement, except for the filing of the requisite information and documents with the NDRC within ten Registration Business Days after the Issue Date and the foreign debt registration within 15 PRC working days after the Issue Date with the local branch of the SAFE.

4. **No Material Adverse Change**: There has been no material adverse change, or any development or event involving a prospective change, in the condition (financial or otherwise), prospects (financial or otherwise), results of operations or general affairs of the Issuer or the Group since 30 June 2018.

5. **Litigation**: None of the Issuer or any member of the Group is involved in any litigation or arbitration proceedings which could have a material and adverse effect on their business, results of operations and financial condition nor is the Issuer aware that any such proceedings are pending or threatened.

6. **Available Documents**: Copies of the Issuer's Historical Financial Statements, the Trust Deed, the Agency Agreement and the Standby Letter of Credit relating to the Bonds will be available for inspection from the Issue Date at the principal place of business of the Trustee currently at 39/F, Champion Tower, Three Garden Road, Central, Hong Kong during normal business hours (being 9.00 a.m. to 3.00 p.m. Monday to Friday, public holidays excepted), so long as any Bond is outstanding.

7. **Financial Statements**: The Group's Historical Financial Statements and Interim Financial Statements, which are included elsewhere in this Offering Circular, have been audited or reviewed by Mazars as stated in its reports dated 21 April 2017, 27 April 2018 and 10 November 2018, respectively.

8. **LC Bank Financial Statements**: Copies of the latest annual reports of the LC Bank, as well as its public filings, can be downloaded free of charge from the website of the Shanghai Stock Exchange on the internet at http://www.sse.com.cn/. No representation, express or implied, is made by the Managers, the Trustee or the Agents, and none of them takes any responsibility, for the accuracy, completeness or sufficiency of any information available on such website.

9. **Listing of Bonds**: Approval in-principle has been received for the listing of and quotation for the Bonds on the official list of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission of the Bonds to the official list of the SGX-ST and quotation of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the the Issuer, the Group, its subsidiaries, its associated companies and the Bonds. The Bonds will be traded on the SGX-ST in a minimum board lot size of S$250,000 for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require.

   For so long as the Bonds are listed and quoted on the SGX-ST and the rules of the SGX-ST so require, the Issuer will appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption, in the event that a Global Certificate is exchanged for definitive certificates. In addition, in the event that a Global Certificate is exchanged for definitive certificates, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive certificates, including details of the paying agent in Singapore.

INDEX TO THE FINANCIAL STATEMENTS

The consolidated financial statements of the Issuer as at and for the years ended 31 December 2016, 2017 and for the six months ended 30 June 2018

CHONGQING BANAN ECONOMIC PARK DEVELOPMENT & CONSTRUCTION CO., LTD.
AUDITOR'S REPORT
31 December 2016

AUDITOR'S REPORT

ZHSZ (2017) No. 180004

To the shareholders of Chongqing Banan Economic Park Development & Construction Co., Ltd.

We have audited the accompanying financial statements of Chongqing Banan Economic Park Development & Construction Co., Ltd. (hereinafter referred to as "Company" or "the Company"), which comprise the consolidated and parent company balance sheets as at 31 December 2016, and the consolidated and parent company income statements, the consolidated and parent company statements of cash flows for the year then ended, the consolidated and parent company statements of changes in equity, and notes to the financial statements.

Management's responsibility for the financial statements

The management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with Accounting Standards for Business Enterprises (generally accepted accounting principles in the People's Republic of China), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Auditing Standards issued by The Chinese Institute of Certified Public Accountants. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the

Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose to expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and parent company's financial position of Chongqing Banan Economic Park Development & Construction Co., Ltd. as at 31 December 2016, and the consolidated and parent company's financial performance and cash flows for the year then ended, in conformity with Accounting Standard for Business Enterprises (generally accepted accounting principles in the People's Republic of China).

Union Power Certified Public Accountants	Certified Public Accountant
(Special General Partnership)	Certified Public Accountant
Wuhan, the People's Republic of China	21 April 20

Consolidated Balance Sheet (Assets)

Consol. No. 1

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Assets	Note	31 Dec. 2016	31 Dec. 2015
Current assets:			
Cash and cash equivalents	VII 1	1,209,633,916.35	2,075,472,475.31
Financial assets measured at fair value and changes are recorded into the current profits and losses			
Derivative financial assets			
Notes receivable			
Accounts receivable	VII 2	3,260,622,112.48	2,477,765,442.11
Prepayment	VII 3	122,982,242.26	86,994,263.17
Interests receivable			
Dividends receivable			
Other receivables	VII 4	4,956,669,713.24	1,797,130,205.90
Inventory	VII 5	8,535,825,194.05	7,645,761,010.93
Assets divided into held-for-sale			
Non-current assets due within 1 year			
Other current assets	VII 6	2,449,378.04	
Total current assets		18,088,182,556.42	14,083,123,397.42
Non-current assets:			
Available-for-sale financial assets	VII 7	1,033,500,000.00	513,500,000.00
Held-to-maturity investment			
Long-term receivables			
Long-term equity investment	VII 8	54,389,048.77	50,228,035.09
Investment property□	VII 9	917,496,629.95	24,489,026.87
Fixed assets□	VII 10	9,992,628.18	907,235,871.28
Construction in progress□	VII 11	57,072,207.49	56,890,096.49
Construction materials□			
Disposal of fixed assets□			
Bearer biological assets			
Oil and gas assets			
Intangible assets			
Development expenditure			
Goodwill			
Long-term deferred expenses	VII 12		233,334.70
Deferred tax assets	VII 13	8,767,155.58	7,570,988.99
Other non-current assets	VII 14	1,742,919,120.00	730,363,620.00
Total non-current assets		3,824,136,789.97	2,290,510,973.42
Total assets		21,912,319,346.39	16,373,634,370.84

Legal Representative: Chief Financial Officer: Chief Accountant:

Consolidated Balance Sheet (Liabilities and Equity) □

Consol. No. 1

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Liabilities and equity	Note	31 Dec. 2016	31 Dec. 2015
Current liabilities:			
Short-term borrowings	VII 16	80,000,000.00	126,560,000.00
Financial liabilities measured at fair value and changes are recorded into the current profits and losses			
Derivative financial liabilities			
Notes payable			
Accounts payable	VII 17	100,119,709.48	158,812,527.57
Advance from customers	VII 18	180,326,400.00	242,784,600.00
Payroll payable	VII 19		
Taxes payable	VII 20	166,794,877.25	145,948,734.07
Interests payable	VII 21	92,754,577.78	42,438,111.12
Dividends payable			
Other payables	VII 22	909,999,675.39	725,527,977.00
Liabilities divided into held-for-sale			
Non-current liabilities due within 1 year	VII 23	1,531,967,973.98	2,525,900,000.00
Other current liabilities	VII 24	10,382,589.95	30,000,000.00
Total current liabilities		3,072,345,803.83	3,997,971,949.76
Non-current liabilities:			
Long-term borrowings	VII 25	4,518,774,404.76	2,125,390,000.00
Bonds payable	VII 26	2,779,609,170.85	1,573,367,828.62
Long-term payables			
Long-term payroll payable			
Specific payables			
Contingent liabilities			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities	VII 27	2,877,500,000.00	2,414,990,000.00
Total non-current liabilities		10,175,883,575.61	6,113,747,828.62
Total liabilities		13,248,229,379.44	10,111,719,778.38
Equity:			
Paid-in capital	VII 28	537,552,100.00	537,552,100.00
Other equity instruments			
Capital reserve	VII 29	6,601,647,642.63	4,995,162,142.63
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve	VII 30	85,577,899.20	74,134,305.00
Retained earnings	VII 31	739,312,753.99	655,066,044.83
Total equity attributable to owners of the parent company		7,964,090,395.82	6,261,914,592.46
Minority interests		699,999,571.13	
Total equity		8,664,089,966.95	6,261,914,592.46
Total liabilities & equity		21,912,319,346.39	16,373,634,370.84

Legal Representative: Chief Financial Officer: Chief Accountant:

Consolidated Income Statement

Consol. No. 2

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. 	RMB

Item	Note	2016	2015
I. Operating revenue	VII 32	1,098,232,287.82	1,087,532,863.80
Including: Sales revenue		1,088,329,331.67	1,071,195,311.61
Other operating revenue		9,902,956.15	16,337,552.19
Less: Operating costs	VII 32	758,029,303.32	811,073,236.90
Including: Cost of sales		739,124,216.32	780,280,115.80
Other operating costs		18,905,087.00	30,793,121.10
Taxes and surcharges	VII 33	3,044,564.68	1,810,477.12
Selling expenses			
Administrative expenses	VII 34	29,472,764.70	34,967,756.18
Financial costs	VII 35	50,486,231.75	38,218.58
Impairment loss on assets	VII 36	7,974,443.91	9,362,280.31
Others			
Add: Gains/(losses) from changes in fair value ("-" means loss)			
Investment income ("-" means loss)	VII 37	159,013.68	-2,182,537.99
Including: Income from investment on associates and joint ventures			
Foreign exchange gains ("-" means loss)			
II. Operating profit ("-" means loss)		249,383,993.14	228,098,356.72
Add: Non-operating income	VII 38	147,237,275.20	85,546,969.66
Including: Gains from disposal of non-current asset			
Less: Non-operating expenses	VII 39	264,108,315.86	190,805,778.17
Including: Loss from disposal of non-current asset			
III. Total profit ("-" means losses)		132,512,952.48	122,839,548.21
Less: Income tax expenses	VII 40	20,194,577.99	18,426,262.23
IV. Net profit ("-" means losses)		112,318,374.49	104,413,285.98
Attributable to equity holders of the parent company		112,318,803.36	104,413,285.98
Minority interest		-428.87	
V. Other comprehensive income after tax			
A. Not reclassified subsequently to profit or loss			
1. Changes in net liabilities or assets by remeasurement of defined benefit plans			
2. Not reclassified to profit or loss for the invested entity under the equity method			
B. Reclassified subsequently to profit or loss			
1. Reclassified subsequently to profit or loss for the invested entity under the equity method			
2. Gains or losses from changes in fair value of available-for-sale financial assets			
3. Profit or loss from reclassification held-to-maturity investment to available-for-sale financial assets			
4. The effective part of profit and loss from the cash flow hedging			
5. Translation difference from foreign currency financial statements			
VII. Total comprehensive income attributable to:		112,318,374.49	104,413,285.98
Attributable to equity holders of the parent company		112,318,803.36	104,413,285.98
Attributable to minority shareholders		-428.87	-
VIII. Earnings per share			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Legal Representative: 	Chief Financial Officer: 	Chief Accountant:

Consolidated Statement of Cash Flows

Consol. No. 3

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Item	Note	2016	2015
I. Cash flows from operating activities:			
Cash received from sales and services		253,237,370.01	382,948,933.44
Tax refunds		147,211,355.00	85,530,700.00
Other cash receipts relating to operating activities	VII 41	159,104,395.87	118,094,877.86
Sub-total cash inflows from operating activities		559,553,120.88	586,574,511.30
Cash paid for goods and services		1,054,314,595.63	1,396,223,557.61
Cash paid to and on behalf of employees		14,010,787.42	15,965,999.46
Payment of taxes and surcharges		9,088,995.70	37,997,812.95
Other cash payments relating to operating activities	VII 41	788,847,671.53	821,195,625.83
Sub-total cash outflows from operating activities		1,866,262,050.28	2,271,382,995.85
Net cash flows from operating activities		-1,306,708,929.40	-1,684,808,484.55
II. Cash flows from investing activities:			
Cash receipts from withdraw of investments			30,000,000.00
Cash received from investment income			571,212.57
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities			
Sub-total cash inflows from investing activities			30,571,212.57
Cash paid for fixed assets, intangible assets and other long-term assets		15,472,813.56	200,350,763.63
Cash payments for investments		524,002,000.00	530,000,000.00
Net cash paid for acquiring subsidiaries and other business units			
Other cash payments relating to investing activities	VII 41	2,300,000,000.00	
Sub-total cash outflows from investing activities		2,839,474,813.56	730,350,763.63
Net cash flows from investing activities		-2,839,474,813.56	-699,779,551.06
III. Cash flows from financing activities:			
Cash proceeds from investments by others		1,500,000,000.00	1,700,000,000.00
Including: Cash received by subsidiaries from minority shareholders' investments			
Cash received from borrowings		3,607,404,725.00	2,690,660,000.00
Other cash receipts relating to financing activities	VII 41	2,623,540,000.00	2,863,230,000.00
Sub-total cash inflows from financing activities		7,730,944,725.00	7,253,890,000.00
Cash repayments for debts		2,426,698,095.24	1,804,016,000.00
Cash payments for distribution of dividends, profit and interest expenses		496,849,900.71	474,790,149.18
Including: Dividends or profit paid by subsidiaries to minority shareholders			
Other cash payments relating to financing activities	VII 41	1,552,818,908.98	1,945,887,579.52
Sub-total cash outflows from financing activities		4,476,366,904.93	4,224,693,728.70
Net cash flows from financing activities		3,254,577,820.07	3,029,196,271.30
IV. Effect of foreign exchange rate changes on cash and cash equivalents		767,363.93	
V. Net increase in cash and cash equivalents		-890,838,558.96	644,608,235.69
Add: Opening balance of cash and cash equivalents		1,396,472,475.31	751,864,239.62
VI. Closing balance of cash and cash equivalents		505,633,916.35	1,396,472,475.31

Legal Representative: Chief Financial Officer: Chief Accountant:

-704,000,000.00 -679,000,000.00

Consolidated Statement of Changes in Equity

Consol. No. 4

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □

RMB

Item	2016										
	Equity attributable to the parent company									Minority interests	Total equity
	Paid-in capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Retained earnings	Others	Sub-total		
I. Balance at the end of the previous year	537,552,100.00		5,237,563,542.63				74,134,305.00	667,206,544.83		6,516,456,492.46		6,516,456,492.46
Plus: Change in accounting policies												
Correction of errors in previous period			-242,401,400.00					-12,140,500.00		-254,541,900.00		-254,541,900.00
Business combination under common control												
Others												
II. Balance at the beginning of the year	537,552,100.00		4,995,162,142.63				74,134,305.00	655,066,044.83		6,261,914,592.46		6,261,914,592.46
III. Increase/decrease during the financial year ("-" means			1,606,485,500.00				11,443,594.20	84,246,709.16		1,702,175,803.36	699,999,571.13	2,402,175,374.49
(I) Total comprehensive income								112,318,803.36		112,318,803.36	-428.87	112,318,374.49
(II) Contributions and decrease of capital			1,606,485,500.00							1,606,485,500.00	700,000,000.00	2,306,485,500.00
1. Ordinary shares contributed by owners											700,000,000.00	700,000,000.00
2. Capital paid in by holders of other equity instruments												
3. Equity settled share-based payment												
4. Others			1,606,485,500.00							1,606,485,500.00		1,606,485,500.00
(III) Special reserve fund												
1. Provision for the year												
2. Use for the year												
(IV) Profit distribution							11,443,594.20	-28,072,094.20		-16,628,500.00		-16,628,500.00
1. Surplus reserve accrued							11,443,594.20	-11,443,594.20				
Including: Statutory surplus reserve							11,443,594.20	-11,443,594.20				
Discretionary surplus reserve												
2. Appropriations to general risk provisions												
3. Distribution to owners								-16,628,500.00		-16,628,500.00		-16,628,500.00
4. Others												
(V) Transfer within equity												
1. Capital reserve transferred to capital												
2. Surplus reserve transferred to capital												
3. Surplus reserve offsetting losses												
4. Changes in remeasurement of defined benefit net liabilities/assets												
5. Others												
IV. Closing balance	537,552,100.00		6,601,647,642.63				85,577,899.20	739,312,753.99		7,964,090,395.82	699,999,571.13	8,664,089,966.95

Legal Representative: Chief Financial Officer: Chief Accountant:

0.00 0.00

Consolidated Statement of Changes in Equity

Consol. No. 4

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □

RMB

Item	2015											
	Equity attributable to the parent company										Minority interests	Total equity
	Paid-in capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Retained earnings	Others	Sub-total		
I. Balance at the end of the previous year	537,552,100.00		2,977,427,222.63				63,692,756.40	573,234,807.45		4,151,906,886.48		4,151,906,886.48
Plus: Change in accounting policies												
Correction of errors in previous period												
Business combination under common control												
Others												
II. Balance at the beginning of the year	537,552,100.00		2,977,427,222.63				63,692,756.40	573,234,807.45		4,151,906,886.48		4,151,906,886.48
III. Increase/decrease during the financial year ("-" means			2,017,734,920.00				10,441,548.60	81,831,237.38		2,110,007,705.98		2,110,007,705.98
(I) Total comprehensive income								104,413,285.98		104,413,285.98		104,413,285.98
(II) Contributions and decrease of capital			2,017,734,920.00							2,017,734,920.00		2,017,734,920.00
1. Ordinary shares contributed by owners												
2. Capital paid in by holders of other equity instruments												
3. Equity settled share-based payment												
4. Others			2,017,734,920.00							2,017,734,920.00		2,017,734,920.00
(III) Special reserve fund												
1. Provision for the year												
2. Use for the year												
(IV) Profit distribution							10,441,548.60	-22,582,048.60		-12,140,500.00		-12,140,500.00
1. Surplus reserve accrued							10,441,548.60	-10,441,548.60				
Including: Statutory surplus reserve							10,441,548.60	-10,441,548.60				
Discretionary surplus reserve												
2. Appropriations to general risk provisions												
3. Distribution to owners								-12,140,500.00		-12,140,500.00		-12,140,500.00
4. Others												
(V) Transfer within equity												
1. Capital reserve transferred to capital												
2. Surplus reserve transferred to capital												
3. Surplus reserve offsetting losses												
4. Changes in remeasurement of defined benefit net liabilities/assets												
5. Others												
IV. Closing balance	537,552,100.00		4,995,162,142.63				74,134,305.00	655,066,044.83		6,261,914,592.46		6,261,914,592.46

Legal Representative: Chief Financial Officer: Chief Accountant:

0.00 0.00

Balance Sheet (Assets)

No. 1

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Assets	Note	31 Dec. 2016	31 Dec. 2015
Current assets:			
Cash and cash equivalents		1,207,852,715.31	2,075,069,875.34
Financial assets measured at fair value and changes are recorded into the current profits and losses			
Notes receivable			
Accounts receivable		3,260,622,112.48	2,477,765,442.11
Prepayment		93,052,418.26	86,994,263.17
Interests receivable			
Dividends receivable			
Other receivables	XV 1	5,210,593,214.40	1,809,994,132.90
Inventory		7,927,968,202.37	7,240,987,083.93
Assets divided into held-for-sale			
Non-current assets due within 1 year			
Other current assets		2,309,092.72	
Total current assets		17,702,397,755.54	13,690,810,797.45
Non-current assets:			
Available-for-sale financial assets		1,033,500,000.00	513,500,000.00
Held-to-maturity investment			
Long-term receivables			
Long-term equity investment	XV 2	452,293,117.14	442,538,035.09
Investment property□		917,496,629.95	24,489,026.87
Fixed assets		9,992,628.18	907,235,871.28
Construction in progress□		57,072,207.49	56,890,096.49
Construction materials□			
Disposal of fixed assets□			
Bearer biological assets			
Oil and gas assets			
Intangible assets			
Development expenditure			
Goodwill			
Long-term deferred expenses			233,334.70
Deferred tax assets		8,767,155.58	7,570,988.99
Other non-current assets		1,742,919,120.00	730,363,620.00
Total non-current assets		4,222,040,858.34	2,682,820,973.42
Total assets		21,924,438,613.88	16,373,631,770.87

Legal Representative: Chief Financial Officer: Chief Accountant:

Balance Sheet (Liabilities and Equity)

No. 1

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Liabilities and equity	Note	31 Dec. 2016	31 Dec. 2015
Current liabilities:			
Short-term borrowings		80,000,000.00	126,560,000.00
Financial liabilities measured at fair value and changes are recorded into the current profits and losses			
Derivative financial liabilities			
Notes payable			
Accounts payable		100,119,709.48	158,812,527.57
Advance from customers		180,326,400.00	242,784,600.00
Payroll payable			
Taxes payable		166,794,877.25	145,948,734.07
Interests payable		92,754,577.78	42,438,111.12
Dividends payable			
Other payables	XV 3	909,999,175.39	725,523,177.00
Liabilities divided into held-for-sale			
Non-current liabilities due within 1 year		1,531,967,973.98	2,525,900,000.00
Other current liabilities		10,382,589.95	30,000,000.00
Total current liabilities		3,072,345,303.83	3,997,967,149.76
Non-current liabilities:			
Long-term borrowings		4,518,774,404.76	2,125,390,000.00
Bonds payable		2,779,609,170.85	1,573,367,828.62
Long-term payables	XV 4	710,000,000.00	
Long-term payroll payable			
Special payables			
Contingent liabilities			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities		2,877,500,000.00	2,414,990,000.00
Total non-current liabilities		10,885,883,575.61	6,113,747,828.62
Total liabilities		13,958,228,879.44	10,111,714,978.38
Equity:			
Paid-in capital		537,552,100.00	537,552,100.00
Other equity instruments			
Capital reserve		6,601,647,642.63	4,995,162,142.63
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve		85,577,899.20	74,134,305.00
General risk reserve			
Retained earnings		741,432,092.61	655,068,244.86
Total equity		7,966,209,734.44	6,261,916,792.49
Total liabilities & equity		21,924,438,613.88	16,373,631,770.87

Legal Representative: Chief Financial Officer: Chief Accountant:

Income Statement

No. 2

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Item	Note	2016	2015
I. Operating revenue		1,098,232,287.82	1,087,532,863.80
Including: Sales revenue		1,088,329,331.67	1,071,195,311.61
Other operating revenue		9,902,956.15	16,337,552.19
Less: Operating costs		758,029,303.32	811,073,236.90
Including: Cost of sales		739,124,216.32	780,280,115.80
Other operating costs		18,905,087.00	30,793,121.10
Taxes and surcharges		2,891,704.68	1,810,477.12
Selling expenses			
Administrative expenses		27,097,319.70	34,957,966.18
Financial costs		50,493,037.66	45,808.55
Impairment loss on assets		7,974,443.91	9,362,280.31
Add: Gains/(losses) from changes in fair value ("-" means loss)			
Investment income ("-" means loss)		-244,917.95	-2,182,537.99
Including: Income from investment on associates and joint ventures		-244,917.95	-1,905,039.78
II. Operating profit ("-" means loss)		251,501,560.60	228,100,556.75
Add: Non-operating income		147,237,275.20	85,546,969.66
Including: Gain from disposal of non-current asset			
Less: Non-operating expense		264,108,315.86	190,805,778.17
Including: Loss from disposal of non-current asset			
III. Total profit ("-" for losses)		134,630,519.94	122,841,748.24
Less: Income tax expense		20,194,577.99	18,426,262.23
IV. Net profit ("-" for losses)		114,435,941.95	104,415,486.01
V. Other comprehensive income after tax			
A. Not reclassified subsequently to profit or loss			
1. Changes in net liabilities or assets by remeasurement of defined benefit plans			
2. Not reclassified to profit or loss for the invested entity under the equity method			
B. Reclassified subsequently to profit or loss□			
1. Reclassified subsequently to profit or loss for the invested entity under the equity method			
2. Gains or losses from changes in fair value of available-for-sale financial assets			
3. Profit or loss from reclassification held-to-maturity investment to available-for-sale financial assets			
4. The effective part of profit and loss from the cash flow hedging			
5. Translation difference from foreign currency financial statements			
VI. Total comprehensive income		114,435,941.95	104,415,486.01
VII. Earnings per share			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Legal Representative: Chief Financial Officer: Chief Accountant:

Statement of Cash Flows

No. 3

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Item	Note	2016	2015
I. Cash flows from operating activities:			
Cash received from sales and services		253,237,370.01	382,948,933.44
Tax refunds		147,211,355.00	85,530,700.00
Other cash receipts relating to operating activities		159,091,332.22	118,085,814.69
Sub-total cash inflows from operating activities		559,540,057.23	586,565,448.13
Cash paid for goods and services		838,441,421.63	991,449,630.61
Cash paid to and on behalf of employees		14,010,787.42	15,965,999.46
Payment of taxes and surcharges		6,561,385.70	37,997,812.95
Other cash payments relating to operating activities		781,760,320.95	803,909,162.63
Sub-total cash outflows from operating activities		1,640,773,915.70	1,849,322,605.65
Net cash flows from operating activities		-1,081,233,858.47	-1,262,757,157.52
II. Cash flows from investing activities:			
Cash receipts from withdraw of investments			30,000,000.00
Cash received from investment income			571,212.57
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities			
Sub-total cash inflows from investing activities			30,571,212.57
Cash paid for fixed assets, intangible assets and other long-term assets		15,472,813.56	200,350,763.63
Cash payments for investments		530,000,000.00	922,310,000.00
Net cash paid for acquiring subsidiaries and other business units			
Other cash payments relating to investing activities		2,530,855,672.00	30,143,927.00
Sub-total cash outflows from investing activities		3,076,328,485.56	1,152,804,690.63
Net cash flows from investing activities		-3,076,328,485.56	-1,122,233,478.06
III. Cash flows from financing activities:			
Cash proceeds from investments by others		800,000,000.00	1,700,000,000.00
Cash received from borrowings		3,607,404,725.00	2,690,660,000.00
Other cash receipts relating to financing activities		3,333,540,000.00	2,863,230,000.00
Sub-total cash inflows from financing activities		7,740,944,725.00	7,253,890,000.00
Cash repayments for debts		2,426,698,095.24	1,804,016,000.00
Cash payments for distribution of dividends, profit and interest expenses		496,849,900.71	474,790,149.18
Other cash payments relating to financing activities		1,552,818,908.98	1,945,887,579.52
Sub-total cash outflows from financing activities		4,476,366,904.93	4,224,693,728.70
Net cash flows from financing activities		3,264,577,820.07	3,029,196,271.30
IV. Effect of foreign exchange rate changes on cash and cash equivalents		767,363.93	
V. Net increase in cash and cash equivalents		-892,217,160.03	644,205,635.72
Add: Opening balance of cash and cash equivalents		1,396,069,875.34	751,864,239.62
VI. Closing balance of cash and cash equivalents		503,852,715.31	1,396,069,875.34

Legal Representative: Chief Financial Officer: Chief Accountant:

Statement of Changes in Equity

No. 4

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Item	2016									
	Paid-in capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Retained earnings	Others	Total equity
I. Balance at the end of the previous year	537,552,100.00		5,237,563,542.63				74,134,305.00	667,208,744.86		6,516,458,692.49
Plus: Change in accounting policies										
Correction of errors in previous period			-242,401,400.00					-12,140,500.00		-254,541,900.00
Others										
II. Balance at the beginning of the year	537,552,100.00		4,995,162,142.63				74,134,305.00	655,068,244.86		6,261,916,792.49
III. Increase/decrease during the financial year ("-" means decrease)			1,606,485,500.00				11,443,594.20	86,363,847.76		1,704,292,941.95
(I) Total comprehensive income								114,435,941.95		114,435,941.95
(II) Contributions and decrease of capital			1,606,485,500.00							1,606,485,500.00
1. Ordinary shares contributed by owners										
2. Capital paid in by holders of other equity instruments										
3. Equity settled share-based payment										
4. Others			1,606,485,500.00							1,606,485,500.00
(III) Special reserve fund										
1. Provision for the year										
2. Use for the year										
(IV) Profit distribution							11,443,594.20	-28,072,094.20		-16,628,500.00
1. Surplus reserve accrued							11,443,594.20	-11,443,594.20		
Including: Statutory surplus reserve							11,443,594.20	-11,443,594.20		
Discretionary surplus reserve										
2. Appropriations to general risk provisions								-16,628,500.00		-16,628,500.00
3. Distribution to owners										
4. Others										
(V) Transfer within equity										
1. Capital reserve transferred to capital										
2. Surplus reserve transferred to capital										
3. Surplus reserve offsetting losses										
4. Changes in remeasurement of defined benefit net liabilities/assets										
5. Others										
IV. Closing balance	537,552,100.00		6,601,647,642.63				85,577,899.20	741,432,092.62		7,966,209,734.44

Legal Representative: Chief Financial Officer: Chief Accountant:

	-		-				-0.00	0.01		-

Statement of Changes in Equity

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □

No. 4
RMB

Item	2015									
	Paid-in capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Retained earnings	Others	Total equity
I. Balance at the end of the previous year	537,552,100.00		2,977,427,222.63				63,692,756.40	573,234,807.45		4,151,906,886.48
Plus: Change in accounting policies										
Correction of errors in previous period										
Others										
II. Balance at the beginning of the year	537,552,100.00		2,977,427,222.63				63,692,756.40	573,234,807.45		4,151,906,886.48
III. Increase/decrease during the financial year ("-" means decrease)			2,017,734,920.00				10,441,548.60	81,833,437.41		2,110,009,906.01
(I) Total comprehensive income								104,415,486.01		104,415,486.01
(II) Contributions and decrease of capital			2,017,734,920.00							2,017,734,920.00
1. Ordinary shares contributed by owners										
2. Capital paid in by holders of other equity instruments										
3. Equity settled share-based payment										
4. Others			2,017,734,920.00							2,017,734,920.00
(III) Special reserve fund										
1. Provision for the year										
2. Use for the year										
(IV) Profit distribution							10,441,548.60	-22,582,048.60		-12,140,500.00
1. Surplus reserve accrued							10,441,548.60	-10,441,548.60		
Including: Statutory surplus reserve							10,441,548.60	-10,441,548.60		
Discretionary surplus reserve										
2. Appropriations to general risk provisions								-12,140,500.00		-12,140,500.00
3. Distribution to owners										
4. Others										
(V) Transfer within equity										
1. Capital reserve transferred to capital										
2. Surplus reserve transferred to capital										
3. Surplus reserve offsetting losses										
4. Changes in remeasurement of defined benefit net liabilities/assets										
5. Others										
IV. Closing balance	537,552,100.00		4,995,162,142.63				74,134,305.00	655,068,244.86		6,261,916,792.49

Legal Representative: Chief Financial Officer: Chief Accountant:

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

(All amounts in RMB unless otherwise stated)

Important Notes:
This report is prepared in Chinese and English. In the event of any discrepancy between two versions, the Chinese version shall prevail.

I Company profile

Chongqing Banan Economic Park Development & Construction Co., Ltd. (hereinafter referred to as “the Company”) is a wholly state-owned company incorporated on 4 September 2007 which was funded by Finance Bureau of Banan District, Chongqing. Legal representative of the Company: Hu Ji; The registration number / unified social credit code: 915001136664095746.

As of 31 December 2016, the registered capital of the Company is RMB 537,552,100.00, and the paid-in capital of the Company is RMB 537,552,100.00. Details of paid-in capital are set out in Note VII 28.

1. Registration address, type of organization

Type of organization of the Company: Wholly state-owned limited company

Registration address: No. 88 Fucheng Road, Jieshi Town, Banan District, Chongqing.

2. The nature of the business and the main business scope

The nature of the business for the Company is infrastructure construction.

Business scope: Investments in park construction projects by using self-owned funds; Investment information consultation; Land consolidation and reserve; Plant leasing; Property management (operating with qualification certificates); Secondary real estate development; Municipal and road infrastructure development and construction; Sales of construction materials (except dangerous chemicals) and hardware.

3. The name of the ultimate controller

The ultimate controller of the Company is Finance Bureau of Banan District, Chongqing.

4. Authorizer and date of issuing the financial statements

The financial statements were authorized for issuance in accordance with the approval by the Board of

Directors of the Company on 21 April 2017.

II The scope of the consolidation

As at the end of reporting period, there are 3 subsidiaries included in the scope of consolidated financial statements (details refer to the Note IX 1).

The changes in the scope of consolidated financial statements refer to the Note VIII.

III Basis of preparation

The actual events and transactions have been recognized and measured, and the financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance and their application guidelines, interpretations and other relevant requirements (collectively, "Accounting Standards for Business Enterprises") as well as the following important accounting policies and accounting estimates.

IV Representation of compliance with the Accounting Standards for Business Enterprises

The financial statements are in accordance with the requirements of the Accounting Standards for Business Enterprises, which have truly and completely presented the financial positions of the Company and its operating results and cash flows and other relevant information.

V Significant accounting policies and accounting estimates

1. Accounting period

Accounting year starts on 1 January and ends on 31 December.

2. Functional currency

The Company adopts Renminbi (RMB) as the functional currency.

3. Operating cycle

The normal operating cycle starts from the purchase of the assets used for processing to the realization of the cash and cash equivalents. The normal operating cycle is shorter than one year. For business cycle that is less than one year, the assets and liabilities are classified as current assets and current liabilities when the assets are converted and the liabilities are settled within one year after the balance sheet date.

4. Preparation of consolidated financial statements

(1) The scope of consolidated financial statements

The scope of consolidated financial statements shall be determined on the basis of control, including the annual financial statement of the Company and all subsidiaries as of 31 December 2016. A subsidiary is an entity that is controlled by the Company (such as enterprises, deemed separate entities, and structured entities controlled by the enterprises). Control exists when the investor has all the following: power over the investee; exposure, or rights to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns.

(2) Preparation of consolidated financial statements

The consolidated financial statements are prepared by the Company, based on the financial statements of the Company and its subsidiaries, according to other relevant information.

Considering the Group as one accounting entity, the Company prepares the consolidated financial statements to reflect the financial position, the operating results and the cash flows of the entire Group in accordance with the unified accounting policy, as well as the recognition, measurement and presentation requirements of the relevant accounting standards.

For any difference in accounting policies and accounting periods between the Company and its subsidiaries, necessary adjustments shall be made based on accounting policies and periods of the Company when preparing consolidated financial statements. Financial statements of subsidiaries shall be adjusted based on the fair value of recognizable net assets defined on the purchasing date for the subsidiaries acquired not under the same control.

(3) Presentation of minority interests and profits or losses

The portion of a subsidiary's equity that is not attributable to the parent is treated as minority interests and presented in the consolidated balance sheet within equity.

The portion of net profit or loss of subsidiaries for the period attributable to minority interests shall be presented in the consolidated income statement below the —net profit line item as —minority interests.

(4) Excess losses

When the amount of loss for the current period attributable to the minority shareholders' portion exceeds the opening balance of owners' equity of the subsidiary attributable to the minority shareholders' portion, the excess shall be allocated against the minority interests in the consolidated financial statement.

(5) Increase or decrease of the subsidiaries

For any subsidiary acquired during the reporting period by the Company through business combination under the same control, the opening balances of the consolidated balance sheet should be adjusted when compiling the consolidated financial statements; while any subsidiary acquired by the Company through business combination not under the same control, the Company makes no adjustment for the opening balances in the consolidated balance sheet. When disposing subsidiaries during the reporting period, no adjustment is made for the opening balances in the consolidated balance sheet.

For any subsidiary acquired by the Company through business combination under the same control, the sales revenue, expense and profit for the period from the beginning to the end of the reporting period are included in the consolidated income statement. While for any subsidiary acquired during the reporting period by the Company through business combination not under the same control, the sales revenue, expense and profit for the period from acquisition date to the end of the reporting period are included in the consolidated income statement, the cash flows of the subsidiary from the acquisition date to the end of the reporting period are included in the consolidated statement of cash flow. When disposing subsidiary during the reporting period, the sales revenue, expense and profit of the subsidiary from the beginning of the period to the disposal date are included in the consolidated income statement, and the cash flows of the subsidiary from the beginning of the period to the disposal date are included in the consolidated statement of cash flows.

When the Company loses control over a former subsidiary due to disposing part of equity investment or other reasons, the remaining part of the equity investment should be re-measured at fair value at the date when losing control over the investee; The cash received on disposal of the equity investment and the fair value of remaining part of the equity investment, deducting net assets proportion calculated by original share percentage since the acquisition date should be recorded in profit or loss for current period of investment gain and the goodwill related to the subsidiary shall also be de-recognized; other comprehensive income related to the equity investment in subsidiaries before disposal date shall be transferred to profit or loss for the current period of investment gain when losing control over the investee.

The difference between the newly obtained long-term equity investment due to the Company's acquisition of minority interests and the Company's share of identifiable net assets in the subsidiary calculated by the newly increased shareholding, or the difference between the disposal income due to the Company's disposing part of equity investment in a subsidiary without losing the control over the subsidiary and the Company's share of net assets in the subsidiary calculated by the disposed long-term equity investment, should be adjusted to the stock premium under capital reserve in the consolidated balance sheet. If the stock premium under capital reserve is not sufficient to offset the difference, the retained profit shall make up the balance.

(6) Disposing equity investment until losing control step by step

When various transactions to dispose the equity investment of a subsidiary by the parent company till losing control over the subsidiary are a package deal, they should be accounted for as one transaction for disposal of the equity investment which results in the loss of control. However, before the control is lost, the difference between each disposal income and the corresponding share of net assets of the subsidiary should be recognized as other comprehensive income in the consolidated financial statement, and then the difference should be accounted for in profit and loss when the control is lost. If the transactions are not a package deal, they should be accounted for in accordance with the above procedure when the parent company disposes the equity investment with or without losing control over its subsidiary.

When the parent company disposes the equity investment of its subsidiary and the trade terms, conditions and economic impact satisfy one or more of the following conditions, multiple transactions should be accounted for as a package deal:

a) These deals are concluded at the same time or under the conditions of considering the impact on each other;

b) These transactions should be bundled as a whole to achieve a complete business result;

c) The occurrence of a deal depends on at least one another transaction;

d) A deal is not economically feasible on its own but economically feasible when combined with other deals.

As for individual financial statements, the transactions to dispose the equity investment step by step till losing control should be accounted for according to the accounting policies that applied for the transactions to dispose the long-term equity investment.

5. Recognition of cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposits that can be readily drawn on demand, and the short-term (normally matured within three months after purchase date), highly-liquid investment which is readily convertible into known amounts of cash, subject to an insignificant risk of fluctuation in value.

6. Recognition and measurement of financial instrument

(1) Recognition of financial instrument

The Company recognizes a financial asset or financial liability on its balance sheet when, and only when, the Company becomes a contractual party of financial instrument

(2) Classification and measurement of financial assets

a) For the purpose of risks management, investment strategies and objective of holding the financial assets and for other reasons, the Company classifies the financial assets into the following four categories: i) financial assets at fair value through profit or loss; ii) held-to-maturity investments; iii) loans and receivables; and iv) available-for-sale financial assets.

① Financial asset at fair value through profit or loss (“FVTPL” financial assets) includes financial assets held for trading and financial assets designated by the Company as at fair value through profit or loss. Trading financial assets refer to the financial assets meeting one of the following conditions: the purpose of acquiring the financial assets is to sell in the near future; belonging to a part of identifiable combination of financial instruments for centralized management, and there is objective evidence that the enterprise has managed the portfolio by way of short-term profit in the near future. Belonging to the derivative, with exception of derivatives designated as effective hedging instruments and derivatives, derivatives belonging to financial guarantee contracts, and derivatives are not quoted in an active market and the fair value cannot be reliably measured and settled by delivering the equity instrument.

Only the financial assets meeting any of the following requirements when they are initially recognized can be designated as at financial assets measured at fair value and changes are recorded into the current profits and losses: The designation is able to eliminate or significantly reduce the inconsistencies in recognition or measurement of related gains and losses due to the different financial instruments measurement basis; Stated clearly in the formal written document of risk management or investment strategies that the portfolio of financial instruments shall be managed at fair value, evaluation and report to the key management personnel; Including combined instruments which consist of one or various embedded derivatives, unless embedded derivatives have no major impact on cash flow of combined instruments or it is obvious that embedded derivatives should not be separated from related combined instrument; Including combined instruments which consist of embedded derivatives, which need to separated but unable to be measured individually at the acquiring date or subsequent balance sheet date.

Equity investment instruments not quoted in an active market and the fair value cannot be reliably measured shall not be designated as financial assets at fair value through profit or loss (“FVTPL” financial assets).

② Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intention and ability to hold to maturity.

③ Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

④ Available-for-sale financial assets (AFS financial assets) are those non-derivative financial assets that are designated as available for sale and those financial assets other than those mentioned above.

Once the initial recognition of a certain financial asset has been classified as (“FVTPL” financial assets) by the Company, it shall not be re-classified as other financial assets; other financial assets could not be re-classified as “FVTPL” financial assets.

b) The financial assets are initially recognized at fair value. In the case of financial assets at fair value through profit or loss (“FVTPL” financial assets), the related transaction costs are recognized in profit or loss for the current period. For other financial assets, transaction costs that are attributable to the acquisition of the financial assets are included in the initial recognition amounts.

c) Subsequently measurement

① Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition as at fair value through profit or loss. This kind of financial assets are subsequently measured at fair value, all realized and unrealized gains and losses arising from a change in the fair value of a financial asset are recognized in profit or loss for the current period.

② Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method; gains and losses arising from de-recognition, impairment or amortization is recognized in profit or loss for the current period.

③ Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from de-recognition, impairment or amortization are recognized in profit or loss for the current period.

④ AFS financial assets are subsequently measured at fair value. The gains and losses arising from changes in fair value of AFS financial assets are recognized as other comprehensive income, until the financial assets are derecognized, are transferred to profit or loss for the current period. Interest income and dividends related to the AFS financial assets are recognized as profit or loss for the current period.

Equity instrument investment with no quoted price in active markets and with not reliably measured fair value, and derivative financial assets for the equity instrument and settled by paying the equity instrument are measured at cost.

d) Impairment of financial assets

① The Company assesses the carrying amount of the financial assets except the financial asset at fair value through profit or loss at each balance sheet date, if there is any objective evidence that a financial asset or group of financial assets is impaired, the Company shall recognize impairment loss.

② The objective evidences that the Company uses to determine the impairment are as follows.

i. Significant financial difficulty of the issuer or obligor;

ii. A breach of contract, such as a default or delinquency in interest or principal payments;

iii. The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

iv. It becoming probable that the borrower will enter bankruptcy or other financial reorganization;

v. The disappearance of an active market for that financial asset because of financial difficulties;

vi. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including: (I) Adverse changes in the payment status of borrowers in the group or (ii) an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, or adverse changes in industry conditions that affect the borrowers.

vii. Significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the borrower operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

viii. A significant or non-temporary decrease in fair value of equity investment instruments;

ix. Other objective evidences showing the impairment of the financial assets.

③ Measurement of impairment loss of financial assets

i. Held-to-maturity investments, loans and receivables

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the loss is recognized in profit or loss of the current period.

The Company assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

Once the Company recognizes the impairment loss of financial assets measured at the amortized cost, if there is objective evidence that the value of financial assets has been recovered which is objectively related to events after the loss, the previously recognized impairment losses shall be reversed and charged in the current profits and losses.

ii. Available-for-sale financial assets

The Company takes the individual investment of impairment test for available-for-sale financial assets. On the balance sheet date, it could judge whether the fair value of available-for-sale financial assets is seriously or non-temporary decline. The impairment loss shall be recognized at the amount of the difference between cost and fair value if the fair value of individual available-for-sale financial asset decreases more than 20% of the cost, or continually decreases more than one year. The closing cost of available-for-sale financial assets shall be initially measured at investment cost when assets are acquired and amortized cost by using weighted average method when assets are sold.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity, the cumulative loss that had been recognized directly in equity is removed from equity and recognized in profit or loss even though the financial asset has not been derecognized.

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are recognized in the profit or loss of the current period.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed, with the amount of the reversal recognized in profit or loss of the current period.

Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss. For impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the impairment loss is not reversed through profit or loss.

(3) Classification and measurement of financial liabilities

a) The Company’s financial liabilities are classified as: financial liabilities at fair value through profit or loss (FVTPL) or other financial liabilities.

Financial liabilities at FVTPL include trading financial liabilities and financial liabilities designated as at fair value through profit or loss in the initial recognition.

Trading financial liabilities refer to the financial liabilities meeting one of the following conditions: the purpose of undertaking the financial liabilities is to repurchase in the near future; belonging to a part of identifiable combination of financial instruments for centralized management, and there is objective evidence that the enterprise has managed the portfolio by way of short-term profit in the near future;

belonging to the derivative, with exception of derivatives designated as effective hedging instruments, derivatives belonging to financial guarantee contracts, and derivative financial liabilities which are linked to equity instrument that is not quoted in an active market and its fair value cannot be reliably measured and settled by delivering the equity instrument.

Only the financial liabilities meeting any of the following requirements when they are initially recognized can be designated as at financial liabilities measured at fair value and changes are recorded into the current profits and losses: The designation is able to eliminate or significantly reduce the inconsistencies in recognition and measurement of related gains and losses due to the different financial instruments measurement basis; Stated clearly in the formal written document of risk management or investment strategies that the portfolio of financial instruments shall be managed at fair value, evaluated and reported to the management, evaluation and report to the key management personnel; Hybrid instruments contain one or more embedded derivatives, unless the embedded derivatives results no significant change in the cash flow of hybrid instruments, or the embedded derivatives obviously should not be split from the relevant hybrid instruments; Including the hybrid instruments containing the embedded derivatives which need to be split but cannot measured separately at the date of acquisition or follow-up balance sheet date.

Once the initial recognition of a certain financial liability has been classified as FVTPL by the Company, it shall not be re-classified as other financial liabilities; other financial liabilities could not be re-classified as FVTPL.

b) Financial liabilities are initially measured at fair value. For the financial liability at fair value through profit or loss at its fair value, relevant transaction costs are recognized as expense when it incurred. For the other financial liabilities, relevant transaction costs are recognized as costs.

c) Subsequent measurement of financial liabilities

① Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial assets designated by the Company as at fair value through profit or loss. The Company recognizes a financial liability at fair value through profit or loss at its fair value. A gain or loss of change in fair value is recognized in the profit or loss of the current period.

② Other financial liabilities are measured by amortized cost using effective interest rate.

(4) Transfer of financial assets

The Company derecognizes financial assets when the Company transfers substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset in its entirety, the difference between the follows is recognized in profit or loss of the current period.

a) The carrying amount of transferring financial assets;

b) The sum of the consideration received and any cumulative gain or loss that had been recognized directly in other comprehensive income.

If the transferred asset is part of a financial asset and the part transferred qualifies for de-recognition in its entirety, the previous carrying amount of the financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the follows is recognized in profit or loss of the current period.

a) The carrying amount allocated to the part derecognized;

b) The sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized directly in equity (including financial assets transferred to available for sale category).

A cumulative gain or loss that had been recognized in equity is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts.

If a transfer does not qualify for de-recognition, the Company continues to recognize the transferred asset in its entirety and shall recognize a financial liability for the consideration received.

When the Company continues to recognize a financial asset to the extent of its continuing involvement, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained

(5) Termination of recognition of financial liabilities

Only when the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly. Where the Company enters into an agreement with a creditor so as to substitute the existing financial liabilities by way of any new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, it shall terminate the recognition of the existing financial liability, and shall at the same time recognize the new financial liability.

Where the recognition of a financial liability is totally or partially terminated, the Company concerned shall include into the profits and losses of the current period the gap between the carrying amount which has been terminated from recognition and the considerations it has paid (including the non-cash assets it has transferred out and the new financial liabilities it has assumed).

(6) Offset between financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet, not offsetting each other. But if the following conditions are satisfied at the same time, the net balance after offsetting each other shall be presented within the balance sheet: The Company has legal rights to offset the recognized amount, and this kind of legal rights is currently executable; the Company plans to settle in net amount, or realize the financial assets and settle the financial liabilities. If the financial asset transfer does not satisfy the conditions, the transferor shall not offset the transferred financial assets and related liabilities.

7. Recognition and measurement of bad debt provision for receivables

(1) Bad debt provision for individually significant receivables

Basis or monetary standards of provision for bad debts of the individually significant receivables	The receivables with significant amounts refer to the top 5 of accounts receivable or other receivables, the individual amount of which is over 10% (including 10%) of the total amount of accounts receivable (or other receivables) or the ones, the individual amount of which is over RMB 1 million (including RMB 1 million).
Method of provision for bad debts of the individually significant receivables	On balance sheet date, the impairment test is carried on individually for the individually significant receivables; if there are substantive evidences showing that a receivable has been impaired, a provision should be made for bad debts. If a receivable is found not to be individually impaired, it should be included in a group of receivables with similar credit risk characteristics, which is tested collectively for the impairment.

(2) Receivables for which bad debt provisions are made on the portfolio basis

Basis of recognition:

Portfolio 1	Except receivables which have been provided for impairment individually and receivables in portfolio 2, the Company determines the proportion of provision for bad debt based on the actual loss rate of the same or similar receivables portfolio in the prior periods which are classified by ageing and have similar credit risk characteristics, combined with an analysis of current situation.
Portfolio 2	Receivables from the government departments, related parties, employee borrowings and deposits.

Measurement of bad debt provision for portfolios of receivables (ageing analysis method, balance

percentage method, other methods):	
Portfolio 1	Ageing analysis method
Portfolio 2	Other methods

In portfolio 1, to adopt the ageing analysis method to make provisions for bad debts:

Ageing of receivables	Percentage of accounts receivable (%)	Percentage of other receivables (%)
Within 1 year (including 1 year)	0.50	0.50
1-2 years (including 2 years)	3.00	3.00
2-3 years (including 3 years)	10.00	10.00
3-4 years (including 4 years)	20.00	20.00
4-5 years (including 5 years)	50.00	50.00
Over 5 years	100.00	100.00

In portfolio 2, the provisions for bad debts of receivables from related parties and relevant government departments, receivables with mortgages and guarantees, and receivables for employee reserve funds and housing maintenance funds, etc., which have conclusive evidences that there are significant differences in collectability, shall be determined by using the individual recognition method.

(3) Receivables which are not significant, but individually provided for bad debts

Receivables with insignificant amount shall be classified as several portfolios with receivables which were not found to be individually impaired, and the Company determines the bad debt provisions for those portfolios on the basis of a certain proportion of the balance on the balance sheet date.

8. Inventory

(1) Classification of inventory:

The Company's inventories include finished goods or products that are held-for-sale in the ordinary course of business, products in progress, and goods that will be used or consumed in the production of goods or rendering of service. They are mainly divided into the following categories: low-value consumables and land consolidation costs.

(2) Recognition of inventory:

The Company recognizes inventories when the following conditions are satisfied:

a) It is probable that future economic benefits associated with the inventories will flow to the Company;

b) The cost of the inventories can be measured reliably.

(3) Pricing method for obtaining and sending out inventories:

The Company adopts the cost as initial recognition and recognizes the sending out cost by using weighted average method for low-value consumables. The land development of the Company is rectified into pieces, and the initial measurement is carried out according to the cost. When the carry-over is carried out, the land cost is determined according to the weighted average cost measured by the relevant land compensation standard of the current year.

(4) Amortization method of low-value consumables and packages:

Low-value consumables and packages are fully amortized when they are required and delivered.

(5) Inventories shall be measured at the lower of cost and net realizable value at the balance sheet date. Where the net realizable value is lower than the cost, the difference shall be recognized as provision for impairment of inventories and charged to profit or loss.

(6) The Company adopts perpetual inventory system for the inventory taking of low-value consumables.

9. Long-term equity investment

The long-term equity investment of the Company mainly includes the investments in the subsidiaries, associated enterprises and joint ventures

(1) Initial measurement

The Company initially measures long-term equity investments under two conditions:

a) For long-term equity investment arising from business combination, the initial cost is recognized under the following principles.

① If the business combination is under the same control and the acquirer obtains long-term equity investment in the consideration of cash, non-monetary asset exchange or bearing acquiree’s liabilities, the initial cost is the carrying amount of the proportion of the acquiree’s owner’s equity at the acquisition date. The difference between cash paid, the carrying amount of the non-monetary asset exchanged and the acquiree’s liabilities beard and the initial cost of the long-term equity investment should be adjusted to capital surplus. If the capital surplus is not sufficient for adjustment, retained earnings are adjusted respectively. The business combination costs that are directly attributable to the combination, such as audit fees, valuation fees, and legal service fees and so on are recognized in profit or loss during the current period when they occurred.

If the acquirer issuing equity securities as consideration, the initial cost is the carrying amount of the proportion of the acquiree's owner's equity at the acquisition date. Amount of share capital equal to the par value of the shares issued. The difference between initial cost of the long-term equity investment and the par value of shares issued is adjusted to capital surplus. If the capital surplus is not sufficient for adjustment, retained earnings are adjusted respectively. The costs of issuing equity securities occurred in business combination such as charges of security issuing and commissions are deducted from the premium of equity securities. If the premium is not sufficient for deducting, retained earnings are adjusted respectively.

② If the business combination is not under the same control, the acquirer recognizes the initial cost of combination under the following principles.

I. When business combination is achieved through a single exchange transaction, the cost of a business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree;

II. For the business combination involved more than one exchange transaction, the cost of the combination is the aggregate cost of the individual transactions;

III. The business combination costs that are directly attributable to the combination, such as audit fees, valuation fees, legal service fees and so on are recognized in profit or loss during the current period when they occurred; commissions and other expenses for the issuance of equity or debt securities for the business combination, shall be recognized as the initial recognition amounts of equity or debt securities.

IV. Where a business combination contract or agreement provides for a future event which may adjust the cost of combination, the Company shall include the amount of the adjustment in the cost of the combination at the acquisition date if the future event leading to the adjustment is probable and the amount of the adjustment can be measured reliably.

b) For long-term equity investment obtained in any method other than business combination, the initial cost is recognized under the following principles.

① If the long-term equity investment is acquired in cash consideration, the initial cost is the actual payment which includes direct expenses paid to acquire the long-term equity investment, taxes and other necessary expense.

② If the long-term equity investment is acquired by issuing equity securities, the initial cost is the fair value of the equity securities issued. However, cash dividends or profits that are declared but unpaid shall not be included in the initial cost. Direct costs attributed to issue equity securities such as handling charges and commissions paid to securities underwriting agencies are deducted from premium of equity securities. If the premium is not sufficient for deduction, reserved fund and retained earnings is adjusted respectively.

③ For the long-term equity investment acquired through non-monetary asset exchange, the initial cost is recognized according to “Accounting Standards for Business Enterprises No. 7-Non-monetary transactions”.

④ For the long-term equity investment acquired through debt restructuring, the initial cost is recognized according to “Accounting Standards for Business Enterprises No. 12-Debt restructuring”.

c) If there are cash dividends or profits that are declared but unpaid included in the consideration paid, the cash dividends or profits declared but unpaid shall be recognized as receivables separately rather than as part of initial cost of long-term equity instruments no matter through which method the long-term equity investment is acquired.

(2) Subsequent measurement

The equity method is used when the Company has joint control or significant influence over the investee enterprise. The cost method is used when the Company has control or does not have joint control or significant influence over the investee enterprise and there is no quoted price in active market or there is no reliable fair value.

a) For the long-term equity investment under cost method, and except from cash dividends or profits distributed are declared but unpaid included in the consideration paid, the other declared cash dividends or profits are normally recognized as investment income for the current period when it incurred.

b) For the long-term equity investment under the equity method ,when the initial cost of long term equity investments exceeds the Company’s interest in the fair value of identifiable net assets of the investee, the initial cost of the long-term equity investment shall not be adjusted; while the initial cost of long term equity investments is less than the share of the fair value of identifiable net assets of the investee, the difference is charged to profit or loss for the current period and the cost of the long-term equity investment shall be adjusted accordingly.

After a long-term equity investment is acquired, the Company shall recognize its share of the investee’s net profit or losses, as well as its share of the investee’s other comprehensive income, as investment income or losses and other comprehensive income, and adjust the carrying amount of the investment accordingly. The Company reduces carrying amount of the long-term investment regarding declared cash dividend or profit distribution. The investee’s shareholders’ equity changes other than those arising from the investee’s net profit or loss, other comprehensive income or profit distribution, shall be recognized in the Company’s equity, and the carrying amount of the long-term equity investment shall be adjusted accordingly. The share of the investee’s net profit or loss for the current period is recognized after adjusting the investee’s net profit in accordance with the Company’s accounting policies and accounting period based on the fair value of the identifiable assets at investment date. When the accounting policies adopted by the investee are different from those adopted by the Company, the financial statements of the investee shall be adjusted and the investment income and other comprehensive income shall be recognized according to the Company’s accounting policies. The net loss incurred by the investee shall be recognized based on the book value of the long-term investment and other investments essentially constituting the long-term equity of the investee till the carrying amount is reduced to zero, except the Company has the obligation to undertake extra losses. Once the investee realizes net profit, the Company starts recognizing its share of profits after the share of previously unrealized losses has been recovered.

In calculating the Company’s share of net profit or loss in the investee, the investment income in proportion attributable to the Company shall be recognized after offsetting the unrealized profit and loss of internal transactions between joint ventures and associated enterprises. When the unrealized loss of inter-company transactions between the Company and the investee is an asset impairment loss, it shall be fully recognized.

c) On disposal of an equity investment, the difference between the carrying amount of the investment and the sale proceeds actually received is recognized as an investment gain or loss for the current period. When the equity method is adopted, change in equity of the investee other than profit or loss is recorded in equity. On disposal of the equity investment, amount of change which is recorded in other comprehensive income previously is transferred to profit or loss for the current period regarding to the proportion of disposal.

d) If the shareholding of the Company in a subsidiary decreases due to the capital increase by investment parties to its subsidiaries, which results in the loss of control, but the Company can exercise joint control or exert significant influence, the measurement of long-term equity investment shall be changed from the cost method to the equity method in an individual financial statement. First of all, the share of the increase in net assets due to the capital increase and share increase of the original subsidiary, which is attributable to the Company, based on the new shareholding ratio shall be confirmed. Firstly, the difference between the share of the increase and the original book value of the long-term equity investment corresponding to the decline in the proportion of shares that should be carried forward shall be recorded in the current profits and losses. Then, the investment shall be adjusted under the equity method according to the new shareholding ratio from the moment it is acquired.

(3) Basis for recognition of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities refer to those have significant influence on the return of an arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

(4) Impairment test and method of provision for impairment loss

The impairment test is conducted and impairment loss is provided in accordance with the accounting policy “Impairment of assets” of the Company.

10. Recognition and measurement of investment property

(1) The term “Investment Property” refers to the properties held for generating rent and/or capital appreciation or both. Including:

a) A land use right that is leased out;

b) A land use right held and ready to transfer after appreciation;

c) A building that is leased out.

(2) An investment property shall be initially recognized when the following conditions are satisfied:

a) It is probable that future economic benefits associated with the assets will flow into the Company;

b) The cost of the assets can be measured reliably.

(3) Initial measurement

The initial measurement of the investment property shall be made at its cost.

a) The cost of an investment property by acquisition consists of the acquisition price, relevant taxes, and other expenses directly relegated to the asset.

b) The cost of a self-constructed investment property composes of the necessary expenses for constructing the property to the usable condition.

c) The cost of an investment property obtained by other means shall be recognized in accordance with the relevant accounting standards.

(4) Subsequent measurement

The Company shall use the cost model for subsequent measurement of the investment property, which shall be depreciated or amortized in the same way as intangible assets and fixed assets.

When the Company has conclusive evidence that the use of properties has changed either from self-use properties or inventories to investment properties or from investment properties to self-use properties, the book value before the conversion shall be the recording value of the property after the conversion.

At the end of an accounting period, the investment property shall be measured at the lower of the net realized value and the carrying value. If the net realized value is lower than the carrying value, the difference shall be recognized as an impairment loss. Once the impairment loss of the investment property is recognized, it shall not be reversed in the future accounting periods.

11. Recognition and measurement of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and have useful life more than one year.

(1) A fixed asset shall be initially recognized at cost when the following condition are satisfied:

a) It is probable that future economic benefits associated with the assets will flow to the Company;

b) The cost of the assets can be measured reliably.

(2) Depreciation

Subsequent expenditure relating to a fixed asset shall be added to the carrying amount of the asset when the expenditure qualifies for capitalization. Subsequent expenditure that does not qualify for capitalization shall be recognized as an expense for the current period.

The depreciation method adopted by the Company is straight-line method.

The estimated useful lives, residual value and annual depreciation rate of fixed assets are shown as follows:

Category	Estimated useful lives (years)	Residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	20	5	4.75
Transportation equipment	5	5	19.00
Office equipment	5	5	19.00
Machinery equipment	10	5	9.50
General equipment	5	5	19.00
Other equipment	5	5	19.00

The Company reviews the useful life, estimated residual value and depreciation method of a fixed asset at the end of each financial year. If expectations are significantly different from previous estimates, the useful life shall be revised accordingly. If expectations are significantly different from previous estimates, the estimated residual value also shall be revised accordingly. If there has been a significant change in the expected realization pattern of economic benefits from those assets, the depreciation method shall be changed accordingly. The changes in useful life, estimated residual value and depreciation method shall be treated as change in accounting estimates.

(3) Impairment of fixed asset refers to the accounting policy "Impairment of assets" of the Company.

12. Construction in progress

(1) Construction in progress is recorded at actual costs incurred. It also includes borrowing costs eligible for capitalization and gain or loss of exchange difference.

(2) The Company transfers construction in progress to fixed assets when the project is available for use. For the construction in progress which is capable of operating in the manner intended by management without the final account for completed project, an estimated value is recognized as fixed assets and the depreciation amount is based on the estimated value. When the final account for completed project is obtained, cost of the asset should be adjusted to the actual cost. However, there is no need to adjust depreciation of the asset in prior period.

(3) Impairment of construction in progress refers to accounting policy "Impairment of assets" of the Company.

13. Borrowing costs

(1) Recognition principle and period of capitalization of borrowing costs

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalized and recorded into the costs of relevant assets. The borrowing costs shall not be capitalized unless they simultaneously meet the following requirements:

a) The asset disbursements have already incurred;

b) The borrowing costs have already incurred;

c) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

Other borrowing costs shall be recognized as expenses on the basis of the actual amount incurred, and shall be recorded into the current profits and losses.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. The borrowing costs incurred during such period shall be recognized as expenses, and shall be recorded into the profits and losses of the current period, till the acquisition and construction or production of the asset restarts. If the interruption is a necessary step for making the qualified asset under acquisition and construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue.

When the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased. The borrowing costs incurred after that shall be recognized as expenses.

Assets eligible for transferring to the fixed assets refer to assets such as fixed assets, investment real estate, inventories and other assets which need to go through the acquisition and construction or production activities for quite a long time to reach the intended use or status for sale.

(2) Calculation method of capitalized amount of borrowing costs

As for specifically borrowed loans for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests shall be determined in light of the actual cost incurred of the specially borrowed loan at the present period minus the income of interests earned on the unused borrowing loans as a deposit in the bank or as a temporary investment.

Where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the enterprise shall calculate and determine the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

During the capitalization period, exchange differences of the special foreign currency borrowings shall all be capitalized, while the exchange differences of the general borrowing shall be included in the current profit or loss.

14. Recognition and measurement of long-term deferred expenses

Long-term deferred expenses are defined as expenses incurred on the improvement of the fixed assets, etc. which should be recorded in this year and subsequent periods with an amortization period of more than one year. The amortization period is determined in accordance with the period of expected benefit. The Company adopts straight-line method to amortize within the amortization period.

15. Impairment of long-term assets

It suggests that an asset may be impaired if there is any of the following indication:

(1) During the period, an asset’s market value has declined significantly more than it would be expected as a result of the passage of time or normal use during the current period;

(2) Significant changes with an adverse effect on the Company have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Company operates or in the market to which an asset is dedicated;

(3) Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset’s value in use and decrease the asset’s recoverable amount materially;

(4) Evidence is available of obsolescence or damage of an asset;

(5) The asset becomes idle, or the Company plans to discontinue or to dispose of an asset before the previously expected date;

(6) Evidence is available from internal reporting that indicates that the economic performance of an

asset is, or will be, worse than expected, for example, the net cash flow generated from assets or the operating profit (or loss) realized by assets is lower (higher) than the excepted amount, etc.; and

(7) Other evidence indicates that assets may be impaired.

The Company assesses long-term equity investment, fixed assets, construction materials, constructions in progress and intangible assets (except for those with uncertain useful life) that apply Accounting Standard for Business Enterprises No. 8 - Impairment of assets at the balance sheet date. If there is any indication that an asset may be impaired, the Company should assess the asset for impairment and estimate the recoverable amount of the impaired asset.

Recoverable amount is measured as the higher of an asset’s fair value less costs to sell and the present value of estimated future cash flows from continuing use of the asset. If carrying amount of an asset is higher than its recoverable amount, the carrying amount of this asset should be written down to its recoverable amount with the difference recognized as impairment loss and charged to profit or loss accordingly. Simultaneously a provision for impairment loss should be made.

There is any indication that an asset may be impaired, the Company usually estimates its recoverable amount on an individual item basis. However, if it’s not possible to estimate recoverable amount of the individual asset, the Company should determine the recoverable amount of the cash-generating unit to which the asset belongs.

An asset’s cash-generating unit is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Identification of cash-generating unit is based on whether the cash inflows generated by the cash-generating unit are largely independent of the cash inflows from other assets or groups of assets.

The Company assesses goodwill acquired in a business combination and intangible assets with uncertain useful life for impairment each year no matter whether indication that an asset may be impaired exists or not. Impairment assessment of goodwill is carried together with the impairment assessment of related cash-generating unit or group of cash-generating units.

Once impairment loss is recognized, it cannot be reversed in the subsequent financial period.

16. Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship.

Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to the employees' spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits

(1) Short-term employee benefits

The actual short-term employee benefits shall be recognized as the debt during the accounting period when the employees provide service and included in current profits and losses or related asset costs according to the benefit object.

(2) Post-employment benefits

Post-employment benefits plan includes defined contribution plans and defined benefit plans. Post-employment benefit refers to the agreement regarding the post-employment benefits between the Company and employees, or the regulations or rules on post-employment benefits stipulated by the Company. Defined contribution plans are post-employment benefit plans under which an enterprise pays fixed contributions into a separate fund and will have no obligation to pay further contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The Company has not performed defined benefit plans or other long-term employee benefits which meet the requirements of defined benefit plans.

(3) Termination benefits

When termination benefits provided by the Company to the employees satisfied the conditions that which one earlier recognized the payroll payable generated from the termination in the following two situations: (1) the Company is unable to unilaterally withdraw the termination benefits provided by terminating the labor relationships plans and the layoff proposals; (2) the Company recognize the costs or expenses relating to the payments for termination benefits by restructuring, and then recorded into the current profits and losses.

(4) Other long-term employee benefits

When other long-term employee benefits provided by the Company to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits shall be accounted for in accordance with the above requirements relating to defined contribution plan, but the movement of net liabilities or assets in the investee's re-measurement defined benefit plan in the cost of relevant employee benefits shall be recognized in profit or loss for the current period or the relevant cost of assets.

17. Revenue

The Company's revenue consists of land consolidation, agent construction and revenue arising from the use by others of the Company's assets

(1) Land consolidation revenue

The Company recognizes revenue from land consolidation when all the following conditions have been satisfied:

a) The Company has completed the consolidation of the land and returned it to the local government for unified bidding;

b) The relevant amount of revenue and costs can be measured reliably; and

c) The economic benefits associated with the transaction will flow to the Company.

(2) Agent construction revenue

The Company recognizes revenue from agent construction on the basis of the bills from both parties when all the following conditions have been satisfied:

a) The relevant amount of revenue and costs can be measured reliably; and

b) The economic benefits associated with the transaction will flow to the Company.

(3) Revenue arising from the use by others of the Company's assets

Revenue arising from the use by others of the Company's assets includes the rental revenue.

The revenue arising from the use by others of the Company's assets is recognized when i) the amount of revenue can be measured reliably; ii) the economic benefit associated with the transaction will flow to the Company.

18. Government grants

Government grants comprise government grants related to income and government grants related to an asset. A government grant related to an asset is a grant obtained by the Company used for purchase or construction, or forming the long-term assets by other ways. Otherwise, the government grant is treated as a government grant related to income. A government grant related to an asset value that the government document does not specify the grantee and can form the long-term asset is treated as a government grant related to an asset. Otherwise, the government grant is treated as a government grant related to income.

(1) Recognition of government grants

The Company receives monetary or non-monetary assets which are free of charges from the government. A government grant is recognized only when the following conditions are met simultaneously:

a) The Company is able to meet the requirements for the government subsidies; and

b) The enterprise can receive the government subsidies.

(2) Measurement of government grants

a) If a government subsidy is a monetary asset, it shall be measured in the light of the received or receivable amount; if a government subsidy is a non-monetary asset, it shall be measured at its fair value. If the fair value cannot be obtained in a reliable way, it shall be measured at its nominal amount.

b) The government subsidies pertinent to assets shall be recognized as deferred income, equally distributed within the useful lives of the relevant assets, and included in the current profits and losses. If the relevant assets are sold, transferred, obsolete or destroyed before useful lives end, undistributed deferred income shall be recognized as the current profits and losses of disposal of assets.

The government subsidies pertinent to incomes shall be treated respectively in accordance with the circumstances as follows.

① Those subsidies used for compensating the related future expenses or losses of the enterprise shall be recognized as deferred income and shall include in the current profits and losses during the period when the relevant expenses are recognized; Or

② Those subsidies used for compensating the related expenses or losses incurred to the enterprise shall be directly included in the current profits and losses.

c) If it is necessary to refund any government subsidy which has been recognized, it shall be treated respectively in accordance with the circumstances as follows.

① If there is the deferred income concerned, the book balance of the deferred income shall be offset against, but the excessive part shall be included in the current profits and losses; And

② If there is no deferred income concerned to the government subsidy, it shall be directly included in the current profits and losses.

19. Income tax

The Company adopts the balance sheet liability method for corporate income taxes.

(1) Deferred tax asset

a) Where there are deductible temporary differences between the carrying amount of assets or liabilities in the balance sheet and their tax bases, a deferred tax asset shall be recognized for all those deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax assets should be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

b) At the balance sheet date, where there is strong evidence showing that sufficient taxable profit will be available against which the deductible temporary difference can be utilized, the deferred tax asset unrecognized in prior period shall be recognized.

c) The Company assesses the carrying amount of deferred tax asset at the balance sheet date. If it's probable that sufficient taxable profit will not be available against which the deductible temporary difference can be utilized, the Company shall write down the carrying amount of deferred tax asset, or reverse the amount written down later when it's probable that sufficient taxable profit will be available.

(2) Deferred tax liability

A deferred tax liability shall be recognized for all taxable temporary differences, which are differences between the carrying amount of an asset or liability in the balance sheet and its tax base, and measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

20. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

There are no changes in the accounting policies for the reporting period.

(2) Changes in accounting estimate

There are no changes in the accounting estimates for the reporting period.

VI Taxation

1. Main tax categories and tax rates

According to provisions of "The Notice about fully Implemented VAT instead of Business Tax" (Cai Shui [2016] No.36) jointly issued by the Ministry of Finance and the State Administration of Taxation, from 1 May 2016, for the business of agent construction, the Company shall pay the value-added output tax of 3% instead of the business tax of 5%; for the business of rental, the Company shall pay the value-added output tax of 5% instead of the business tax of 5%.

(1) The value-added output tax rates are 3% (for agent construction business) and 5% (for rental business).

(2) The business tax rate is 5% of sales revenue. The business tax has been suspended since the policy of “Transition from Business Tax to Value-Added Tax” was implemented on 1 May 2016.

(3) Urban maintenance and construction tax is 7% of turnover tax payable.

(4) Educational surcharge is 3% of turnover tax payable.

(5) Local educational surcharge is 2% of turnover tax payable.

(6) The corporate income tax rates are 15% (for the parent company) and 25% (for the subsidiaries).

2. Tax preference

According to the “Confirmation of National Encouragement Industry” issued by Chongqing Municipal Development and Reform Commission in January 2013, the industry engaged by the parent company of the Company is in line with the Provision 8 in Article 37 of the other service industry in Article 4 of the facility in Article 22 of “The Guidance Catalogue of Industrial Structure Adjustment (2011)” which stipulates that the Company is a domestic enterprise engaged in the state encouraged industries. Therefore, the Company (excluding subsidiaries) implements the tax incentives for the development of the western region, that is, the corporate income tax is reduced at a preferential rate of 15%.

VII Notes to the consolidated financial statements

(With respect to the following data disclosed in the Financial Statements, unless otherwise stated, “Closing balance” refers to the balance on 31 December 2016; “Opening balance” refers to the balance on 31 December 2015; All amounts are denominated in RMB unless otherwise stated.)

1. Cash and cash equivalents

Item	Closing Balance	Opening balance
Cash on hand	1,781.66	768.52
Bank deposits	1,115,632,134.69	2,044,471,706.79
Other cash and cash equivalents	94,000,000.00	31,000,000.00

Total	1,209,633,916.35	2,075,472,475.31

Note 1: As of 31 December 2016, the amount of RMB 610,000,000.00 as the certificate of deposit in bank deposits was pledged for the loan of RMB 600,000,000.00 from China Great Wall Securities Co., Ltd. Details refer to Note VII 27 for Other non-current liabilities (4).

Note 2: As of 31 December 2016, the closing balance of other cash and cash equivalents with RMB 94,000,000.00 is restricted as the sinking fund reserve.

2. Accounts receivable

(1) Accounts receivable disclosed by category

Category	Closing balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Receivables that are individually significant in amount and provided for bad debt separately					
Receivables provided for bad debt according to the credit risk characteristics					
Portfolio 1	32,114,590.00	0.98	25,216,537.50	78.52	6,898,052.5
Portfolio 2	3,253,724,059.98	99.02			3,253,724,059.98
Sub-total	3,285,838,649.98	100.00	25,216,537.50	78.52	3,260,622,112.48
Receivables that are individually insignificant in amount but provided for bad debt separately					
Total	3,285,838,649.98	100.00	25,216,537.50	78.52	3,260,622,112.48

Category	Opening balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Receivables that are individually significant in amount and provided for bad debt separately					

Category	Opening balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Receivables provided for bad debt according to the credit risk characteristics					
Portfolio 1	35,898,990.00	1.43	24,795,447.25	69.07	11,103,542.75
Portfolio 2	2,466,661,899.36	98.57			2,466,661,899.36
Sub-total	2,502,560,889.36	100.00	24,795,447.25	69.07	2,477,765,442.11
Receivables that are individually insignificant in amount but provided for bad debt separately					
Total	2,502,560,889.36	100.00	24,795,447.25	69.07	2,477,765,442.11

In portfolio 1, accounts receivable adopting ageing analysis method to provide for bad debts:

Ageing	Closing balance		
	Amount	Provision for bad debts	Provision (%)
1-2 years (including 2 years)	3,800,250.00	114,007.50	3.00
2-3 years (including 3 years)	2,601,600.00	260,160.00	10.00
4-5 years (including 5 years)	1,740,740.00	870,370.00	50.00
Over 5 years	23,972,000.00	23,972,000.00	100.00
Total	32,114,590.00	25,216,537.50	

Ageing	Opening balance		
	Amount	Provision for bad debts	Provision (%)
Within 1 year (including 1 year)	3,800,250.00	19,001.25	0.50
1-2 years (including 2 years)	2,601,600.00	78,048.00	3.00
2-3 years (including 3 years)	3,784,400.00	378,440.00	10.00
3-4 years (including 4 years)	1,740,740.00	348,148.00	20.00
4-5 years (including 5 years)	380.00	190.00	50.00
Over 5 years	23,971,620.00	23,971,620.00	100.00
Total	35,898,990.00	24,795,447.25	

In portfolio 2, accounts receivable with no provisions for bad debts:

Name	Relationship	Closing balance	Proportion in the portfolio 2 (%)
Chongqing Banan District Land Consolidation and Reserve Center	Non-related party	2,760,000.00	0.08
People's Government of Banan District, Chongqing	Related party	3,250,964,059.98	99.92
Total		3,253,724,059.98	100.00

(2) Bad debt provisions provided, collected or reversed in the reporting period

In the reporting period, the provision for bad debts is RMB 421,090.25.

(3) The top 5 of accounts receivable based on the closing balance

Name	Closing balance	Proportion (%)	Closing balance of provision for bad debts
People's Government of Banan District, Chongqing	3,250,964,059.98	98.94	
Chongqing Chuanyu Jinggong Machinery Development Co., Ltd.	5,798,190.00	0.18	5,798,190.00
China Kangchao Group Co., Ltd.	4,697,100.00	0.14	4,697,100.00
Chongqing Haitao House Leasing Co., Ltd.	4,136,000.00	0.13	4,136,000.00
Chongqing Haoli Plastic Co., Ltd.	3,800,250.00	0.12	114,007.50
Total	3,269,395,599.98	99.51	14,745,297.50

3. Prepayment

(1) Prepayment categorized by ageing

Ageing	Closing balance		Opening balance	
	Amount	%	Amount	%
Within 1 year (including 1 year)	41,932,382.19	34.10	12,395,734.51	14.25
1-2 years (including 2 years)	9,872,412.85	8.03	2,951,727.44	3.39
2-3 years (including 3 years)			70,993,083.22	81.61
3-4 years (including 4 years)	70,523,729.22	57.34		
4-5 years (including 5 years)			653,718.00	0.75
Over 5 years	653,718.00	0.53		

Ageing	Closing balance		Opening balance	
	Amount	%	Amount	%
Total	122,982,242.26	100.00	86,994,263.17	100.00

Including: Significant prepayments with ageing over 1 year

Creditor	Debtor	Closing balance	Including: Prepayments with ageing over 1 year	Unsettled reason
Chongqing Banan Economic Zone Construction Industrial Co., Ltd.	Chongqing Banan Highway Construction Co., Ltd.	70,000,000.00	70,000,000.00	To be settled
	Chongqing Huaxi Construction (Group) Co., Ltd.	8,574,197.86	4,803,483.02	To be settled
	Chongqing Guanghui Labor Duty Co., Ltd., Nan'an Branch	2,248,027.45	2,248,027.45	To be settled
	Chongqing Yuhong Highway Engineering (Group) Co., Ltd.	1,582,203.60	1,582,203.60	To be settled
	State Grid Chongqing Electric Power Co., Ltd., Nan'an Branch	1,067,949.91	971,175.00	To be settled
	Chongqing Banan Construction (Group) Co., Ltd.	500,000.00	438,129.22	To be settled
	Chongqing Huasai Plastic Manufacturing Co., Ltd.	356,150.00	356,150.00	To be settled
	Chongqing Youyou Textile Trading Co., Ltd.	180,190.00	180,190.00	To be settled
Total		84,508,718.82	80,579,358.29	

(2) The top 5 of prepayments based on the closing balance

Name	Closing balance	Proportion (%)
Chongqing Banan Highway Construction Co., Ltd.	70,000,000.00	56.92
Finance Bureau of Chongqing	28,446,170.00	23.13
Chongqing Huaxi Construction (Group) Co., Ltd.	8,574,197.86	6.97
Chongqing Hengwang Industrial Co., Ltd.	5,045,371.45	4.10

Name	Closing balance	Proportion (%)
Chongqing Guanghui Labor Duty Co., Ltd., Nan'an Branch	2,248,027.45	1.83
Total	114,313,766.76	92.95

4. Other receivables

(1) Other receivables disclosed by category:

Category	Closing balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Other receivables that are individually significant in amount and provided for bad debts separately					
Other receivables provided for bad debt according to the credit risk characteristics					
Portfolio 1	2,588,068,411.20	51.87	33,231,166.23	1.28	2,554,837,244.97
Portfolio 2	2,401,832,468.27	48.13			2,401,832,468.27
Sub-total	4,989,900,879.47	100.00	33,231,166.23	1.28	4,956,669,713.24
Other receivables that individually insignificant in amount but provided for bad debt separately					
Total	4,989,900,879.47	100.00	33,231,166.23	1.28	4,956,669,713.24

Category	Opening balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Other receivables that are individually significant in amount and provided for bad debts separately					
Other receivables provided for bad debt according to the credit risk characteristics					
Portfolio 1	286,039,435.88	15.69	25,677,812.57	8.98	260,361,623.31
Portfolio 2	1,536,768,582.59	84.31			1,536,768,582.59

Category	Opening balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Sub-total	1,822,808,018.47	100.00	25,677,812.57	8.98	1,797,130,205.90
Other receivables that individually insignificant in amount but provided for bad debt separately					
Total	1,822,808,018.47	100.00	25,677,812.57	8.98	1,797,130,205.90

In portfolio 1, other receivables adopting ageing analysis method to provide for bad debts:

Ageing	Closing balance		
	Balance	Provision for bad debts	Provision (%)
Within 1 year (including 1 year)	2,534,901,652.28	12,674,508.26	0.50
1-2 years (including 2 years)	23,431,200.28	702,936.01	3.00
2-3 years (including 3 years)	2,104,000.13	210,400.01	10.00
3-4 years (including 4 years)	9,983,526.89	1,996,705.38	20.00
4-5 years (including 5 years)	2,830.11	1,415.06	50.00
Over 5 years	17,645,201.51	17,645,201.51	100.00
Total	2,588,068,411.20	33,231,166.23	

Ageing	Opening balance		
	Balance	Provision for bad debts	Provision (%)
Within 1 year (including 1 year)	219,596,653.25	1,097,983.27	0.50
1-2 years (including 2 years)	25,267,023.12	758,010.69	3.00
2-3 years (including 3 years)	12,166,026.89	1,216,602.69	10.00
3-4 years (including 4 years)	1,802,830.11	360,566.02	20.00
4-5 years (including 5 years)	9,924,505.23	4,962,252.62	50.00
Over 5 years	17,282,397.28	17,282,397.28	100.00
Total	286,039,435.88	25,677,812.57	

In portfolio 2, other receivables with no provisions for bad debts:

Name	Relationship	Closing balance	Proportion (%)
Chongqing Banan District Economic Zone Development and Construction Management Committee	Non-related party	322,187,750.62	13.41
Land security deposit	Non-related party	440,541.00	0.02
Finance Bureau of Banan District, Chongqing	Parent company	1,750,345,200.00	72.90
People's Government of Jieshi Town, Banan District, Chongqing	Non-related party	67,765,203.39	2.82
Village Committee of Guihua Village, Jieshi Town, Banan District, Chongqing	Non-related party	44,517,400.00	1.85
Public Security Fire Detachment of Banan District, Chongqing	Non-related party	22,660,000.00	0.94
Chongqing Banan District Land Consolidation and Reserve Center	Non-related party	50,000,000.00	2.08
Education Committee of Banan District, Chongqing	Non-related party	2,000,000.00	0.08
Village Committee of Wuxin Village, Jieshi Town, Banan District, Chongqing	Non-related party	600,000.00	0.02
People's Government of Banan District, Chongqing	Related party	59,723,090.85	2.49
Chongqing Xinjiedian Real Estate Co., Ltd.	Associate	72,581,393.80	3.02
Chongqing Shikeyun Technology Co., Ltd.	Shareholding company	84,000.00	0.00
Employee borrowings	Non-related party	1,221,005.43	0.05
Major repair fund	Non-related party	626,883.18	0.03
Chongqing Union Property Right Exchange Co., Ltd.	Non-related party	7,080,000.00	0.29
Total		2,401,832,468.27	100.00

(2) Bad debt provisions provided, collected or reversed in the reporting period

In the reporting period, the provision for bad debts of other receivables is RMB 7,553,353.66. There is no collected or reversed amount of provision for bad debts of other receivables.

(3) Other payables classified by nature

Nature	Closing balance	Opening balance
Petty cash	1,221,005.43	1,295,915.06
Deposits	7,080,000.00	17,280,000.00
Major repair fund	626,883.18	626,883.18

Nature	Closing balance	Opening balance
Incomings and outgoing	4,980,972,990.86	1,803,605,220.23
Total	4,989,900,879.47	1,822,808,018.47

(4) Information of top 5 other receivables

Name	Nature	Closing balance	Ageing	Proportion (%)	Closing balance of provision for bad debts
Huike Electronics (Shenzhen) Co., Ltd.	Incomings and outgoings	2,300,000,000.00	Within 1 year	46.09	11,500,000.00
Finance Bureau of Banan District, Chongqing	Incomings and outgoings	1,750,345,200.00	Within 1 year, 1-5 years and over 5 years	35.08	
Chongqing Banan District Economic Zone Development and Construction Management Committee	Incomings and outgoings	322,187,750.62	Within 1 year and 1-2 years	6.46	
Chongqing Xinjiedian Real Estate Co., Ltd.	Incomings and outgoings	72,581,393.80	Within 1 year and 1-4 years	1.45	
People's Government of Jieshi Town, Banan District, Chongqing	Incomings and outgoings	67,765,203.39	Within 1 year, 1-5 years and over 5 years	1.36	
Total		4,512,879,547.81		90.44	11,500,000.00

5. Inventory

(1) Inventory disclosed by categories:

Item	Closing balance		
	Balance	Impairment provision	Net amount
Land development cost	8,535,821,590.65		8,535,821,590.65
Low-value consumables	3,603.40		3,603.40
Total	8,535,825,194.05		8,535,825,194.05

(Continued)

Item	Opening balance		
	Balance	Impairment provision	Net amount
Land development cost	7,645,757,407.53		7,645,757,407.53
Low-value consumables	3,603.40		3,603.40
Total	7,645,761,010.93		7,645,761,010.93

(2) Provision for diminution in value

There are no signs of impairment of inventories in the reporting period, and no provisions for impairment of inventories.

(3) For details of restricted inventories, refer to Note VII 23 for Non-current liabilities due within 1 year (1 and 8) and Note VII 25 for Long-term borrowings (3,4 and 9).

6. Other current assets

Item	Closing balance	Opening balance
Allowance for VAT input tax	2,449,378.04	
Total	2,449,378.04	

7. Available-for-sale financial assets

(1) Available-for-sale financial assets by category

Item	Closing balance		
	Balance	Impairment provision	Net value
Available-for-sale equity instruments	1,033,500,000.00		1,033,500,000.00
Including: Equity instruments measured at cost	1,033,500,000.00		1,033,500,000.00
Total	1,033,500,000.00		1,033,500,000.00

(Continued)

Item	Opening balance		
	Balance	Impairment provision	Net value

Item	Opening balance		
	Balance	Impairment provision	Net value
Available-for-sale equity instruments	513,500,000.00		513,500,000.00
Including: Equity instruments measured at cost	513,500,000.00		513,500,000.00
Total	513,500,000.00		513,500,000.00

(2) Available-for-sale financial assets measured at cost at the end of the reporting period

The equity investment, for which there is no quoted price in the active market, whose fair value cannot be reliably measured and shall not be disposed in the foreseeable future, is measured at cost by the Company. At the end of the reporting period, the equity instruments measured at cost are as follows:

Name of the investee	Balance				Shareholding of the investee (%)
	Opening balance	Increase	Decrease	Closing balance	
Chongqing Banan Xingnong Financing Guarantee Co., Ltd.	10,000,000.00			10,000,000.00	10.00
Chongqing Shikeyun Technology Co., Ltd.	500,000.00			500,000.00	5.00
Chongqing Lujiao Zutuan Development Investment Co., Ltd.	3,000,000.00			3,000,000.00	3.00
Chongqing HKC Optoelectronics Technology Co., Ltd	500,000,000.00	520,000,000.00		1,020,000,000.00	17.00
Total	513,500,000.00	520,000,000.00		1,033,500,000.00	

(Continued)

Name of the investee	Impairment provision				Current cash dividend
	Opening balance	Increase	Decrease	Closing balance	
Chongqing Banan Xingnong Financing Guarantee Co., Ltd.					
Chongqing Shikeyun Technology Co., Ltd.					
Chongqing Lujiao Zutuan Development Investment Co., Ltd.					

Name of the investee	Impairment provision				Current cash dividend
	Opening balance	Increase	Decrease	Closing balance	
Chongqing HKC Optoelectronics Technology Co., Ltd					
Total					

Note: At the end of the reporting period, there are no restricted available-for-sale financial assets.

8. Long-term equity investment

Investee	Closing balance			Opening balance		
	Balance	Impairment provision	Net value	Balance	Impairment provision	Net value
Associates:						
Chongqing Xinjiedian Real Estate Co., Ltd.				236,609.23		236,609.23
Chongqing Banan Economic Park Investment Industrial Co., Ltd.	49,983,117.14		49,983,117.14	49,991,425.86		49,991,425.86
Chongqing Fito Medical Devices Co., Ltd.	4,405,931.63		4,405,931.63			
Total	54,389,048.77		54,389,048.77	50,228,035.09		50,228,035.09

(Continued)

Name of investee	Increase / Decrease							
	Increase of investment	Decrease of investment	Investment gain / loss under equity method	Adjustments of other comprehensive income	Changes in other equity	Declaration of cash dividends and profits to be paid	Impairment provision	Others
Associates:								
Chongqing Xinjiedian Real Estate Co., Ltd.			-236,609.23					
Chongqing Banan Economic Park Investment Industrial Co., Ltd.			-8,308.72					

Name of investee	Increase / Decrease							
	Increase of investment	Decrease of investment	Investment gain / loss under equity method	Adjustments of other comprehensive income	Changes in other equity	Declaration of cash dividends and profits to be paid	Impairment provision	Others
Chongqing Fito Medical Devices Co., Ltd.	4,002,000.00		403,931.63					
Total	4,002,000.00		159,013.68					

Note: The Company's investment cost for Chongqing Xinjiedian Real Estate Co., Ltd. is RMB 4,000,000.00, with a shareholding ratio of 40%. As of 31 December 2016, the net asset of Chongqing Xinjiedian Real Estate Co., Ltd. was RMB -4,659,154.76. The recognized accumulative investment income by the Company from Chongqing Xinjiedian Real Estate Co., Ltd. was RMB -4,000,000.00, and the unrecognized investment income was RMB -1,863,661.90.

9. Investment property

(1) Investment property subsequently measured at cost

Item	Houses and buildings	Total
I. Cost		
1. Opening balance	32,270,660.00	32,270,660.00
2. Increase	911,865,911.76	911,865,911.76
3. Decrease		
4. Closing balance	944,136,571.76	944,136,571.76
II. Accumulated depreciation and amortization		
1. Opening balance	7,781,633.13	7,781,633.13
2. Increase	18,858,308.68	18,858,308.68
(1) Withdrawal or amortization	18,858,308.68	18,858,308.68
3. Decrease		
4. Closing balance	26,639,941.81	26,639,941.81
III. Impairment provision		
1.Opening balance		
2. Increase		
3. Decrease		

Item	Houses and buildings	Total
4. Closing balance		
IV. Book value		
1. Closing balance	917,496,629.95	917,496,629.95
2. Opening balance	24,489,026.87	24,489,026.87

(2) The increase of investment property in the reporting period is fully transferred from fixed assets.

(3) There is no investment property with uncompleted property ownership certificate.

(4) For details of the restricted investment property, refer to Note VII 23 for Non-current liabilities due within 1 year (3) and Note VII 25 for Long-term borrowings (3,4 and 9).

10. Fixed assets

(1) Fixed assets disclosed by category

Item	Opening balance	Increase	Decrease	Closing balance
I. Total cost:	916,286,550.16	15,772,514.15	911,865,911.76	20,193,152.55
Including: 1. Houses and buildings	908,844,049.64	15,504,449.87	911,865,911.76	12,482,587.75
2. Machinery equipment	210,000.00			210,000.00
3. Transportation equipment	4,689,257.72	1,900.00		4,691,157.72
4. Office equipment	2,192,360.80	266,164.28		2,458,525.08
5. General equipment	276,882.00			276,882.00
6. Others	74,000.00			74,000.00
II. Total accumulated depreciation:	9,050,678.88	1,149,845.49		10,200,524.37
Including: 1. Houses and buildings	3,168,947.93	592,922.92		3,761,870.85
2. Machinery equipment	142,975.00	19,950.00		162,925.00
3. Transportation equipment	3,764,140.81	327,573.37		4,091,714.18
4. Office equipment	1,699,065.17	186,571.27		1,885,636.44
5. General equipment	254,269.97	8,767.93		263,037.90
6. Others	21,280.00	14,060.00		35,340.00
III. Total net book value of	907,235,871.28			9,992,628.18

Item	Opening balance	Increase	Decrease	Closing balance
fixed assets:				
Including: 1. Houses and buildings	905,675,101.71			8,720,716.90
2. Machinery equipment	67,025.00			47,075.00
3. Transportation equipment	925,116.91			599,443.54
4. Office equipment	493,295.63			572,888.64
5. General equipment	22,612.03			13,844.10
6. Others	52,720.00			38,660.00
IV. Total impairment provision				
Including: 1. Houses and buildings				
2. Machinery equipment				
3. Transportation equipment				
4. Office equipment				
5. General equipment				
6. Others				
V. Total book value of fixed assets	907,235,871.28			9,992,628.18
Including: 1. Houses and buildings	905,675,101.71			8,720,716.90
2. Machinery equipment	67,025.00			47,075.00
3. Transportation equipment	925,116.91			599,443.54
4. Office equipment	493,295.63			572,888.64
5. General equipment	22,612.03			13,844.10
6. Others	52,720.00			38,660.00

(2) The decrease of fixed assets in the reporting period is fully transferred into the investment property.

(3) There are no fixed assets with uncompleted property ownership certificates.

(4) For details of the restrictions on fixed assets, refer to Note VII 25 for Long-term borrowings (9).

11. Construction in progress

(1) Details of construction in progress

Item	Closing balance		
	Balance	Impairment provision	Net book value
Business Building in Jieshi Park	57,072,207.49		57,072,207.49
Total	57,072,207.49		57,072,207.49

Item	Opening balance		
	Balance	Impairment provision	Net book value
Business Building in Jieshi Park	56,890,096.49		56,890,096.49
Total	56,890,096.49		56,890,096.49

(2) Details of changes in significant construction in progress

Item	Opening balance	Increase	Transferred into fixed assets	Other decrease	Closing balance	Current interest capitalization rate (%)
Business Building in Jieshi Park	56,890,096.49	182,111.00			57,072,207.49	
Total	56,890,096.49	182,111.00			57,072,207.49	

(Continued)

Item	Budget	Sources of funds	The proportion of accumulated investment in the project to the budget	Project progress	Accumulated amount of interest capitalization	Including: The amount of interest capitalization in the current period
Business Building in Jieshi Park		Loans from financial institutions		In progress	10,735,808.72	
Total					10,735,808.72	

12. Long-term deferred expenses

Item	Opening balance	Increase	Amortization	Other decrease	Closing balance	Reasons for other decrease
Canteen decoration phase II	88,390.97		88,390.97			
Office building decoration	144,943.73		144,943.73			
Total	233,334.70		233,334.70			

13. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets recognized

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment on assets	58,447,703.73	8,767,155.58	50,473,259.82	7,570,988.99
Total	58,447,703.73	8,767,155.58	50,473,259.82	7,570,988.99

(2) There are no deferred tax liabilities recognized.

(3) Details of deductible temporary differences of recognized deferred tax assets:

Item	Closing balance	Opening balance
Provision for bad debts of accounts receivable	25,216,537.50	24,795,447.25
Provision for bad debts of other receivables	33,231,166.23	25,677,812.57
Total	58,447,703.73	50,473,259.82

14. Other non-current assets

Item	Closing balance	Opening balance
Reservoir	170,227,300.00	170,227,300.00
Pipe network	1,572,691,820.00	560,136,320.00
Total	1,742,919,120.00	730,363,620.00

Note 1: 10 reservoirs were purchased by the Company in 2009. According to the "Asset Repurchase

Agreement" signed between the Company and Finance Bureau of Banan District, Finance Bureau of Banan District shall repurchase 10 reservoirs with RMB 170,227,300.00 before 31 December 2015. As of the audit date, the repurchase has not yet been implemented.

Note 2: In accordance with "Reply on the Approval about Allocation of Parts of Pipe Network Assets within the Boundaries of Jieshi Town, etc." issued by State-owned Assets Management Office of Banan District, Chongqing, the network assets valued RMB 560,136,320.00 were freely transferred into Jieshi Town, and the book value was based on the evaluation report issued by Sichuan Gongchengxin Assets Appraisal Co., Ltd. (Chuan Gong Zi Ping Bao Zi (2015) No. 165).

Note 3: In accordance with "Reply on the Approval about Allocation of Parts of Pipe Network Assets within the Boundaries of Nanquan Street, etc." (Ba Guo Zi Fa (2016) No.88) issued by State-owned Assets Management Office of Banan District in Chongqing on 17 May 2016, the network assets valued RMB 1,012,555,500.00 were freely transferred into Nanquan Street, and the book value was based on the evaluation report issued by Sichuan Gongchengxin Assets Appraisal Co., Ltd. (Chuan Gong Zi Ping Bao Zi (2016) No. 78).

15. Assets with restricted ownership or use rights

Item	Closing balance	Reasons
Cash and cash equivalents	704,000,000.00	Freeze or loan pledge
Accounts receivable	1,389,520,000.00	Loan pledge
Inventory	1,118,453,927.00	Loan pledge
Fixed assets	8,720,716.90	Loan pledge
Investment property	686,875,426.91	Loan pledge
Total	3,907,570,070.81	

Note: For details of the relevant restrictions, refer to Notes for Cash and cash equivalents, Long-term borrowings, Short-term borrowings and Other non-current liabilities.

16. Short-term borrowings

(1) Categories of short-term borrowings

Condition	Closing balance	Opening balance
Guaranteed loan	80,000,000.00	80,000,000.00

Condition	Closing balance	Opening balance
Pledged loan		46,560,000.00
Total	80,000,000.00	126,560,000.00

Note: The Company and China Everbright Bank Co., Ltd., Chongqing Branch signed a "Liquidity Loan Contract" of RMB 80,000,000.00, which was guaranteed by Chongqing Three Gorges Financing Guarantee Group Co., Ltd., and the Company did not provide counter guarantee.

(2) There are no overdue short-term borrowings.

17. Accounts payable

(1) Details of accounts payable

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	88,242,075.93	136,527,734.66
1-2 years (including 2 years)	4,688,776.28	19,174,572.22
2-3 years (including 3 years)	6,497,440.75	2,798,300.29
3-4 years (including 4 years)	379,496.12	28,610.48
4-5 years (including 5 years)	28,610.48	28,736.92
Over 5 years	283,309.92	254,573.00
Total	100,119,709.48	158,812,527.57

(2) Details of significant accounts payable with ageing over 1 year:

Name	Closing balance	Reason
Chongqing Qianjiang District Yuansheng Construction Engineering Co., Ltd.	6,309,333.31	Project uncompleted
Chongqing Nancheng Construction Engineering Co., Ltd.	1,809,934.35	Project uncompleted
Chongqing Chuangmei Construction Engineering Co., Ltd.	993,640.73	Project uncompleted
Chongqing Banan District Xinwu Primary School	700,000.00	Project uncompleted
Chongqing Xianglong Power Installation Co., Ltd.	399,744.12	Project uncompleted
Chongqing Bazhou Traffic Construction Engineering Industry Co., Ltd.	379,291.32	Project uncompleted
Chongqing Anya Investment Consulting Co., Ltd.	302,180.00	Project uncompleted
Chongqing Dazheng Construction Engineering Economic Technology Co., Ltd.	251,697.00	Project uncompleted
Total	11,145,820.83	

(3) The top 5 of accounts payable at the end of the reporting period

Item	Relationship	Closing balance	Proportion (%)
Land Acquisition Office of the People's Government of Banan District, Chongqing	Non-related party	54,580,000.00	54.51
Anhui Sanjian Engineering Co., Ltd.	Non-related party	20,000,000.00	19.98
Chongqing Qianjiang District Yuansheng Construction Engineering Co., Ltd.	Non-related party	6,309,333.31	6.30
Zhushan Construction Group Co., Ltd.	Non-related party	4,585,107.00	4.58
Chongqing First Construction Group Co., Ltd.	Non-related party	4,533,043.61	4.53
Total		90,007,483.92	89.90

18. Advance from customers

(1) Details of advances from customers

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	680,000.00	122,638,200.00
1-2 years (including 2 years)	76,500,000.00	109,500,000.00
2-3 years (including 3 years)	100,500,000.00	8,005,400.00
3-4 years (including 4 years)	5,400.00	2,641,000.00
4-5 years (including 5 years)	2,641,000.00	
Total	180,326,400.00	242,784,600.00

(2) Significant advance from customers with ageing over 1 year

Name	Closing balance	Including: Advance from customers with ageing over 1 year	Reason
Chongqing Construction Investment (Group) Co., Ltd.	100,000,000.00	100,000,000.00	Contract uncompleted
Chongqing Sheng Feng Real Estate Development Co., Ltd.	75,000,000.00	75,000,000.00	Contract uncompleted
Chongqing Boshun Electric Co., Ltd.	2,600,000.00	2,000,000.00	Contract uncompleted
Chongqing Depu Electric Co., Ltd.	2,500,000.00	2,500,000.00	Contract uncompleted

Name	Closing balance	Including: Advance from customers with ageing over 1 year	Reason
Chongqing Waijian Yongchang Building Materials Co., Ltd.	141,000.00	141,000.00	Contract uncompleted
Total	180,241,000.00	179,641,000.00	

(3) The top 5 of advance from customers at the end of the reporting period

Name	Relationship	Closing balance	Proportion (%)
Chongqing Construction Investment (Group) Co., Ltd.	Non-related party	100,000,000.00	55.45
Chongqing Sheng Feng Real Estate Development Co., Ltd.	Non-related party	75,000,000.00	41.59
Chongqing Boshun Electric Co., Ltd.	Non-related party	2,600,000.00	1.44
Chongqing Depu Electric Co., Ltd.	Non-related party	2,500,000.00	1.39
Chongqing Waijian Yongchang Building Materials Co., Ltd.	Non-related party	141,000.00	0.08
Total		180,241,000.00	99.95

19. Payroll payable

(1) The classification of payroll payable

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term employee benefits		12,844,340.01	12,844,340.01	
2. Post-employment benefits-defined contribution plans		1,147,997.41	1,147,997.41	
3. Termination benefits		18,450.00	18,450.00	
Total		14,010,787.42	14,010,787.42	

(2) Short-term employee benefits

Item	Opening balance	Increase	Decrease	Closing balance
1. Salary, bonus, allowance, and subsidy		10,852,415.20	10,852,415.20	
2. Employee welfare		75,600.00	75,600.00	
3. Social insurance		713,663.19	713,663.19	

Item	Opening balance	Increase	Decrease	Closing balance
Including: 1) Medical insurance premiums		639,561.29	639,561.29	
2) Work injury insurance		41,108.67	41,108.67	
3) Maternity insurance		32,993.23	32,993.23	
4. Housing fund		839,949.00	839,949.00	
5. Union funds		362,712.62	362,712.62	
Total		12,844,340.01	12,844,340.01	

(3) Defined contribution plans

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic endowment insurance		1,109,805.74	1,109,805.74	
2. Unemployment insurance		38,191.67	38,191.67	
Total		1,147,997.41	1,147,997.41	

(4) Termination benefits

The Company provides RMB 18,450.00 for termination of employment relationship which has been fully paid.

20. Taxes payable

Item	Closing balance	Opening balance
Value-added tax	8,941.73	
Business tax	5,504,396.43	5,636,893.66
Urban maintenance and construction tax	385,862.26	394,511.13
Corporate income tax	160,718,154.03	139,327,409.45
Individual income tax	36,277.30	35,433.58
Property tax	-120,259.39	286,803.58
Educational surcharge	165,865.91	169,572.57
Local educational surcharge	95,638.98	98,110.10
Total	166,794,877.25	145,948,734.07

21. Interests payable

Item	Closing balance	Opening balance
Interests for the First Phase of Corporate Bonds	42,438,111.11	42,438,111.12
Interests for PPN001 (China Merchants Securities) bonds	44,666,666.67	
Interests for PPN002 (China Zheshang Bank Co., Ltd.) bonds	5,649,800.00	
Total	92,754,577.78	42,438,111.12

22. Other payables

(1) Other payables categorized by nature

Item	Closing balance	Opening balance
Security risk funds	50,000.00	335,000.00
Deposits	22,216,799.40	21,477,619.75
Receipts and payments on behalf	626,448,250.23	388,776,742.69
Incomings and outgoings	260,168,228.92	314,013,431.97
Others	1,116,396.84	925,182.59
Total	909,999,675.39	725,527,977.00

(2) Other payables categorized by ageing

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	302,997,644.65	194,091,212.50
1-2 years (including 2 years)	152,260,392.44	107,162,583.06
2-3 years (including 3 years)	102,263,182.76	299,016,156.86
3-4 years (including 4 years)	245,544,886.86	65,925,060.43
4-5 years (including 5 years)	55,865,681.03	49,773,539.84
Over 5 years	51,067,887.65	9,559,424.31
Total	909,999,675.39	725,527,977.00

(3) Significant other payables with ageing over 1 year

Name	Closing balance	Including: Other payables with ageing over 1 year	Reason
Chongqing HKC Optoelectronics Technology Co., Ltd.	131,691,364.64	7,800,877.00	Unsettled
Limited price placement fund of Jieshi	107,751,591.76	107,285,413.63	Unsettled

Name	Closing balance	Including: Other payables with ageing over 1 year	Reason
Blue Moon (Chongqing) Co., Ltd.	78,713,364.00	76,614,064.00	Unsettled
Chongqing Dawn Urban Industrial Park Construction Group Co., Ltd	64,953,622.00	64,953,622.00	Unsettled
Chongqing Yunqun Industrial Co., Ltd.	60,060,000.00	60,060,000.00	Unsettled
Chongqing Banan Economic Park Investment Industrial Co., Ltd.	49,265,402.02	48,000,000.00	Unsettled
Chongqing Yuxing Asset Operation Co., Ltd.	42,226,727.23	42,226,727.23	Unsettled
Finance Bureau of Banan District, Chongqing	25,000,000.00	2,000,000.00	Unsettled
Sichuan Sany Engineering Construction (Group) Co., Ltd.	23,463,237.97	23,463,237.97	Unsettled
Chongqing Banan District Land Consolidation and Reserve Center	20,000,000.00	20,000,000.00	Unsettled
Chongqing Three Gorges Construction & Installation Engineering Co., Ltd.	20,000,000.00	20,000,000.00	Unsettled
Heng'an Chongqing Living Paper Co., Ltd.	19,915,400.00	19,915,400.00	Unsettled
Deposit for limited price placement of Jieshi	16,470,000.00	16,470,000.00	Unsettled
Chongqing Banan District Economic Zone Development and Construction Management Committee	16,242,423.50	16,242,423.50	Unsettled
North China Construction Group Co., Ltd.	11,622,718.00	11,622,718.00	Unsettled
Chongqing Maliu Yanjiang Development Investment Co., Ltd.	6,000,000.00	6,000,000.00	Unsettled
Chongqing Tianpei Energy-Saving Building Material Co., Ltd.	7,302,254.00	7,302,254.00	Unsettled
Chongqing Hua Show Industrial Co., Ltd.	5,063,000.00	5,063,000.00	Unsettled
Office of Nanquan Development and Construction Management Committee, Banan District, Chongqing	5,000,000.00	5,000,000.00	Unsettled
Chongqing Endurance Industry Stock Co., Ltd.	4,401,015.00	4,401,015.00	Unsettled
Nanjing Hong Cheng Electric Co., Ltd.	4,150,000.00	4,150,000.00	Unsettled
Chongqing Nanxing Packing Printing Co., Ltd.	4,387,460.00	4,387,460.00	Unsettled
Jieshi Standard Factory Phase I T4-1/01, T4-2/02	3,504,292.00	3,504,292.00	Unsettled

Name	Closing balance	Including: Other payables with ageing over 1 year	Reason
Pre-costs for limited price placement of Jieshi	3,257,244.66	2,978,684.66	Unsettled
Jieshi Standard Factory Phase II T3-1/01	3,026,310.00	3,026,310.00	Unsettled
Chongqing Chuangshijie Real Estate Co., Ltd.	3,003,164.64	3,000,000.00	Unsettled
Village Committee of Xinwu Village, Jieshi Town, Banan District, Chongqing	2,883,000.00	2,883,000.00	Unsettled
National Treasury Payment Center of Banan District, Chongqing	2,000,000.00	2,000,000.00	Unsettled
Shengmei Precision Industrial (Chongqing) Co., Ltd.	30,248,882.00	1,662,000.00	Unsettled
Enterprises settled in Huaxi	1,374,700.00	1,374,700.00	Unsettled
Chongqing Hybest Tools (Group) Co., Ltd.	1,260,000.00	1,260,000.00	Unsettled
Office of financial working capital	1250,000.00	1,250,000.00	Unsettled
Safbon Water Service (Holding) Inc., Shanghai	1,117,359.73	1,117,359.73	Unsettled
Fuyu Moulding & Tooling (Chongqing) Co., Ltd.	1,030,000.00	1,030,000.00	Unsettled
Total	777,634,533.15	598,044,558.72	

(4) Top 5 of other payables at the end of the reporting period

Item	Relationship	Closing balance	Proportion (%)
Chongqing HKC Optoelectronics Technology Co., Ltd.	Non-related party	131,691,364.64	14.47
Limited price placement fund of Jieshi	Non-related party	107,751,591.76	11.84
Blue Moon (Chongqing) Co., Ltd.	Non-related party	78,713,364.00	8.65
Chongqing Dawn Urban Industrial Park Construction Group Co., Ltd.	Non-related party	64,953,622.00	7.14
Chongqing Sibel Real Estate Co., Ltd.	Non-related party	62,975,113.92	6.92
Total		446,085,056.32	49.02

23. Non-current liabilities due within 1 year

(1) Details of non-current liabilities due within 1 year

Category	Closing balance	Opening balance
Long-term borrowings due within 1 year	771,528,100.00	1,575,800,000.00
Other non-current liabilities due within 1 year	131,000,000.00	950,100,000.00
Bonds payable due within 1 year	629,439,873.98	
Total	1,531,967,973.98	2,525,900,000.00

(2) Non-current liabilities due within 1 year classified by financial institutions

Financial institution	Borrowing conditions	Closing balance	Opening balance	Note
ICBC, Banan Sub-branch, Jieshi Office	Secured mortgage	35,000,000.00	60,000,000.00	Note 1
Chongqing Commercial Bank Co., Ltd., Banan Sub-branch	Secured mortgage		100,000,000.00	
Entrusted loans from Chongqing Commercial Bank Co., Ltd. (Hua Fu)	Credit		400,000,000.00	
CCB, Banan Sub-branch	Mortgage		77,000,000.00	
Entrusted loans from China Citic Bank Corporation Limited (Jin Yuan Hui Li)	Mortgage		78,800,000.00	
Entrusted loans from Chongqing Commercial Bank Co., Ltd. (Hui Tian Fu)	Pledge		350,000,000.00	
Minmetals International Trust Co., Ltd.	Credit		500,000,000.00	
Huarong International Trust Co., Ltd.	Credit		10,000,000.00	
Zhongrong International Trust Co., Ltd.	Guarantee	7,000,000.00	389,600,000.00	Note 2
Founder East Asia Trust Co., Ltd.	Credit		260,500,000.00	
China Foreign Economy and Trade Trust Co., Ltd.	Credit		200,000,000.00	
Chongqing Ruizhou Construction Investment Co., Ltd.	Mortgage	115,000,000.00	100,000,000.00	Note 3
Xiamen International Bank Co., Ltd., Xiamen Siming Sub-branch	Guarantee	8,000,000.00		Note 4
Ceic Asset Management (Shanghai) Co., Ltd.	Guarantee	1,000,000.00		Note 5
Cofco Trust Co., Ltd.	Guarantee	350,000,000.00		Note 6
CQRC Financial Leasing Co., Ltd.	Guarantee	95,238,100.00		Note 7

Financial institution	Borrowing conditions	Closing balance	Opening balance	Note
Hua Xia Bank Co., Ltd., Chongqing Branch	Mortgage	291,290,000.00		Note 8
First Phase of Corporate Bonds	Credit	100,000,000.00		Note 9
Private Placement Bonds - Bank of Dalian Co., Ltd.	Credit	209,835,356.55		Note 9
Private Placement Bonds - China Citic Bank Corporation Limited	Credit	210,577,834.89		Note 9
Private Placement Bonds - Xinhui	Credit	109,026,682.54		Note 9
Total		1,531,967,973.98	2,525,900,000.00	

Note 1: In 2012, the Company and the Industrial and Commercial Bank of China Chongqing Branch signed a loan contract of RMB 135,000,000.00 for the infrastructure construction project of the A-zone of Jieshi Zutuan Low-carbon Industrial Park in Huaxi Industrial Park, Chongqing, with mortgages of the property certificates of 202 (2012) No. 00015, 202 (2012) No. 00017 and 202 (2012) No. 00018, the total value of mortgage is RMB 248,098,000.00, and the Company plans to repay RMB 35,000,000.00 in 2017.

Note 2: Details refer to Note VII 27 for Other non-current liabilities (2).

Note 3: In 2015, the Company signed an agreement for the use of funds with Chongqing Ruizhou Construction Investment Co., Ltd., which agreed the Company to use RMB 250 million of RMB 750 million obtained by Chongqing Ruizhou Construction Investment Co., Ltd. from CQRC Financial Leasing Co., Ltd. The Company has 20 sets of standard factory buildings as mortgage collateral, and the total value of collateral assets is RMB 186,256,700.00. As of 31 December 2016, the amount of RMB 135,000,000.00 has been repaid, and the Company plans to repay RMB 115,000,000.00 in 2017.

Note 4: Details refer to Note VII 27 for Other non-current liabilities (5).

Note 5: Details refer to Note VII 27 for Other non-current liabilities (6).

Note 6: In 2015, the Company signed a trust contract with Cofco Trust Co., Ltd., and established a trust with a contract amount of RMB 350,000,000.00 in the credit authorized by the People's Government of Banan District of RMB 500,000,000.00. The joint liability guarantee is provided by Chongqing Yuxing Asset Operation Co., Ltd., and the Company plans to repay RMB 350,000,000.00 in 2017.

Note 7: Details refer to Note VII 25 for Long-term borrowings (6).

Note 8: In 2015, the Company and Hua Xia Bank Co., Ltd., Chongqing Branch signed an entrusted loan contract with a contractual amount of RMB 330 million. The purpose of the loan is for the infrastructure construction of C-zone of Jieshi Zutuan Low-carbon Industrial Park in Huaxi Industrial Park. The Company provides the mortgage of property certificates of 202D (2012) No. 02378, No. 02384 and No. 02383, and the total value of the mortgage is RMB 634.71 million. As of 31 December 2016, a total amount of RMB 38,710,000.00 has been repaid, and the Company plans to repay RMB 291,290,000.00 in 2017.

Note 9: Details refer to Note VII 26 for Bonds payable.

24. Other current liabilities

Item	Closing balance	Opening balance
Chongqing Maliu Yanjiang Development Investment Co., Ltd.		30,000,000.00
Pending output VAT	10,382,589.95	
Total	10,382,589.95	30,000,000.00

25. Long-term borrowings

(1) Long-term borrowings listed by categories

Item	Closing balance	Opening balance
Guaranteed loan	3,086,823,804.76	683,100,000.00
Mortgage loan	631,950,600.00	642,290,000.00
Pledged loan	800,000,000.00	800,000,000.00
Total	4,518,774,404.76	2,125,390,000.00

(2) Long-term borrowings listed by financial institutions

Financial institutions	Date of borrowing	Date of repayment	Closing balance	Opening balance	Note
Chang'an International Trust Co., Ltd.	2016-8-19	2021-8-18	400,000,000.00		Note 1
Beijing International Trust Co., Ltd.	2014-12-26	2020-12-26	800,000,000.00	800,000,000.00	Note 2
ICBC, Banan Sub-branch, Jieshi Office	2012-9-25	2017-6-10		35,000,000.00	
CCB, Banan Sub-branch	2012-9-19	2020-9-18	120,000,000.00	316,000,000.00	Note 3, Note 4

Financial institutions	Date of borrowing	Date of repayment	Closing balance	Opening balance	Note
Chongqing Commercial Bank Co., Ltd., Banan Sub-branch	2016-8-31	2031-8-30	707,300,000.00		Note 5
Hua Xia Bank Co., Ltd., Chongqing Branch	2015-2-2	2017-1-4		291,290,000.00	
CQRC Financial Leasing Co., Ltd.	2016-1-29	2021-1-28	309,523,804.76		Note 6
Shaanxi International Trust Co., Ltd.	2015-4-29	2018-4-29	300,000,000.00	300,000,000.00	Note 7
Shanghai International Trust Co., Ltd.	2016-5-23	2021-5-22	1,370,000,000.00		Note 8
ICBC, Dubai Branch	2016-10-28	2021-10-28	511,950,600.00		Note 9
Huarong International Trust Co., Ltd.	2015-2-6	2017-2-6		185,000,000.00	
Wanxiang Trust Co., Ltd.	2015-3-11	2017-3-11		198,100,000.00	
Total			4,518,774,404.76	2,125,390,000.00	

Note 1: In 2016, the Company signed a trust loan contract of RMB 400,000,000.00 with Chang'an International Trust Co., Ltd., which was guaranteed by Chongqing Maliu Yanjiang Development Investment Co., Ltd., and the Company did not provide counter guarantee.

Note 2: In 2014, the Company signed a trust loan contract with Beijing International Trust Co., Ltd., and the loan amount did not exceed RMB 800 million. The target project is based on the infrastructure of the second phase of B-zone of Jieshi Digital Industrial Park and the third phase of Tianming Automobile & Motorcycle Industrial Park. As of 31 December 2016, a total withdrawal of RMB 800,000,000.00 has been made.

Note 3: In 2013, the Company signed a fixed-asset loan contract of RMB 270,000,000.00 with China Construction Bank Corporation ("CCB"), Banan Sub-branch for the infrastructure construction project of the first phase of Tianming Automobile & Motorcycle Industrial Park with 37 houses which are located at No. 16 Shigui Avenue, Jieshi Town, Banan District and valued RMB 514,478,300.00 as collateral. As of 31 December 2016, a total amount of RMB 200,000,000.00 has been repaid.

Note 4: In 2012, the Company signed a loan contract of RMB 200,000,000.00 with CCB, Banan Sub-branch for the infrastructure construction project of the first phase of Tianming Automobile & Motorcycle Industrial Park with property certificates of 202 (2012) No. 02379 and 202 (2012) No. 02381 as collaterals. The total value of the collaterals was RMB 417,505,000.00. As of 31 December

2016, the total amount of RMB 150,000,000 has been repaid.

Note 5: In 2016, the Company signed a fixed-asset loan contract of RMB 1 billion with Chongqing Rural Commercial Bank Co., Ltd., Banan Sub-branch, which was guaranteed by Chongqing Babin Construction Co., Ltd., and the Company did not provide counter guarantee. As of 31 December 2016, a total amount of RMB 707.30 million has been received.

Note 6: In 2016, the Company signed a financial leasing contract with CQRC Financial Leasing Co., Ltd. with a pipe network valued at RMB 560,136,320.00 as a lease item, and obtained the sale price of the leased item at RMB 500,000,000.00, which was guaranteed by Chongqing Yuxing Asset Operation Co., Ltd. and the Company did not provide the counter guarantee. As of 31 December 2016, the total amount of RMB 95,238,095.24 has been repaid, and it is expected to repay RMB 95,238,100.00 in 2017.

Note 7: In 2015, the Company and Shaanxi International Trust Co., Ltd. signed a trust loan contract with a contractual value of RMB 300 million. The purpose of the loan is used to supplement the current assets. The joint liability guarantee was provided by Chongqing Yuxing Asset Operation Co., Ltd. As of 31 December 2016, the Company has received a total trust loan of RMB 300 million.

Note 8: In 2016, the Company and Shanghai International Trust Co., Ltd. signed a trust loan contract with an upper-limit of RMB 1.37 billion, among which RMB 712 million was guaranteed by Chongqing Highway Logistics Base Construction Co., Ltd. and the Company did not provide the counter guarantee. As of 31 December 2016, a total amount of RMB 1.37 billion has been received.

Note 9: In 2016, the Company and Industrial and Commercial Bank of China (“ICBC”), Dubai International Financial Center signed a loan agreement with a total amount of USD 75 million with property certificates of 202D (2015) No.06017, No. 00674, No. 00675 and No. 00658, and 216 investment properties as collateral. The total value of the collateral is RMB 716,235,600.00. As of 31 December 2016, a total amount of USD 73.80 million has been received.

26. Bonds payable

(1) Bonds payable by category:

Item	Closing balance	Opening balance
First Phase of Corporate Bonds	990,252,227.86	1,087,139,374.88

Item	Closing balance	Opening balance
Private Placement Bonds - China Citic Bank Corporation Limited		194,428,179.49
Private Placement Bonds - Bank of Dalian Co., Ltd.		193,070,209.85
Private Placement Bonds - Xinhui		98,730,064.40
PPN001 (China Merchants Securities)	983,716,895.83	
PPN002 (China Zheshang Bank Co., Ltd.)	805,640,047.16	
Total	2,779,609,170.85	1,573,367,828.62

(2) Changes in bonds payable

Item	Par value	Issued date	Bond period	Issued amount	Opening balance
First Phase of Corporate Bonds	100.00	2014-08-20	7 years	1,100,000,000.00	1,087,139,374.88
Private Placement Bonds - China Citic Bank Corporation Limited	100.00	2015-4-15	2 years	190,000,000.00	194,428,179.49
Private Placement Bonds - Bank of Dalian Co., Ltd.	100.00	2015-4-3	2 years	190,000,000.00	193,070,209.85
Private Placement Bonds - Xinhui	100.00	2015-5-22	2 years	100,000,000.00	98,730,064.40
PPN001 (China Merchants Securities)	100.00	2016-3-7	5 years	1,000,000,000.00	
PPN002 (China Zheshang Bank Co., Ltd.)	100.00	2016-11-9	5 years	820,000,000.00	
Total				3,400,000,000.00	1,573,367,828.62

(Continued)

Item	Issued amount in the current period	Interest accrued on par value	Amortization of premiums and discounts	Unamortized issuance fee at the end of period	Transferred to non-current liabilities due within 1 year	Closing balance
First Phase of Corporate Bonds		72,020,000.00	3,112,852.98	9,747,772.14	100,000,000.00	990,252,227.86
Private Placement Bonds - China Citic Bank Corporation Limited		13,680,000.00	2,469,655.40	2,982,165.11	210,577,834.89	0.00

Item	Issued amount in the current period	Interest accrued on par value	Amortization of premiums and discounts	Unamortized issuance fee at the end of period	Transferred to non-current liabilities due within 1 year	Closing balance
Private Placement Bonds - Bank of Dalian Co., Ltd.		13,490,000.00	3,275,146.70	3,847,087.89	209,835,356.55	0.00
Private Placement Bonds - Xinhui		7,000,000.00	3,296,618.14	2,309,428.57	109,026,682.54	0.00
PPN001 (China Merchants Securities)	1,000,000,000.00	44,666,666.67	3,716,895.83	16,283,104.17		983,716,895.83
PPN002 (China Zheshang Bank Co., Ltd.)	820,000,000.00	5,649,800.00	892,047.16	14,359,952.84		805,640,047.16
Total	1,820,000,000.00	156,506,466.67	16,763,216.21	49,529,510.72	629,439,873.98	2,779,609,170.85

Note 1: The First Phase of Corporate Bonds pay principal and interest in installments. The Company plans to repay the principal of RMB 100 million in 2017. PPN001 and PPN002 pay interests in installments and the principal on due date. Details refer to Note VII 21 for the accrued interest expenses.

Note 2: Private Placement Bonds - China Citic Bank Corporation Limited, Private Placement Bonds - Bank of Dalian Co., Ltd. and Private Placement Bonds - Xinhui pay off the principal and interests on due date. The accrued interest expense is included in the project and is intended to be repaid in 2017.

27. Other non-current liabilities

Item	Condition	Closing balance	Opening balance	Note
Beijing International Trust Co., Ltd.	Trust	600,000,000.00	600,000,000.00	Note 1
Zhongrong International Trust Co. Ltd.	Trust	211,000,000.00		Note 2
China Foreign Economy and Trade Trust Co., Ltd.	Pledge		100,000,000.00	
Chongqing Banan Economic Park Investment Industrial Co., Ltd.	Pledge	650,000,000.00	649,990,000.00	Note 3
Chongqing Ruizhou Construction Investment Co., Ltd.	Mortgage		115,000,000.00	
Cofco Trust Co., Ltd.	Guarantee		350,000,000.00	
China Great Wall Securities Co., Ltd.	Pledge	600,000,000.00	600,000,000.00	Note 4
Xiamen International Bank Co., Ltd., Xiamen Siming Sub-branch	Guarantee	68,000,000.00		Note 5
Ceic Asset Management (Shanghai) Co., Ltd.	Guarantee	148,500,000.00		Note 6
Finance Bureau of Banan District		600,000,000.00		Note 7

Item	Condition	Closing balance	Opening balance	Note
Total		2,877,500,000.00	2,414,990,000.00	

Note 1: In January 2013, the Company established a trust of RMB 600,000,000.00 with the proceeds of the specific assets (including the area of state-owned land use rights of 192,788 square meters and 237,495.30 square meters of buildings), and transferred the beneficial rights of the trust to Beijing International Trust Co., Ltd.

Note 2: In 2016, the Company signed the “Zhongrong - Zhuoli No. 72 Property Rights Trust Contract” with Zhongrong International Trust Co., Ltd. by using the credit authorized by the People’s Government of Banan District of RMB 889,520,000.00 as the target, which was guaranteed by Chongqing Yuxing Asset Operation Co., Ltd. As of 31 December 2016, the total amount of RMB 220,000,000.00 has been received, and RMB 2,000,000.00 has been repaid, and the Company plans to repay RMB 7,000,000.00 in 2017.

Note 3: In 2014, the Company signed the “Capital Increase Framework Agreement” and a supplementary agreement with Beijing International Trust Co., Ltd. and Chongqing Banan Economic Park Investment Industrial Co., Ltd., which agreed to establish “Beijing Trust. Ruiying No. 26 Collection Trust Plan” with Beijing International Trust Co., Ltd. and increase capital by the trust fund to Chongqing Banan Economic Park Investment Industrial Co., Ltd. The Company and Beijing International Trust Co., Ltd. signed the “Claims and Debts Confirmation Agreement” to clarify that Beijing International Trust Co., Ltd. has a creditor’s right of RMB 650 million.

Note 4: In 2015, the Company and China Great Wall Securities Co., Ltd. signed an investment agreement on the income of RMB deposit receipts with an investment of RMB 600 million by using the certificate of deposit of RMB 610 million deposited in Zheshang Bank Chongqing Branch by the Company as the investment pledge.

Note 5: In 2016, the Company signed a working capital loan contract of RMB 80,000,000.00 with Xiamen Siming Sub-branch of Xiamen International Bank Co., Ltd., and Chongqing Yuxing Asset Operation Co., Ltd. provided joint liability guarantee. As of 31 December 2016, the total amount of RMB 4,000,000.00 has been repaid, and the Company plans to repay RMB 8,000,000.00 in 2017.

Note 6: In 2016, the Company signed an entrusted credit investment agreement of RMB 150,000,000.00 with Ceic Asset Management (Shanghai) Co., Ltd. and Evergrowing Bank Co., Ltd., Chongqing Branch. Ceic Asset Management (Shanghai) Co., Ltd. entrusted Chongqing Branch of

Evergrowing Bank Co., Ltd. to make a debt investment in the Company, which was guaranteed by Chongqing Banan Highway Construction Co., Ltd. As of 31 December 2016, the total amount of RMB 500,000.00 has been repaid, and the Company plans to repay RMB 1,000,000.00 in 2017.

Note 7: The Company and Finance Bureau of Banan District, Chongqing signed loan agreements of RMB 77,000,000.00, RMB 200,000,000.00, RMB 38,000,000.00, RMB 39,000,000.00, RMB 50,000,000.00 and RMB 196,000,000.00 respectively, which totaled RMB 600,000,000.00, and it was used to replace the original debts of other financial institutions. As of 31 December 2016, the total amount of RMB 600,000,000.00 has been received and replaced.

28. Paid-in capital

Name of investor	Opening balance		Increase	Decrease	Closing balance	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
Finance Bureau of Banan District, Chongqing	537,552,100.00	100.00			537,552,100.00	100.00
Total	537,552,100.00	100.00			537,552,100.00	100.00

29. Capital reserve

Item	Opening balance	Increase	Decrease	Closing balance
Other capital reserve	4,995,162,142.63	1,812,555,500.00	206,070,000.00	6,601,647,642.63
Total	4,995,162,142.63	1,812,555,500.00	206,070,000.00	6,601,647,642.63

Note 1: Finance Bureau of Banan District, Chongqing, the shareholder of the Company, allocated RMB 800 million to the Company for Huike 8.5 generation line project, and the Company increased the other capital reserve by RMB 800 million according to relevant requests and approvals.

Note 2: In accordance with "Reply on the Approval about Allocation of Parts of Pipe Network Assets within the Boundaries of Nanquan Street, etc." (Ba Guo Zi Fa (2016) No.88) issued by State-owned Assets Management Office of Banan District in Chongqing, and the evaluation report issued by Sichuan Gongchengxin Assets Appraisal Co., Ltd. (Chuan Gong Zi Ping Bao Zi (2016) No. 78)., the Company increased the other non-current asset - pipe networks, meanwhile increased the other capital reserves of RMB 1,012,555,500.00.

Note 3: The land assets of RMB 206,070,000.00 originally allocated by the government was taken back during the reporting period. The Company reduced the other capital reserves by RMB 206,070,000.00 according to the approval.

30. Surplus reserve

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	74,134,305.00	11,443,594.20		85,577,899.20
Total	74,134,305.00	11,443,594.20		85,577,899.20

31. Retained earnings

Item	Amount	Proportion
Opening balance of retained earnings before adjustments	667,206,544.83	
Add: Total amounts of adjustments (increase "+", decrease "-")	-12,140,500.00	
Opening balance of retained earnings after adjustments	655,066,044.83	
Add: Net profit for the current year attributable to owners of parent company	112,318,803.36	
Surplus reserve making up losses		
Less: Withdrawal of statuary surplus reserve for the current year	11,443,594.20	10%
Profits distributed to investors	16,628,500.00	
Closing balance of retained earnings	739,312,753.99	

Details of adjustments for the opening balance of retained earnings:

Due to the correction of major accounting errors, the opening balance of retained earnings was affected by RMB-12,140,500.00. Details refer to Note XIV for Other significant events (correction of major accounting errors).

32. Operating revenue and operating costs

Item	2016	2015

	Revenue	Cost	Revenue	Cost
Main business	1,088,329,331.67	739,124,216.32	1,071,195,311.61	780,280,115.80
Other business	9,902,956.15	18,905,087.00	16,337,552.19	30,793,121.10
Total	1,098,232,287.82	758,029,303.32	1,087,532,863.80	811,073,236.90

(1) Main business classified by geographical location

Location	2016		2015	
	Revenue	Cost	Revenue	Cost
Chongqing	1,088,329,331.67	739,124,216.32	1,071,195,311.61	780,280,115.80
Total	1,088,329,331.67	739,124,216.32	1,071,195,311.61	780,280,115.80

(2) Main business classified by product

Item	2016		2015	
	Revenue	Cost	Revenue	Cost
Land consolidation	742,243,000.00	409,060,400.00	453,904,600.00	192,392,200.00
Agent construction	346,086,331.67	330,063,816.32	617,290,711.61	587,887,915.80
Total	1,088,329,331.67	739,124,216.32	1,071,195,311.61	780,280,115.80

(3) Details of operating revenue from top 5 clients

Name	Operating revenue	Proportion of total operating revenue (%)
People’s Government of Banan District, Chongqing	1,088,329,331.67	99.10
Fuyu Moulding & Tooling (Chongqing) Co., Ltd.	2,361,960.00	0.22
Chongqing Huike Jinyang Technology Co., Ltd	2,128,209.70	0.19
Hitachi Chemical Industry (Chongqing) Co., Ltd.	1,491,844.86	0.14
Chongqing Hongpusheng Electronic Technology Co., Ltd.	980,033.87	0.09
Total	1,095,291,380.10	99.74

33. Taxes and surcharges

Item	2016	2015
Business tax	136,704.37	1,616,497.41
Urban maintenance and construction tax	34,661.01	113,154.82

Item	2016	2015
Educational surcharge	14,854.71	48,494.94
Local educational surcharge	9,903.16	32,329.95
Stamp duty	35,365.00	
Vehicle and vessel use tax	5,891.60	
Property tax	884,202.63	
Land use tax	1,922,982.20	
Total	3,044,564.68	1,810,477.12

34. Administrative expenses

Item	2016	2015
Employee salaries	14,010,787.42	15,965,999.46
Office expenses	917,956.74	580,823.19
Advertisement expenses	531,812.84	231,562.10
Entertainment expenses	382,370.88	891,292.82
Travel expenses	2,680,224.07	1,949,069.74
Agency fees	539,000.00	932,800.00
Labor protection fees	24,012.25	27,865.00
Taxes	5,100,284.78	8,291,615.40
Depreciation expenses	1,035,058.92	1,299,446.90
Vehicle fees	948,154.05	1,044,059.00
Welfare fees	2,045,040.06	1,998,614.29
Union funds	0.00	50,000.00
Maintenance fees	70,968.97	56,347.60
Study fees	129,416.00	160,050.00
Conference fees	88,362.00	351,064.00
Training expenses	53,405.68	327,452.60
Water and electricity fees	160,167.17	114,263.72
Communication expenses	357,800.45	308,131.00
Long-term deferred expenses amortization	233,334.70	274,882.16
Others	164,607.72	112,417.20

Item	2016	2015
Total	29,472,764.70	34,967,756.18

35. Financial costs

Item	2016	2015
Interest expenses	52,130,993.41	
Less: Interest income	925,913.59	9,063.17
Exchange gains	767,363.93	
Commission fees	48,515.86	47,281.75
Total	50,486,231.75	38,218.58

36. Impairment loss on assets

Item	2016	2015
Bad debts provisions	7,974,443.91	9,362,280.31
Total	7,974,443.91	9,362,280.31

37. Investment income

Source of the investment income	2016	2015
Long-term equity investment income under equity method	159,013.68	-2,753,750.56
Investment income from available-for-sale financial assets during the holding period		441,020.79
Investment income from disposals of available-for-sale financial assets		130,191.78
Total	159,013.68	-2,182,537.99

38. Non-operating income

(1) Category

Item	2016	2015	Amount recorded in the current non-operating gains and losses

Item	2016	2015	Amount recorded in the current non-operating gains and losses
Government grants	147,211,355.00	85,530,700.00	147,211,355.00
Others	25,920.20	16,269.66	25,920.20
Total	147,237,275.20	85,546,969.66	147,237,275.20

(2) Details of government grants

Item	2016	2015	Related to asset / income
Tax refund from Tax Support for 4 Zones and 1 Base	117,741,200.00	60,530,700.00	Income
Industrial development fund		25,000,000.00	Income
City infrastructure fees	28,470,155.00		Income
Working funds	1,000,000.00		Income
Total	147,211,355.00	85,530,700.00	

39. Non-operating expenses

Item	2016	2015	Amount recorded in the current non-operating gains and losses
Donation expenditures	4,505,000.00	7,105,000.00	4,505,000.00
Subsidy for the enterprises in Park	258,727,122.35	170,791,063.99	258,727,122.35
Overdue payments		12,750,116.68	
Penalties	8,150.00	60,000.00	8,150.00
Others	868,043.51	99,597.50	868,043.51
Total	264,108,315.86	190,805,778.17	264,108,315.86

40. Income tax expenses

Item	2016	2015
Current income tax	21,390,744.58	19,830,604.28
Deferred income tax (gains as "-")	-1,196,166.59	-1,404,342.05

Item	2016	2015
Total	20,194,577.99	18,426,262.23

41. Notes to statement of cash flows

(1) Other cash receipts relating to operating activities

Item	2016	2015
Interest income, etc.	45,801,780.84	72,440,910.38
Outgoings and incomings related to operating activities	113,302,615.03	45,653,967.48
Total	159,104,395.87	118,094,877.86

(2) Other cash payments relating to operating activities

Item	2016	2015
Cash payment	9,142,864.34	9,657,368.21
Non-operating expenses	264,108,315.86	190,805,778.17
Outgoings and incomings related to operating activities	515,596,491.33	620,732,479.45
Total	788,847,671.53	821,195,625.83

(3) Other cash payments relating to investing activities

Item	2016	2015
Outgoings and incomings related to borrowings	2,300,000,000.00	
Total	2,300,000,000.00	

(4) Other cash receipts relating to financing activities

Item	2016	2015
Certificates of deposit lifted	48,000,000.00	490,800,000.00
Cash received from issuing of bonds	1,802,540,000.00	1,042,430,000.00
Cash received from other borrowings	773,000,000.00	1,330,000,000.00
Total	2,623,540,000.00	2,863,230,000.00

(5) Other cash payments relating to financing activities

Item	2016	2015
Cash repaid for other borrowings and interests	1,407,417,380.17	1,092,519,630.03

Item	2016	2015
Certificates of deposit and security deposits with limited use rights	73,000,000.00	679,000,000.00
Loan guarantee fees	9,321,068.22	6,400,000.00
Loan financial advisory fees	367,631.13	20,563,098.09
Bank intermediary business fees	39,683,537.43	34,764,399.14
Bond issuance fee	18,005,800.00	9,346,000.00
Mutual financing funds		101,374,700.00
Others	5,023,492.03	1,919,752.26
Total	1,552,818,908.98	1,945,887,579.52

42. Supplemental information of statement of cash flows

(1) Reconciliation between net profit and net cash flows generated from operations.

Supplemental information	2016	2015
1. Reconciliation between net profit and net cash flows generated from operations:		
Net profit	112,318,374.49	104,413,285.98
Add: Provision for impairments on assets	7,974,443.91	9,362,280.31
Depreciation of fixed assets, depletion of oil & gas assets and productive biological assets	20,008,154.17	2,945,496.27
Amortization of intangible assets		-
Amortization of long-term deferred expense	233,334.70	274,882.16
Losses/gains from disposals of property, intangible asset and other long-term assets (gains: "-")		
Loss on scrapping of fixed assets		
Loss from changes of fair value ("-" for gain)		
Financial cost (income: "-")	52,130,993.41	
Investment loss (gains: "-")	-159,013.68	2,182,537.99
Decrease in deferred tax assets (increase: "-")	-1,196,166.59	-1,404,342.05
Increase in deferred tax liabilities (decrease: "-")		
Decrease in inventory (increase: "-")	80,290,627.69	-546,120,423.25
Decrease in receivables from operating activities (increase: "-")	-1,672,862,993.09	-881,608,216.45
Increase in payables from operating activities	94,553,315.59	-374,853,985.51

Supplemental information	2016	2015
(decrease: “-”)		
Net cash flows generated from operating activities	-1,306,708,929.40	-1,684,808,484.55
2. Significant investing and financing activities without involvement of cash receipts and payments		
Debts converted to capital		
Convertible debts mature within one year		
Fixed assets acquired under finance leases		
3. Changes in cash and cash equivalents:		
Closing balance of cash	505,633,916.35	1,396,472,475.31
Less: Opening balance of cash	1,396,472,475.31	751,864,239.62
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
The net increase in cash and cash equivalents	-890,838,558.96	644,608,235.69

(2) Composition of cash and cash equivalents

Item	2016	2015
I. Cash	505,633,916.35	1,396,472,475.31
Including: Cash on hand	1,781.66	768.52
Bank deposits available for immediate payments	505,632,134.69	1,396,471,706.79
Other monetary funds available for immediate payments		
II. Cash equivalents		
III. Closing balance of cash and cash equivalents	505,633,916.35	1,396,472,475.31

43. Foreign currency monetary items

Item	Closing balance in original currency	Exchange rate	Closing balance in RMB
Cash and cash equivalents	3,588,960.32	6.937	24,896,617.74
Including: USD	3,588,960.32	6.937	24,896,617.74
Long-term borrowings	73,800,000.00	6.937	511,950,600.00
Including: USD	73,800,000.00	6.937	511,950,600.00

Item	Closing balance in original currency	Exchange rate	Closing balance in RMB
Total	77,388,960.32	6.937	536,847,217.74

VIII Changes in the consolidated scope

1. Changes in other consolidated scope

In 2016, the Company newly established a subsidiary, which is Chongqing Banan Feichuang Construction Co., Ltd., with actual control. The financial data of the subsidiary was included in the consolidation scope for the current year. The information is as follows:

Name	Consolidated date	Closing balance of net assets	Net Profit for the period between consolidated date and the end of the period
Chongqing Banan Feichuang Construction Co., Ltd.	2016	709,999,565.00	-435.00

Note: According to Article No. 17 of the Articles of Association of Chongqing Banan Feichuang Construction Co., Ltd., Chongqing Banan Economic Park Development & Construction Co., Ltd. shall exercise operational decision-making and management duties on behalf of all shareholders and assume full operating risks. Wanjia Co-Win Asset Management Co., Ltd. shall not participate in specific operations and not bear operational risks. Therefore, the Company has actual control over Chongqing Banan Feichuang Construction Co., Ltd.

IX Equity in other entities

1. Equity in subsidiaries

(1) Composition of the Group

Subsidiary	Operation address	Registration address	Business nature	Holdings (%)		Voting (%)	Acquiring method
				Direct	Indirect		
Chongqing Yingjinyuan Industrial Development Co., Ltd.	Jieshi Town	Jieshi Town	Real estate development	100		100	Set up
Chongqing Xingjie Real Estate Co., Ltd.	Jieshi Town	Jieshi Town	Real estate development	100		100	Set up

Subsidiary	Operation address	Registration address	Business nature	Holdings (%)		Voting (%)	Acquiring method
				Direct	Indirect		
Chongqing Banan Feichuang Construction Co., Ltd.	Jieshi Town	Jieshi Town	Infrastructure construction	1.41		100	Set up

2. Equity in joint venture arrangements or associates

(1) Basic information of significant joint ventures and associates

Name of invested companies	Operation address	Registration address	Business nature	Holdings (%)		Accounting method
				Direct	Indirect	
Associates:						
Chongqing Banan Economic Park Investment Industrial Co., Ltd.	Jieshi Town	Jieshi Town	Investment	25		Equity method
Chongqing Xinjiedian Real Estate Co., Ltd.	Jieshi Town	Jieshi Town	Real estate development	40		Equity method
Chongqing Fito Medical Devices Co., Ltd.	Chongqing	Jieshi Town	Medical devices sales		30	Equity method

(2) Main financial information of significant associates

Item	Chongqing Banan Economic Park Investment Industrial Co., Ltd.		Chongqing Xinjiedian Real Estate Co., Ltd.		Chongqing Fito Medical Devices Co., Ltd.	
	Closing balance / 2016	Opening balance / 2015	Closing balance / 2016	Opening balance / 2015	Closing balance / 2016	Opening balance / 2015
Current assets	254,164,230.19	255,631,375.59	283,667,130.37	240,602,664.88	28,878,283.60	
Non-current assets	699,768,238.37	698,493,964.50	195,332.93	300,334.32	7,943,975.82	
Total assets	953,932,468.56	954,125,340.09	283,862,463.30	240,902,999.20	36,822,259.42	
Current liabilities	254,000,000.00	254,159,636.64	288,521,618.06	240,311,476.13	7,532,643.32	
Non-current liabilities						
Total liabilities	254,000,000.00	254,159,636.64	288,521,618.06	240,311,476.13	7,532,643.32	
Equity attributable to owners of the parent company	699,932,468.56	699,965,703.45	-4,659,154.76	591,523.07	14,686,438.75	
Minority interests					14,603,177.35	

Item	Chongqing Banan Economic Park Investment Industrial Co., Ltd.		Chongqing Xinjiedian Real Estate Co., Ltd.		Chongqing Fito Medical Devices Co., Ltd.	
	Closing balance / 2016	Opening balance / 2015	Closing balance / 2016	Opening balance / 2015	Closing balance / 2016	Opening balance / 2015
Net asset share based on shareholding ratio	49,983,117.14	49,991,425.86	-1,863,661.90	236,609.23	4,405,931.63	
Book value of equity investment in associates	49,983,117.14	49,991,425.86		236,609.23	4,405,931.63	
Operating revenue	34,961.34				5,235,530.00	
Net profits	-33,234.89	-14,937.40	-6,290,086.34	-6,181,295.01	2,695,016.10	
Including: attributable to equity holders of the parent company	-33,234.89	-14,937.40	-6,290,086.34	-6,181,295.01	1,346,438.76	
Comprehensive income	-33,234.89	-14,937.40	-6,290,086.34	-6,181,295.01	2,695,016.10	
Dividends received from associates in the current period						

X Financial instruments and relevant risks

The Company's major financial instruments include cash and cash equivalents, accounts receivable, other receivables, available-for-sale financial assets, accounts payable, borrowings, etc.

The Company's main risks caused by financial instruments are credit risk, liquidity risk and market risk.

1. Classification of financial instruments

The book values of financial instruments on the balance sheet date are as follows:

Closing balance:

Item	Classification of financial assets

	Financial assets measured at fair value and changes are recorded into the current profits and losses	Held-to-maturity investment	Loans and receivables	Available-for-sale financial assets	Total
Measured at cost or amortized cost:					
Cash and cash equivalents			1,209,633,916.35		1,209,633,916.35
Accounts receivable			3,260,622,112.48		3,260,622,112.48
Other receivables			4,956,669,713.24		4,956,669,713.24
Other current assets			2,449,378.04		2,449,378.04
Available-for-sale financial assets				1,033,500,000.00	1,033,500,000.00
Total			9,429,375,120.11	1,033,500,000.00	10,462,875,120.11

Item	Classification of financial liabilities		
	Financial liabilities measured at fair value and changes are recorded into the current profits and losses	Other financial liabilities	Total
Measured at cost or amortized cost:			
Short-term borrowings		80,000,000.00	80,000,000.00
Accounts payable		100,119,709.48	100,119,709.48
Interests payable		92,754,577.78	92,754,577.78
Other payables		909,999,675.39	909,999,675.39
Non-current liabilities due within 1 year		1,531,967,973.98	1,531,967,973.98
Other current liabilities		10,382,589.95	10,382,589.95
Long-term borrowings		4,518,774,404.76	4,518,774,404.76
Bonds payable		2,779,609,170.85	2,779,609,170.85
Other non-current liabilities		2,877,500,000.00	2,877,500,000.00
Total		12,901,108,102.19	12,901,108,102.19

Opening balance:

Item	Classification of financial assets				
	Financial assets measured at fair value and changes are recorded into the current profits and losses	Held-to-maturity investment	Loans and receivables	Available-for-sale financial assets	Total
Measured at cost or amortized cost:					
Cash and cash equivalents			2,075,472,475.31		2,075,472,475.31
Accounts receivable			2,477,765,442.11		2,477,765,442.11
Other receivables			1,797,130,205.90		1,797,130,205.90
Available-for-sale financial assets				513,500,000.00	513,500,000.00
Total			6,350,368,123.32	513,500,000.00	6,863,868,123.32

Item	Classification of financial liabilities		
	Financial liabilities measured at fair value and changes are recorded into the current profits and losses	Other financial liabilities	Total
Measured at cost or amortized cost:			
Short-term borrowings		126,560,000.00	126,560,000.00
Accounts payable		158,812,527.57	158,812,527.57
Interests payable		42,438,111.12	42,438,111.12
Other payables		725,527,977.00	725,527,977.00
Non-current liabilities due within 1 year		2,525,900,000.00	2,525,900,000.00
Other current liabilities		30,000,000.00	30,000,000.00
Long-term borrowings		2,125,390,000.00	2,125,390,000.00
Bonds payable		1,573,367,828.62	1,573,367,828.62
Other non-current liabilities		2,414,990,000.00	2,414,990,000.00

Item	Classification of financial liabilities		
	Financial liabilities measured at fair value and changes are recorded into the current profits and losses	Other financial liabilities	Total
Total		9,722,986,444.31	9,722,986,444.31

2. Credit risk

Credit risk refers to the risk of financial loss of the Company due to default of contract obligation by the transaction counterparty. The Company's credit risk is mainly caused by receivables. The management will continue to monitor the exposure of these credit risks.

The Company's monetary funds other than cash are mainly deposited in creditworthy financial institutions. The management believes that there is no significant credit risk and expects that there is no significant loss due to default by counterparties.

For receivables, the major customer of the Company is People's Government of Banan District. In general, the Company will not require customers to provide collateral.

In order to monitor credit risk, the Company analyzes customers' information according to factors such as ageing and due date, etc.

The credit risk of the Company is mainly affected by the characteristics of each customer. The concentration of significant credit risk is mainly due to the significant receivables from individual customers. The closing balances of the accounts receivable of the Company's major customer, People's Government of Banan District, accounted for 99.94% and 98.31% of the total amounts respectively as at 31 December 2016 and 31 December 2015.

The Company's maximum credit risk exposure is the carrying amount of each financial asset at the balance sheet date.

3. Liquidity risk

Liquidity risk refers to risk of capital shortage caused when a company executes obligations of settlement in cash or by other financial assets. The Company manages its liquidity risk by leveraging bank loans and debts to maintain a balance between capital continuity and flexibility. The Company aims to balance the sustainability and flexibility of financing with bank borrowing as the financing instrument.

The Company is currently mainly engaged in long-term financing. Most of the financial liabilities are non-current liabilities. The current liabilities are mainly non-current liabilities due within 1 year, short-term borrowings and accounts payable etc. The Company's working capitals (current assets - current liabilities) as at 31 December 2016 and 31 December 2015 were RMB 15,015,836,752.59 and RMB 10,085,151,447.66 respectively.

The maturity analysis of the Company's financial liabilities based on undiscounted contractual cash flows is as follows:

Closing balance:

Item	Financial liabilities				
	Within 1 month (including 1 month)	1-3 months (including 3 months)	3 months-1 year (including 1 year)	1-5 years (including 5 years), over 5 years	Total
Short-term borrowings				80,000,000.00	80,000,000.00
Accounts payable				100,119,709.48	100,119,709.48
Interests payable				92,754,577.78	92,754,577.78
Other payables				909,999,675.39	909,999,675.39
Non-current liabilities due within 1 year			1,531,967,973.98		1,531,967,973.98
Other current liabilities				10,382,589.95	10,382,589.95
Long-term borrowings				4,518,774,404.76	4,518,774,404.76
Bonds payable				2,779,609,170.85	2,779,609,170.85
Other non-current liabilities				2,877,500,000.00	2,877,500,000.00
Total			1,531,967,973.98	11,369,140,128.21	12,901,108,102.19

Opening balance:

Item	Financial liabilities				
	Within 1 month (including 1 month)	1-3 months (including 3 months)	3 months-1 year (including 1 year)	1-5 years (including 5 years), over 5 years	Total

Item	Financial liabilities				
	Within 1 month (including 1 month)	1-3 months (including 3 months)	3 months-1 year (including 1 year)	1-5 years (including 5 years), over 5 years	Total
Short-term borrowings				126,560,000.00	126,560,000.00
Accounts payable				158,812,527.57	158,812,527.57
Interests payable				42,438,111.12	42,438,111.12
Other payables				725,527,977.00	725,527,977.00
Non-current liabilities due within 1 year			2,525,900,000.00		2,525,900,000.00
Other current liabilities				30,000,000.00	30,000,000.00
Long-term borrowings				2,125,390,000.00	2,125,390,000.00
Bonds payable				1,573,367,828.62	1,573,367,828.62
Other non-current liabilities				2,414,990,000.00	2,414,990,000.00
Total			2,525,900,000.00	7,197,086,444.31	9,722,986,444.31

4. Market risk

Market risk refers to the risk of fluctuation of fair value or future cash flow of financial instruments caused by the fluctuation of the market price, including exchange rate risk, interest rate risk and other price risks.

A. Exchange rate risk

Exchange rate risk refers to the risk of fluctuation of fair value or future cash flows of financial instruments caused by changes in exchange rates.

The Company's exchange gains and losses have been fully capitalized, thus changes of exchange rate will not directly affect the net profit or equity, but will affect inventories and total assets.

As of 31 December 2016, the Company's monetary financial assets were USD 3,588,960.32, monetary financial liabilities were USD 73,800,000.00, and the spot exchange rate at the end of year was 6.937. If the RMB appreciates or depreciates by 1% against the US dollar, and other factors remain unchanged, the Company's inventories will decrease or increase by approximately RMB 4,139,958.85

(31 December 2015: RMB 0), and the total assets will decrease or increase by approximately RMB 4,139,958.85 (31 December 2015: RMB 0).

B. Interest rate risk

Interest rate risk refers to the risk of fluctuation of fair value or future cash flows of financial instruments caused by the changes in interest rate.

The Company's interest expenses have been fully capitalized, thus changes of interest rate will not directly affect net profit and equity, but will affect inventories and total assets.

The Company's interest rate risk arises from interest-bearing debts including bank borrowings and bonds payable and other financial institutions' borrowings. Financial liabilities with floating interest rate expose the Company to cash flow interest rate risk. Financial liabilities with fixed interest rate expose the Company to fair value interest rate risk. The Company determines the relative proportion of fixed rate and floating rate contracts based on the market environment at the time. As of 31 December 2016, the Company's interest-bearing debts were mainly RMB-denominated floating rate loan contracts with a total amount of RMB 1,462,061,904.76 (31 December 2015: RMB 849,560,000.00), and RMB-denominated fixed rate loan contracts with a total amount of RMB 6,304,894,725.00 (31 December 2015: RMB 6,373,280,000.00).

If the interest rate of floating-rate financial liabilities rises or falls by 25 basis points, while other factors remain unchanged, the Company's inventories will increase or decrease by approximately RMB 3,106,881.55 (31 December 2015: approximately RMB 1,805,315.00), and total assets will increase or decrease by approximately RMB 3,106,881.55 (31 December 2015: approximately RMB 1,805,315.00).

C. Other price risks.

Other price risks refer to the risk of fluctuations in market prices other than exchange rate risk and interest rate risk, no matter these changes are due to factors related to individual financial instruments or their issuers, or due to factors related to all similar financial instruments traded in the market.

There were no other price risks during the reporting period.

XI Related party relationships and transactions

1. The parent company of the Company

Name	Registration	Nature of business	Registered Capital	The parent company's shareholding (%)	The parent company's voting right (%)
Finance Bureau of Banan District, Chongqing	Banan District, Chongqing	Government department		100	100

Information of subsidiaries of the Company refers to Note IX 1.

2. Information of joint ventures and associates of the Company

Information of joint ventures and associates of the Company refers to Note IX 2.

3. Information of other related parties

Name of other related parties	Relationship
Chongqing Banan Xingnong Financing Guarantee Co., Ltd.	Shareholding company of the Company
Chongqing Shikeyun Technology Co., Ltd.	Shareholding company of the Company
Chongqing Lujiao Zutuan Development Investment Co., Ltd.	Shareholding company of the Company
Chongqing HKC Optoelectronics Technology Co., Ltd.	Shareholding company of the Company

4. Related party transactions

During the reporting period, the Company has no related party transactions and no related guarantees or related leasing.

5. Amount due from/to related parties

(1) Amounts due from related parties

Item	Name of related parties	Closing balance		Opening balance	
		Booking balance	Bad debts provisions	Booking balance	Bad debts provisions
Accounts receivable	Finance Bureau of Banan District, Chongqing			3,656,674.26	
Other receivables	Finance Bureau of Banan District, Chongqing	1,750,345,200.00		948,345,200.00	
	Chongqing Xinjiedian Real Estate Co., Ltd.	72,581,393.80		60,581,054.65	
	Chongqing Shikeyun	84,000.00		84,000.00	

Item	Name of related parties	Closing balance		Opening balance	
		Booking balance	Bad debts provisions	Booking balance	Bad debts provisions
	Technology Co., Ltd.				

(2) Amounts due to related parties

Item	Name of related parties	Closing balance	Opening balance
Other payables	Finance Bureau of Banan District, Chongqing	25,000,000.00	
	Chongqing Banan Economic Park Investment Industrial Co., Ltd.	49,265,402.02	48,000,000.00
	Chongqing HKC Optoelectronics Technology Co., Ltd.	131,691,364.64	7,800,877.00

XII Commitments and contingencies

1. Significant commitments

As of 31December 2016, there were no significant commitments that need to be disclosed.

2. Contingencies

(1) The Company provided guarantee for the bank loan of RMB 100 million for Chongqing Yuxing Asset Operation Co., Ltd.

(2) The Company provided a joint liability guarantee for the working capital loan of RMB 80 million applied by Chongqing Maliu Yanjiang Development Investment Co., Ltd. from Fubon Bank (China) Co., Ltd.

(3) The Company provided a joint liability guarantee for the working capital loan of RMB 16 million applied by Chongqing Qianjiang District Yuansheng Construction Engineering Co., Ltd. from Bank of Chengdu Co., Ltd., Chongqing Branch.

(4) The Company provided a joint liability guarantee for the loan of RMB 750 million applied by Chongqing Ruizhou Construction Investment Co., Ltd. from CQRC Financial Leasing Co., Ltd.

Except for the above contingent events, there were no other contingencies such as external guarantees and pending litigations shall be disclosed during the reporting period.

XIII Events after the balance sheet date

As of the approval date of this report, there are no events that need to be disclosed after the balance sheet date.

XIV Other significant events

Correction of previous accounting errors

Correction of accounting errors	Handling procedures	Affected item	Cumulative effects
Wrongly recorded state-owned asset use fees into development costs	Adjusted the opening balance of 2016	Opening balance of retained earnings	-12,140,500.00
		Opening balance of inventories	-12,140,500.00
Adjusting the capital reserve of 2015 according to the "Notice of the District Government on Agreeing to Take Back the Assigned Land for Transfer"	Adjusted the opening balance of 2016	Opening balance of inventories	-242,401,400.00
		Opening balance of capital reserve	-242,401,400.00
Wrongly recorded state-owned asset use fees into cash flows from operating activities	Adjusted the amounts in the previous year of 2016	Cash paid for goods and services in the previous year	-12,140,500.00
		Cash payments for distribution of dividends, profit and interest expenses in the previous year	12,140,500.00

XV Notes to the financial statements of the parent company

1. Other receivables

(1) Disclosure of other receivables:

Category	Closing balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Other receivables that are individually significant in amount and provided for bad debts separately					
Other receivables provided for bad debt according to the credit risk characteristics					
Portfolio 1	2,588,068,411.20	49.35	33,231,166.23	1.28	2,554,837,244.97
Portfolio 2	2,655,755,969.43	50.65			2,655,755,969.43
Sub-total	5,243,824,380.63	100.00	33,231,166.23	1.28	5,210,593,214.40

Category	Closing balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Other receivables that individually insignificant in amount but provided for bad debt separately					
Total	5,243,824,380.63	100.00	33,231,166.23	1.28	5,210,593,214.40

Category	Opening balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Other receivables that are individually significant in amount and provided for bad debts separately					
Other receivables provided for bad debt according to the credit risk characteristics					
Portfolio 1	286,039,435.88	15.58	25,677,812.57	8.98	260,361,623.31
Portfolio 2	1,549,632,509.59	84.42			1,549,632,509.59
Sub-total	1,835,671,945.47	100.00	25,677,812.57	8.98	1,809,994,132.90
Other receivables that individually insignificant in amount but provided for bad debt separately					
Total	1,835,671,945.47	100.00	25,677,812.57	8.98	1,809,994,132.90

In portfolio 1, other receivables adopting ageing analysis method to provide for bad debts:

Ageing	Closing balance		
	Balance	Provision for bad debts	Proportion (%)
Within 1 year (including 1 year)	2,534,901,652.28	12,674,508.26	0.50
1 year to 2 years (including 2 years)	23,431,200.28	702,936.01	3.00
2 years to 3 years (including 3 years)	2,104,000.13	210,400.01	10.00
3 years to 4 years (including 4 years)	9,983,526.89	1,996,705.38	20.00
4 years to 5 years (including 5 years)	2,830.11	1,415.06	50.00

Ageing	Closing balance		
	Balance	Provision for bad debts	Proportion (%)
Over 5 years	17,645,201.51	17,645,201.51	100.00
Total	2,588,068,411.20	33,231,166.23	

Ageing	Opening balance		
	Balance	Provision for bad debts	Proportion (%)
Within 1 year (including 1 year)	219,596,653.25	1,097,983.27	0.50
1 year to 2 years (including 2 years)	25,267,023.12	758,010.69	3.00
2 years to 3 years (including 3 years)	12,166,026.89	1,216,602.69	10.00
3 years to 4 years (including 4 years)	1,802,830.11	360,566.02	20.00
4 years to 5 years (including 5 years)	9,924,505.23	4,962,252.62	50.00
Over 5 years	17,282,397.28	17,282,397.28	100.00
Total	286,039,435.88	25,677,812.57	

In portfolio 2, other receivables with no provisions for bad debts:

Portfolio name/company name	Relationship	Closing balance	Proportion (%)
Chongqing Banan District Economic Zone Development and Construction Management Committee	Non-related party	322,187,750.62	12.13
Land security deposit	Non-related party	440,541.00	0.02
Finance Bureau of Banan District, Chongqing	Parent company	1,750,345,200.00	65.91
People's Government of Jieshi Town, Banan District, Chongqing	Non-related party	67,765,203.39	2.55
Village Committee of Guihua Village, Jieshi Town, Banan District, Chongqing	Non-related party	44,517,400.00	1.68
Public Security Fire Detachment of Banan District, Chongqing	Non-related party	22,660,000.00	0.85
Chongqing Banan District Land Consolidation and Reserve Center	Non-related party	50,000,000.00	1.88

Portfolio name/company name	Relationship	Closing balance	Proportion (%)
Education Committee of Banan District, Chongqing	Non-related party	2,000,000.00	0.08
Village Committee of Wuxin Village, Jieshi Town, Banan District, Chongqing	Non-related party	600,000.00	0.02
People's Government of Banan District, Chongqing	Related party	59,723,090.85	2.25
Chongqing Xinjiedian Real Estate Co., Ltd.	Associate	72,581,393.80	2.73
Chongqing Shikeyun Technology Co., Ltd.	Shareholding company	84,000.00	0.00
Employee borrowing	Non-related party	1,221,005.43	0.05
Major repair fund	Non-related party	626,883.18	0.02
Chongqing Yingjinyuan Industrial Development Co., Ltd.	Wholly-owned subsidiary	50,482,576.00	1.90
Chongqing Xingjie Real Estate Co., Ltd.	Wholly-owned subsidiary	210,517,023.00	7.93
Chongqing Banan Feichuang Construction Co., Ltd.	Subsidiary	3,902.16	0.00
Total		2,655,755,969.43	100.00

(2) Bad debt provisions provided, collected or reversed in the reporting period

In the reporting period, the provision for bad debts of other receivables is RMB 7,553,353.66. There is no collected or reversed amount of provision for bad debts of other receivables.

(3) Classification of other receivables by nature

Nature	Closing balance	Opening balance
Petty cash	1,221,005.43	1,295,915.06
Major repair fund	626,883.18	626,883.18
Receivables from subsidiaries	261,003,501.16	30,143,927.00
Receivables from joint ventures, associates and shareholding companies	72,665,393.80	60,665,054.65
Receivables from government departments	569,893,985.86	508,555,529.70
Receivables from parent company	1,750,345,200.00	948,345,200.00
Receivables from non-related parties	2,588,068,411.20	286,039,435.88
Total	5,243,824,380.63	1,835,671,945.47

(4) Information of top 5 other receivables

Company name	Nature	Closing balance	Ageing	Proportion (%)	Closing balance for provision for bad debts
Huike Electronics (Shenzhen) Co., Ltd.	Incomings and outgoings	2,300,000,000.00	Within 1 year	43.86	11,500,000.00
Finance Bureau of Banan D istrict, Chongqing	Incomings and outgoings	1,750,345,200.00	Within 1 year, 1-5 years and over 5years	33.38	
Chongqing Banan District Economic Zone Development and Construction Management Committee	Incomings and outgoings	322,187,750.62	Within 1 year and 1-2 years	6.14	
Chongqing Xingjie Real Estate Co., Ltd.	Incomings and outgoings	210,517,023.00	Within 1 year and 1-2 years	4.01	
Chongqing Xinjiedian Real Estate Co., Ltd.	Incomings and outgoings	72,581,393.80	Within 1 year and 1-4 years	1.38	
Total		4,655,631,367.42		88.77	11,500,000.00

2. Long-term equity investment

Item	Closing balance			Opening balance		
	Balance	Impairment provision	Net value	Balance	Impairment provision	Net value
Investments in subsidiaries	402,310,000.00		402,310,000.00	392,310,000.00		392,310,000.00
Investments in associates and joint ventures	49,983,117.14		49,983,117.14	50,228,035.09		50,228,035.09
Total	452,293,117.14		452,293,117.14	442,538,035.09		442,538,035.09

(1) Investment in subsidiaries

The investees	Opening balance	Increase	Decrease	Closing balance	Impairment provisions	Closing balance for impairment provisions
Chongqing Yingjinyuan Industrial Development Co., Ltd.	109,530,000.00			109,530,000.00		
Chongqing Xingjie Real Estate Co., Ltd.	282,780,000.00			282,780,000.00		
Chongqing Banan Feichuang Construction Co., Ltd.		10,000,000.00		10,000,000.00		

The investees	Opening balance	Increase	Decrease	Closing balance	Impairment provisions	Closing balance for impairment provisions
Total	392,310,000.00	10,000,000.00		402,310,000.00		

(2) Investment in associates and joint ventures

The investees	Closing balance			Opening balance		
	Balance	Impairment provision	Net value	Balance	Impairment provision	Net value
Associates:						
Chongqing Xinjiedian Real Estate Co., Ltd.				236,609.23		236,609.23
Chongqing Banan Economic Park Investment Industrial Co., Ltd.	49,983,117.14		49,983,117.14	49,991,425.86		49,991,425.86
Total	49,983,117.14		49,983,117.14	50,228,035.09		50,228,035.09

(Continued)

The investees	Increase / decrease in the current period							
	Increase	Decrease	Investment losses recognized under the equity method	Adjustment of other comprehensive income	Other changes in equity	Declared cash dividends or profits	Provision for impairment	Other
Associates:								
Chongqing Xinjiedian Real Estate Co., Ltd.			-236,609.23					
Chongqing Banan Economic Park Investment Industrial Co., Ltd.			-8,308.72					
Total			-244,917.95					

3. Other payables

(1) Classification of other payables by nature

Item	Closing balance	Opening balance
Security risk funds	50,000.00	335,000.00
Deposits	22,216,799.40	21,477,619.75
Receipts and payments on behalf	626,448,250.23	388,776,742.69
Incomings and outgoings	260,167,728.92	314,008,631.97
Others	1,116,396.84	925,182.59
Total	909,999,175.39	725,523,177.00

(2) Classification of other payables by ageing

Ageing	Closing balance	Opening balance
Within 1 year (including 1 year)	302,997,644.65	194,086,412.50
1 year to 2 years (including 2 years)	152,259,892.44	107,162,583.06
2 years to 3 years (including 3 years)	102,263,182.76	299,016,156.86
3 years to 4 years (including 4 years)	245,544,886.86	65,925,060.43
4 years to 5 years (including 5 years)	55,865,681.03	49,773,539.84
Over 5 years	51,067,887.65	9,559,424.31
Total	909,999,175.39	725,523,177.00

(3) Significant other payables with ageing over 1 year

Creditor	Closing balance	Including: Other payables with ageing over 1 year	Reason
Chongqing HKC Optoelectronics Technology Co., Ltd.	131,691,364.64	7,800,877.00	Unsettled
Limited price placement fund of Jieshi	107,751,591.76	107,285,413.63	Unsettled
Blue Moon (Chongqing) Co., Ltd.	78,713,364.00	76,614,064.00	Unsettled
Chongqing Dawn Urban Industrial Park Construction Group Co., Ltd.	64,953,622.00	64,953,622.00	Unsettled
Chongqing Yunqun Industrial Co., Ltd.	60,060,000.00	60,060,000.00	Unsettled
Chongqing Banan Economic Park Investment Industrial Co., Ltd.	49,265,402.02	48,000,000.00	Unsettled
Chongqing Yuxing Asset Operation Co., Ltd.	42,226,727.23	42,226,727.23	Unsettled
Finance Bureau of Banan District, Chongqing	25,000,000.00	2,000,000.00	Unsettled
Sichuan Sany Engineering Construction (Group) Co., Ltd.	23,463,237.97	23,463,237.97	Unsettled

Creditor	Closing balance	Including: Other payables with ageing over 1 year	Reason
Chongqing Banan District Land Consolidation and Reserve Center	20,000,000.00	20,000,000.00	Unsettled
Chongqing Three Gorges Construction & Installation Engineering Co., Ltd.	20,000,000.00	20,000,000.00	Unsettled
Heng'an Chongqing Living Paper Co., Ltd.	19,915,400.00	19,915,400.00	Unsettled
Limited price placement deposit of Jieshi	16,470,000.00	16,470,000.00	Unsettled
Chongqing Banan District Economic Zone Development and Construction Management Committee	16,242,423.50	16,242,423.50	Unsettled
North China Construction Group Co., Ltd.	11,622,718.00	11,622,718.00	Unsettled
Chongqing Maliu Yanjiang Development Investment Co., Ltd.	6,000,000.00	6,000,000.00	Unsettled
Chongqing Tianpei Energy Saving Building Material Co., Ltd.	7,302,254.00	7,302,254.00	Unsettled
Chongqing Hua Show Industrial Co., Ltd.	5,063,000.00	5,063,000.00	Unsettled
Office of Nanquan Development and Construction Management Committee, Banan District, Chongqing	5,000,000.00	5,000,000.00	Unsettled
Chongqing Endurance Industry Stock Co., Ltd.	4,401,015.00	4,401,015.00	Unsettled
Nanjing Hong Cheng Electric Co., Ltd	4,150,000.00	4,150,000.00	Unsettled
Chongqing Nanxing Packing Printing Co., Ltd.	4,387,460.00	4,387,460.00	Unsettled
Jieshi Standard Factory Phase I T4-1/01, T4-2/02	3,504,292.00	3,504,292.00	Unsettled
Pre-costs for limited price placement of Jieshi	3,257,244.66	2,978,684.66	Unsettled
Jieshi Standard Factory Phase II T3-1/01	3,026,310.00	3,026,310.00	Unsettled
Chongqing Chuangshijie Real Estate Co., Ltd.	3,003,164.64	3,000,000.00	Unsettled
Village Committee of Xinwu Village, Jieshi Town, Banan District, Chongqing City	2,883,000.00	2,883,000.00	Unsettled
National Treasury Payment Center of Banan District, Chongqing	2,000,000.00	2,000,000.00	Unsettled

Creditor	Closing balance	Including: Other payables with ageing over 1 year	Reason
Shengmei Precision Industrial (Chongqing) Co., Ltd.	30,248,882.00	1,662,000.00	Unsettled
Enterprises settled in Huaxi	1,374,700.00	1,374,700.00	Unsettled
Chongqing Hybest Tools (Group) Co., Ltd.	1,260,000.00	1,260,000.00	Unsettled
Office of financial working capital	1,250,000.00	1,250,000.00	Unsettled
Safbon Water Service (Holding) Inc., Shanghai	1,117,359.73	1,117,359.73	Unsettled
Fuyu Moulding & Tooling (Chongqing) Co., Ltd.	1,030,000.00	1,030,000.00	Unsettled
Total	777,634,533.15	598,044,558.72	

(4) Information of top 5 other payables

Creditor	Relationship	Closing balance	Proportion (%)
Chongqing HKC Optoelectronics Technology Co., Ltd.	Non-related party	131,691,364.64	14.47
Limited price placement fund of Jieshi	Non-related party	107,751,591.76	11.84
Blue Moon (Chongqing) Co., Ltd.	Non-related party	78,713,364.00	8.65
Chongqing Dawn Urban Industrial Park Construction Group Co., Ltd.	Non-related party	64,953,622.00	7.14
Chongqing Sibel Real Estate Co., Ltd.	Non-related party	62,975,113.92	6.92
Total		446,085,056.32	49.02

4. Long-term payables

Item	Closing balance	Opening balance
Chongqing Banan Feichuang Construction Co., Ltd.	710,000,000.00	
Total	710,000,000.00	

XVI Supplemental information

According to the provisions from the Announcement [2008] No. 43 by China Securities Regulatory Commission which is “the Information Disclosure Explanatory Announcement of the Company with

Public Issuing Securities No. 1 - Extraordinary gains and losses [2008]", the details for the Company's extraordinary gains/losses in the reporting period are as follows:

(Gain as "+", loss as "-")

Item	2016	2015
Gains/losses from the disposal of non-current assets (including the offset part of asset impairment provisions)		
Tax rebate or reduction with approval by overstepping authority, or without formal approval document or with occurrence		
Government subsidy recognized in current gain and loss (excluding those closely related to the Company's business and granted under the state's policies according to certain quota of amount or volume)	147,211,355.00	85,530,700.00
Fund occupancy fee received from non-financial institutions recognized in current gain and loss		
Income from costs of investments in subsidiaries, associates and joint ventures less than the fair value of the entitled recognizable net assets of the investees at the time of the acquisitions		
Exchange gains/losses from non-monetary assets		
Gains/losses from entrusted investment or asset management		
Provisions for impairment of various assets arising from force majeure, such as natural disasters		
Gain and loss from debt restructuring		
Enterprise reorganization fee, such as expenses for arrangement for employees, integration fee, etc.		
Gains/losses exceeding the fair value arising from transactions with obviously unfair prices		
Net gain and loss of the subsidiary under the common control and emerged from enterprise consolidation from the beginning of the period to the consolidation date		
Gain and loss arising from contingent matters irrelevant with the Company's normal business		

Item	2016	2015
Gain and loss from change of the fair value arising from transactional financial assets, transactional financial liabilities and the investment income arising from disposal of the transactional financial assets, transactional financial liabilities, available-for-sale financial assets excluding the effective hedging transaction in connection with the Company's normal business		
Reversal of the provision for impairment of accounts receivable tested for impairment individually		
Gains/losses from external entrusted loans		
Gain and loss arising from change of the fair value of investment properties measured afterwards at fair value model		
Influence upon current gain and loss from the one-off adjustments over the current gain and loss according to the taxation and accounting laws and regulations		
Income from trustee fee obtained from entrusted operations		
Non-operating income and expenses excluding the aforesaid items	-264,082,395.66	-190,789,508.51
Other gains/losses in compliance with the definition of extraordinary gain/loss		
Sub-total	-116,871,040.66	-105,258,808.51
Less: Amount affected by the income tax from extraordinary gain/loss	-17,530,656.10	-15,788,821.28
Amount affected by minority interest gain/loss		
Total	-99,340,384.56	-89,469,987.23

Chongqing Banan Economic Park Development & Construction Co., Ltd.

21 April 2017

Legal Representative: Chief Financial Officer: Chief Accountant:

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Mazars Certified Public Accountants LLP

CHONGQING BANAN ECONOMIC PARK DEVELOPMENT & CONSTRUCTION CO., LTD.
AUDITOR’S REPORT
31 December 2017

AUDITOR'S REPORT

ZHSZ (2018) No. 180017

To the shareholders of Chongqing Banan Economic Park Development & Construction Co., Ltd.

Opinion

We have audited the accompanying financial statements of Chongqing Banan Economic Park Development & Construction Co., Ltd. ("the Company"), which comprise the consolidated and parent company balance sheets as at 31 December 2017, and the consolidated and parent company income statements, the consolidated and parent company statements of cash flows and changes in equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and parent company's financial position as at 31 December 2017, and their financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Basis for Opinion

We conducted our audit in accordance with Chinese Standards on Auditing (CSAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the 2017 annual report for bonds of the Company, but does not include the financial statements and our auditor's report thereon.

Our opinion in the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on our work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control which is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose to expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we concluded that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair representation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mazars Certified Public Accountants LLP　　　　Certified Public Accountant

Certified Public Accountant

Wuhan, the People's Republic of China　　　　27 April 2018

Consolidated Balance Sheet (Assets)

Consol. No. 1

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Assets	Note	31 Dec. 2017	31 Dec. 2016
Current assets:			
Cash and cash equivalents	VII 1	1,040,470,768.49	1,209,633,916.35
Settlement fund			
Lendings to banks and other financial institutions			
Financial assets measured at fair value and changes are recorded into the current profits and losses			
Derivative financial assets			
Notes receivable			
Accounts receivable	VII 2	3,922,555,099.49	3,260,622,112.48
Prepayment	VII 3	82,802,374.12	122,982,242.26
Insurance receivables			
Reinsurance receivable			
Provision of reinsurance contracts			
Interests receivable			
Dividends receivable			
Other receivables	VII 4	4,664,279,572.63	4,985,438,713.24
Financial assets purchased under agreements to resell			
Inventory	VII 5	8,886,491,480.83	8,535,825,194.05
Assets divided into held-for-sale			
Non-current assets due within 1 year			
Other current assets	VII 6	10,958,962.54	2,449,378.04
Total current assets		18,607,558,258.10	18,116,951,556.42
Non-current assets:			
Loan and payment on other's behalf disbursed			
Available-for-sale financial assets	VII 7	1,033,500,000.00	1,033,500,000.00
Held-to-maturity investment			
Long-term receivables			
Long-term equity investment	VII 8	54,791,919.10	54,389,048.77
Investment property□	VII 9	915,147,081.32	917,496,629.95
Fixed assets□	VII 10	9,000,445.58	9,992,628.18
Construction in progress□	VII 11	58,046,359.83	57,072,207.49
Construction materials□			
Disposal of fixed assets□			
Bearer biological assets			
Oil and gas assets			
Intangible assets			
Development expenditure			
Goodwill			
Long-term deferred expenses			
Deferred tax assets	VII 12	11,258,014.17	8,767,155.58
Other non-current assets	VII 13	1,737,473,320.00	1,742,919,120.00
Total non-current assets		3,819,217,140.00	3,824,136,789.97
Total assets		22,426,775,398.10	21,941,088,346.39

Legal Representative: Chief Financial Officer: Chief Accountant:

Consolidated Balance Sheet (Liabilities and Equity) □

Consol. No. 1

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Liabilities and equity	Note	31 Dec. 2017	31 Dec. 2016
Current liabilities:			
Short-term borrowings	VII 15		80,000,000.00
Loans from central bank			
Deposits received and held for others			
Borrowings from banks and other financial institutions			
Financial liabilities measured at fair value and changes are recorded into the current profits and losses			
Derivative financial liabilities			
Notes payable			
Accounts payable	VII 16	34,076,959.50	100,119,709.48
Advance from customers	VII 17	180,326,400.00	180,326,400.00
Financial assets sold under agreements to repurchase			
Fees and commissions payable			
Payroll payable	VII 18	328,695.00	
Taxes payable	VII 19	187,048,525.96	166,794,877.25
Interests payable	VII 20	90,149,022.22	92,754,577.78
Dividends payable			
Other payables	VII 21	616,636,029.18	909,999,675.39
Amount due to reinsurance			
Insurance contract provision			
Entrusted trading of securities			
Entrusted selling of securities			
Liabilities divided into held-for-sale			
Non-current liabilities due within 1 year	VII 22	1,533,738,095.24	1,531,967,973.98
Other current liabilities	VII 23	19,729,436.95	10,382,589.95
Total current liabilities		2,662,033,164.05	3,072,345,803.83
Non-current liabilities:			
Long-term borrowings	VII 24	8,138,779,754.28	4,518,774,404.76
Bonds payable	VII 25	2,570,631,751.08	2,779,609,170.85
Including: Preferred shares			
Perpetual capital securities			
Long-term payables			
Long-term payroll payable			
Specific payables			
Contingent liabilities			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities	VII 26	523,000,000.00	2,877,500,000.00
Total non-current liabilities		11,232,411,505.36	10,175,883,575.61
Total liabilities		13,894,444,669.41	13,248,229,379.44
Equity:			
Paid-in capital	VII 27	537,552,100.00	537,552,100.00
Other equity instruments			
Including: Preferred shares			
Perpetual capital securities			
Capital reserve	VII 28	6,345,481,842.63	6,601,647,642.63
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve	VII 29	95,550,822.08	85,577,899.20
General risk reserve			
Retained earnings	VII 30	853,746,315.41	768,081,753.99
Total equity attributable to owners of the parent company		7,832,331,080.12	7,992,859,395.82
Minority interests		699,999,648.57	699,999,571.13
Total equity		8,532,330,728.69	8,692,858,966.95
Total liabilities & equity		22,426,775,398.10	21,941,088,346.39

Legal Representative: Chief Financial Officer: Chief Accountant:

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Consolidated Income Statement

Consol. No. 2

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. RMB

Item	Note	2017	2016
I. Total operating revenue		947,679,627.21	1,098,232,287.82
Including: Sales revenue	VII 31	947,679,627.21	1,098,232,287.82
Interest income			
Insurance fee income			
Fee and commission income			
II. Total operating costs		782,032,017.49	849,007,308.36
Including: Cost of sales	VII 31	685,599,236.23	758,029,303.32
Interest expenses			
Service charge and commission fees			
Insurance discharge payment			
Claim expenses-net			
Provision for insurance contract reserve-net			
Insurance policy dividend paid			
Reinsurance expense			
Taxes and surcharges	VII 32	11,037,558.51	3,044,564.68
Selling expenses			
Administrative expenses	VII 33	25,332,753.89	29,472,764.70
Financial costs	VII 34	43,456,744.93	50,486,231.75
Impairment loss on assets	VII 35	16,605,723.93	7,974,443.91
Others			
Add: Gains/(losses) from changes in fair value ("-" means loss)			
Investment income ("-" means loss)	VII 36	-67,129.67	159,013.68
Including: income from investment on associates and joint ventures			
Foreign exchange gains ("-" means loss)			
Gains from disposal of assets ("-"means loss)			
Other income	VII 37	125,309,500.00	
III. Operating profit ("-" means loss)		290,889,980.05	249,383,993.14
Add: Non-operating income	VII 38	269,485.72	147,237,275.20
Less: Non-operating expenses	VII 39	177,922,628.36	264,108,315.86
IV. Total profit ("-" means losses)		113,236,837.41	132,512,952.48
Less: Income tax expenses	VII 40	17,599,275.67	20,194,577.99
V. Net profit ("-" means losses)		95,637,561.74	112,318,374.49
(I) Classification in accordance with going concern			
1. Net profit from continuing operations ("-" means loss)		95,637,561.74	112,318,374.49
2. Net profit from discontinued operations ("-" means loss)			
(II) Classification in accordance with attribution			
1. Minority interest ("-" means net loss)		77.44	-428.87
2. Attributable to equity holders of the parent company ("-" means net loss)		95,637,484.30	112,318,803.36
Minority interest			
VI. Other comprehensive income after tax			
Attributable to equity holders of the parent company			
A. Not reclassified subsequently to profit or loss			
1. Changes in net liabilities or assets by remeasurement of defined benefit plans			
2. Not reclassified to profit or loss for the invested entity under the equity method			
B. Reclassified subsequently to profit or loss			
1. Reclassified subsequently to profit or loss for the invested entity under the equity method			
2. Gains or losses from changes in fair value of available-for-sale financial assets			
3. Profit or loss from reclassification held-to-maturity investment to available-for-sale financial assets			
Attributable to minority shareholders			
VII. Total comprehensive income attributable to:		95,964,139.35	112,318,374.49
Attributable to equity holders of the parent company		95,964,061.91	112,318,803.36
Attributable to minority shareholders		77.44	-428.87
VIII. Earnings per share			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Legal Representative: Chief Financial Officer: Chief Accountant:

Consolidated Statement of Cash Flows

Consol. No. 3

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Item	Note	2017	2016
I. Cash flows from operating activities:			
Cash received from sales and services		294,644,129.64	253,237,370.01
Tax refunds		125,309,500.00	147,211,355.00
Other cash receipts relating to operating activities	VII 41	173,183,755.92	159,104,395.87
Sub-total cash inflows from operating activities		593,137,385.56	559,553,120.88
Cash paid for goods and services		550,342,917.98	1,054,314,595.63
Cash paid to and on behalf of employees		14,710,174.46	14,010,787.42
Payment of taxes and surcharges		11,930,205.35	9,088,995.70
Other cash payments relating to operating activities	VII 41	468,607,009.46	788,847,671.53
Sub-total cash outflows from operating activities		1,045,590,307.25	1,866,262,050.28
Net cash flows from operating activities		-452,452,921.69	-1,306,708,929.40
II. Cash flows from investing activities:			
Cash receipts from withdraw of investments			
Cash received from investment income		100,000.00	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities	VII 41	200,000,000.00	
Sub-total cash inflows from investing activities		200,100,000.00	
Cash paid for fixed assets, intangible assets and other long-term assets		17,678,963.06	15,472,813.56
Cash payments for investments		570,000.00	524,002,000.00
Net cash paid for acquiring subsidiaries and other business units			
Other cash payments relating to investing activities			2,300,000,000.00
Sub-total cash outflows from investing activities		18,248,963.06	2,839,474,813.56
Net cash flows from investing activities		181,851,036.94	-2,839,474,813.56
III. Cash flows from financing activities:			
Cash proceeds from investments by others			1,500,000,000.00
Including: Cash received by subsidiaries from minority shareholders' investments			
Cash received from borrowings		4,830,000,000.00	5,409,944,725.00
Other cash receipts relating to financing activities	VII 41	122,769,000.00	821,000,000.00
Sub-total cash inflows from financing activities		4,952,769,000.00	7,730,944,725.00
Cash repayments for debts		2,241,771,535.24	2,426,698,095.24
Cash payments for distribution of dividends, profit and interest expenses		667,151,992.81	496,849,900.71
Including: Dividends or profit paid by subsidiaries to minority shareholders			
Other cash payments relating to financing activities	VII 41	1,848,406,489.76	1,552,818,908.98
Sub-total cash outflows from financing activities		4,757,330,017.81	4,476,366,904.93
Net cash flows from financing activities		195,438,982.19	3,254,577,820.07
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-245.30	767,363.93
V. Net increase in cash and cash equivalents		-75,163,147.86	-890,838,558.96
Add: Opening balance of cash and cash equivalents		505,633,916.35	1,396,472,475.31
VI. Closing balance of cash and cash equivalents		430,470,768.49	505,633,916.35

Legal Representative: Chief Financial Officer: Chief Accountant:

-610,000,000.00 -704,000,000.00

Consolidated Statement of Changes in Equity

Consol. No. 4

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Item	2017							
	Equity attributable to the parent company						Minority interests	Total equity
	Paid-in capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings		
I. Balance at the end of the previous year	537,552,100.00	6,601,647,642.63			85,577,899.20	739,312,753.99	699,999,571.13	8,664,089,966.95
Plus: Change in accounting policies								
Correction of errors in previous period						28,769,000.00		28,769,000.00
Business combination under common control								
Others								
II. Balance at the beginning of the year	537,552,100.00	6,601,647,642.63			85,577,899.20	768,081,753.99	699,999,571.13	8,692,858,966.95
III. Increase/decrease during the financial year ("-" means decrease)		-256,165,800.00			9,972,922.88	85,664,561.42	77.44	-160,528,238.26
(I) Total comprehensive income						95,637,484.30	77.44	95,637,561.74
(II) Contributions and decrease of capital		-256,165,800.00						-256,165,800.00
1. Ordinary shares contributed by owners								
2. Capital paid in by holders of other equity instruments								
3. Equity settled share-based payment								
4. Others		-256,165,800.00						-256,165,800.00
(III) Profit distribution					9,972,922.88	-9,972,922.88		
1. Surplus reserve accrued					9,972,922.88	-9,972,922.88		
2. Appropriations to general risk provisions								
3. Distribution to owners								
4. Others								
(IV) Transfer within equity								
1. Capital reserve transferred to capital								
2. Surplus reserve transferred to capital								
3. Surplus reserve offsetting losses								
4. Others								
(V) Special reserve fund								
1. Provision for the year								
2. Use for the year								
(VI) Others								
IV. Closing balance	537,552,100.00	6,345,481,842.63			95,550,822.08	853,746,315.40	699,999,648.57	8,532,330,728.69

Legal Representative: Chief Financial Officer: Chief Accountant:

Consolidated Statement of Changes in Equity

Consol. No. 4

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □

RMB

Item	2016							
	Equity attributable to the parent company						Minority interests	Total equity
	Paid-in capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings		
I. Balance at the end of the previous year	537,552,100.00	4,995,162,142.63			74,134,305.00	655,066,044.83		6,261,914,592.46
Plus: Change in accounting policies								
Correction of errors in previous period						12,140,500.00		12,140,500.00
Others								
II. Balance at the beginning of the year	537,552,100.00	4,995,162,142.63			74,134,305.00	667,206,544.83		6,274,055,092.46
III. Increase/decrease during the financial year ("-" means decrease)		1,606,485,500.00			11,443,594.20	100,875,209.16	699,999,571.13	2,418,803,874.49
(I) Total comprehensive income						112,318,803.36	-428.87	112,318,374.49
(II) Contributions and decrease of capital		1,606,485,500.00					700,000,000.00	2,306,485,500.00
1. Ordinary shares contributed by owners							700,000,000.00	700,000,000.00
2. Capital paid in by holders of other equity instruments								
3. Equity settled share-based payment								
4. Others		1,606,485,500.00						1,606,485,500.00
(III) Profit distribution					11,443,594.20	-11,443,594.20		
1. Surplus reserve accrued					11,443,594.20	-11,443,594.20		
2. Appropriations to general risk provisions								
3. Distribution to owners								
4. Others								
(IV) Transfer within equity								
1. Capital reserve transferred to capital								
2. Surplus reserve transferred to capital								
3. Surplus reserve offsetting losses								
4. Others								
(V) Special reserve fund								
1. Provision for the year								
2. Use for the year								
(VI) Others								
IV. Closing balance	537,552,100.00	6,601,647,642.63			85,577,899.20	768,081,753.99	699,999,571.13	8,692,858,966.95

Legal Representative: Chief Financial Officer: Chief Accountant:

Balance Sheet (Assets)

No. 1

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Assets	Note	31 Dec. 2017	31 Dec. 2016
Current assets:			
Cash and cash equivalents		1,035,395,103.04	1,207,852,715.31
Settlement fund			
Lendings to banks and other financial institutions			
Financial assets measured at fair value and changes are recorded into the current profits and losses			
Notes receivable			
Accounts receivable		3,922,555,099.49	3,260,622,112.48
Prepayment		82,754,623.12	93,052,418.26
Insurance receivables			
Reinsurance receivable			
Provision of reinsurance contracts			
Interests receivable			
Dividends receivable			
Other receivables	XV 1	4,937,342,834.79	5,239,362,214.40
Financial assets purchased under agreements to resell			
Inventory		8,234,573,069.14	7,927,968,202.37
Assets divided into held-for-sale			
Non-current assets due within 1 year			
Other current assets		10,613,343.29	2,309,092.72
Total current assets		18,223,234,072.87	17,731,166,755.54
Non-current assets:			
Loan and payment on other's behalf disbursed			
Available-for-sale financial assets		1,033,500,000.00	1,033,500,000.00
Held-to-maturity investment			
Long-term receivables			
Long-term equity investment	XV 2	452,292,641.08	452,293,117.14
Investment property□		915,147,081.32	917,496,629.95
Fixed assets		9,000,445.58	9,992,628.18
Construction in progress□		58,046,359.83	57,072,207.49
Construction materials□			
Disposal of fixed assets□			
Bearer biological assets			
Oil and gas assets			
Intangible assets			
Development expenditure			
Goodwill			
Long-term deferred expenses			
Deferred tax assets		11,258,014.17	8,767,155.58
Other non-current assets		1,737,473,320.00	1,742,919,120.00
Total non-current assets		4,216,717,861.98	4,222,040,858.34
Total assets		22,439,951,934.85	21,953,207,613.88

Legal Representative: Chief Financial Officer: Chief Accountant:

Balance Sheet (Liabilities and Equity)

No. 1

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Liabilities and equity	Note	31 Dec. 2017	31 Dec. 2016
Current liabilities:			
Short-term borrowings			80,000,000.00
Loans from central bank			
Deposits received and held for others			
Borrowings from banks and other financial institutions			
Financial liabilities measured at fair value and changes are recorded into the current profits and losses			
Derivative financial liabilities			
Notes payable			
Accounts payable		34,076,959.50	100,119,709.48
Advance from customers		180,326,400.00	180,326,400.00
Financial assets sold under agreements to repurchase			
Fees and commissions payable			
Payroll payable		327,900.00	
Taxes payable		187,048,525.96	166,794,877.25
Interests payable		90,149,022.22	92,754,577.78
Dividends payable			
Other payables		613,601,926.36	909,999,175.39
Amount due to reinsurance			
Insurance contract provision			
Entrusted trading of securities			
Entrusted selling of securities			
Liabilities divided into held-for-sale			
Non-current liabilities due within 1 year		1,533,738,095.24	1,531,967,973.98
Other current liabilities		19,729,436.95	10,382,589.95
Total current liabilities		2,658,998,266.23	3,072,345,303.83
Non-current liabilities:			
Long-term borrowings		8,138,779,754.28	4,518,774,404.76
Bonds payable		2,570,631,751.08	2,779,609,170.85
Including: Preferred shares			
Perpetual capital securities			
Long-term payables		710,000,000.00	710,000,000.00
Long-term payroll payable			
Special payables			
Contingent liabilities			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities		523,000,000.00	2,877,500,000.00
Total non-current liabilities		11,942,411,505.36	10,885,883,575.61
Total liabilities		14,601,409,771.59	13,958,228,879.44
Equity:			
Paid-in capital		537,552,100.00	537,552,100.00
Other equity instruments			
Including: Preferred shares			
Perpetual capital securities			
Capital reserve		6,345,481,842.63	6,601,647,642.63
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve		95,550,822.08	85,577,899.20
General risk reserve			
Retained earnings		859,957,398.55	770,201,092.61
Total equity		7,838,542,163.26	7,994,978,734.44
Total liabilities & equity		22,439,951,934.85	21,953,207,613.88

Legal Representative: Chief Financial Officer: Chief Accountant:

Income Statement

No. 2

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Item	Note	2017	2016
I. Total operating revenue		947,679,627.21	1,098,232,287.82
Including: Sales revenue		947,679,627.21	1,098,232,287.82
Interest income			
Insurance fee income			
Fee and commission income			
II. Total operating costs		778,107,004.02	846,485,809.27
Including: Cost of sales		685,599,236.23	758,029,303.32
Interest expenses			
Service charge and commission fees			
Insurance discharge payment			
Claim expenses-net			
Provision for insurance contract reserve-net			
Insurance policy dividend paid			
Reinsurance expense			
Taxes and surcharges		7,439,044.34	2,891,704.68
Selling expenses			
Administrative expenses		24,933,216.13	27,097,319.70
Financial costs		43,529,783.39	50,493,037.66
Impairment loss on assets		16,605,723.93	7,974,443.91
Add: Gains/(losses) from changes in fair value ("-" means loss)			
Investment income ("-" means loss)		99,523.94	-244,917.95
Including: Income from investment on associates and joint ventures			
Foreign exchange gains ("-" means loss)			
Gains from disposal of assets ("-"means loss)			
Other income		125,309,500.00	
III.Operating profit ("-" means loss)		294,981,647.13	251,501,560.60
Add: Non-operating income		269,485.72	147,237,275.20
Less: Non-operating expense		177,922,628.36	264,108,315.86
IV. Total profit ("-" for losses)		117,328,504.49	134,630,519.94
Less: Income tax expense		17,599,275.67	20,194,577.99
V. Net profit ("-" for losses)		99,729,228.82	114,435,941.95
(I) Classification in accordance with going concern		99,729,228.82	114,435,941.95
(II) Classification in accordance with attribution			
VI. Other comprehensive income after tax			
A. Not reclassified subsequently to profit or loss			
1. Changes in net liabilities or assets by remeasurement of defined benefit plans			
2. Not reclassified to profit or loss for the invested entity under the equity method			
B. Reclassified subsequently to profit or loss□			
1. Reclassified subsequently to profit or loss for the invested entity under the equity method			
2. Gains or losses from changes in fair value of available-for-sale financial assets			
3. Profit or loss from reclassification held-to-maturity investment to available-for-sale financial assets			
VI. Total comprehensive income			
VII. Earnings per share			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Legal Representative: Chief Financial Officer: Chief Accountant:

Statement of Cash Flows

No. 3

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Item	Note	2017	2016
I. Cash flows from operating activities:			
Cash received from sales and services		294,644,129.64	253,237,370.01
Tax refunds		125,309,500.00	147,211,355.00
Other cash receipts relating to operating activities		170,103,750.31	159,091,332.22
Sub-total cash inflows from operating activities		590,057,379.95	559,540,057.23
Cash paid for goods and services		543,038,237.04	838,441,421.63
Cash paid to and on behalf of employees		14,331,826.53	14,010,787.42
Payment of taxes and surcharges		8,331,691.18	6,561,385.70
Other cash payments relating to operating activities		468,733,750.30	781,760,320.95
Sub-total cash outflows from operating activities		1,034,435,505.05	1,640,773,915.70
Net cash flows from operating activities		-444,378,125.10	-1,081,233,858.47
II. Cash flows from investing activities:			
Cash receipts from withdraw of investments			
Cash received from investment income		100,000.00	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities		200,000,000.00	
Sub-total cash inflows from investing activities		200,100,000.00	
Cash paid for fixed assets, intangible assets and other long-term assets		17,678,963.06	15,472,813.56
Cash payments for investments			530,000,000.00
Net cash paid for acquiring subsidiaries and other business units			
Other cash payments relating to investing activities		11,939,261.00	2,530,855,672.00
Sub-total cash outflows from investing activities		29,618,224.06	3,076,328,485.56
Net cash flows from investing activities		170,481,775.94	-3,076,328,485.56
III. Cash flows from financing activities:			
Cash proceeds from investments by others			800,000,000.00
Cash received from borrowings		4,830,000,000.00	3,607,404,725.00
Cash received from issuing bonds			1,802,540,000.00
Other cash receipts relating to financing activities		122,769,000.00	1,531,000,000.00
Sub-total cash inflows from financing activities		4,952,769,000.00	7,740,944,725.00
Cash repayments for debts		2,241,771,535.24	2,426,698,095.24
Cash payments for distribution of dividends, profit and interest expenses		667,151,992.81	496,849,900.71
Other cash payments relating to financing activities		1,848,406,489.76	1,552,818,908.98
Sub-total cash outflows from financing activities		4,757,330,017.81	4,476,366,904.93
Net cash flows from financing activities		195,438,982.19	3,264,577,820.07
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-245.30	767,363.93
V. Net increase in cash and cash equivalents		-78,457,612.27	-892,217,160.03
Add: Opening balance of cash and cash equivalents		503,852,715.31	1,396,069,875.34
VI. Closing balance of cash and cash equivalents		425,395,103.04	503,852,715.31

Legal Representative: Chief Financial Officer: Chief Accountant:

Statement of Changes in Equity

No. 4

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Item	Paid-in capital (2017)	Other equity instruments (2017)	Capital reserve (2017)	Less: Treasury shares (2017)	Other comprehensive income (2017)	Special reserves (2017)	Surplus reserve (2017)	General risk reserve (2017)	Retained earnings (2017)	Total equity (2017)
I. Balance at the end of the previous year	537,552,100.00		6,601,647,642.63				85,577,899.20		770,201,092.61	7,994,978,734.44
Plus: Change in accounting policies										
Correction of errors in previous period										
Others										
II. Balance at the beginning of the year	537,552,100.00		6,601,647,642.63				85,577,899.20		770,201,092.61	7,994,978,734.44
III. Increase/decrease during the financial year ("-" means decrease)			-256,165,800.00				9,972,922.88		89,756,305.94	-156,436,571.18
(I) Total comprehensive income									99,729,228.82	99,729,228.82
(II) Contributions and decrease of capital			-256,165,800.00							-256,165,800.00
1. Ordinary shares contributed by owners										
2. Capital paid in by holders of other equity instruments										
3. Equity settled share-based payment										
4. Others			-256,165,800.00							-256,165,800.00
(III) Profit distribution							9,972,922.88		-9,972,922.88	
1. Surplus reserve accrued							9,972,922.88		-9,972,922.88	
2. Distribution to owners										
3. Others										
(IV) Transfer within equity										
1. Capital reserve transferred to capital										
2. Surplus reserve transferred to capital										
3. Surplus reserve offsetting losses										
4. Others										
(V) Special reserve fund										
1. Provision for the year										
2. Use for the year										
(VI) Others										
IV. Closing balance	537,552,100.00		6,345,481,842.63				95,550,822.08		859,957,398.55	7,838,542,163.26

Legal Representative: Chief Financial Officer: Chief Accountant:

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Statement of Changes in Equity

No. 4

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □

RMB

Item	2016								
	Paid-in capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	General risk reserve	Retained earnings	Total equity
I. Balance at the end of the previous year	537,552,100.00		4,995,162,142.63				74,134,305.00		655,068,244.86	6,261,916,792.49
Plus: Change in accounting policies										
Correction of errors in previous period									12,140,500.00	12,140,500.00
Others										
II. Balance at the beginning of the year	537,552,100.00		4,995,162,142.63				74,134,305.00		667,208,744.86	6,274,057,292.49
III. Increase/decrease during the financial year ("-" means decrease)			1,606,485,500.00				11,443,594.20		102,992,347.75	1,720,921,441.95
(I) Total comprehensive income									114,435,941.95	114,435,941.95
(II) Contributions and decrease of capital			1,606,485,500.00							1,606,485,500.00
1. Ordinary shares contributed by owners										
2. Capital paid in by holders of other equity instruments										
3. Equity settled share-based payment										
4. Others			1,606,485,500.00							1,606,485,500.00
(III) Profit distribution							11,443,594.20		-11,443,594.20	
1. Surplus reserve accrued							11,443,594.20		-11,443,594.20	
2. Distribution to owners										
3. Others										
(IV) Transfer within equity										
1. Capital reserve transferred to capital										
2. Surplus reserve transferred to capital										
3. Surplus reserve offsetting losses										
4. Others										
(V) Special reserve fund										
1. Provision for the year										
2. Use for the year										
(VI) Others										
IV. Closing balance	537,552,100.00		6,601,647,642.63				85,577,899.20		770,201,092.61	7,994,978,734.44

Legal Representative: Chief Financial Officer: Chief Accountant:

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

(All amounts in RMB unless otherwise stated)

Important Notes:
This report is prepared in Chinese and English. In the event of any discrepancy between two versions, the Chinese version shall prevail.

I Company profile

Chongqing Banan Economic Park Development & Construction Co., Ltd. (hereinafter referred to as "the Company") is a wholly state-owned company incorporated on 4 September 2007 which was funded by Finance Bureau of Banan District, Chongqing. Legal representative of the Company: Hu Ji; The registration number / unified social credit code: 915001136664095746.

As of 31 December 2017, the registered capital of the Company is RMB 537,552,100.00, and the paid-in capital of the Company is RMB 537,552,100.00. Details of paid-in capital are set out in Note VII 28.

1. Registration address, type of organization

Type of organization of the Company: Wholly state-owned limited company

Registration address: No. 88 Fucheng Road, Jieshi Town, Banan District, Chongqing.

2. The nature of the business and the main business scope

The nature of the business for the Company is infrastructure construction.

Business scope: Investments in park construction projects by using self-owned funds; Investment information consultation; Land consolidation and reserve; Plant leasing; Property management (operating with qualification certificates); Secondary real estate development; Municipal and road infrastructure development and construction; Sales of construction materials (except dangerous chemicals) and hardware.

3. The name of the ultimate controller

The ultimate controller of the Company is Finance Bureau of Banan District, Chongqing.

4. Authorizer and date of issuing the financial statements

The financial statements were authorized for issuance in accordance with the approval by the Board of Directors of the Company on 27 April 2018.

II The scope of the consolidation

As at the end of reporting period, there are 3 subsidiaries included in the scope of consolidated financial statements (details refer to Note VIII 1).

There is no change in the scope of consolidated financial statements for the reporting period.

III Basis of preparation

The actual events and transactions have been recognized and measured, and the financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance and their application guidelines, interpretations and other relevant requirements (collectively, "Accounting Standards for Business Enterprises") as well as the following important accounting policies and accounting estimates.

IV Representation of compliance with the Accounting Standards for Business Enterprises

The financial statements are in accordance with the requirements of the Accounting Standards for Business Enterprises, which have truly and completely presented the financial positions of the Company and its operating results and cash flows and other relevant information.

V Significant accounting policies and accounting estimates

1. Accounting period

Accounting year starts on 1 January and ends on 31 December.

2. Functional currency

The Company adopts Renminbi (RMB) as the functional currency.

3. Operating cycle

The normal operating cycle starts from the purchase of the assets used for processing to the realization of the cash and cash equivalents. The normal operating cycle is shorter than one year. For business cycle that is less than one year, the assets and liabilities are classified as current assets and current liabilities when the assets are converted and the liabilities are settled within one year after the balance sheet date.

4. Preparation of consolidated financial statements

(1) The scope of consolidated financial statements

The scope of consolidated financial statements shall be determined on the basis of control, including the annual financial statement of the Company and all subsidiaries as of 31 December 2017. A subsidiary is an entity that is controlled by the Company (such as enterprises, deemed separate entities, and structured entities controlled by the enterprises). Control exists when the investor has all the following: power over the investee; exposure, or rights to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns.

(2) Preparation of consolidated financial statements

The consolidated financial statements are prepared by the Company, based on the financial statements of the Company and its subsidiaries, according to other relevant information.

Considering the Group as one accounting entity, the Company prepares the consolidated financial statements to reflect the financial position, the operating results and the cash flows of the entire Group in accordance with the unified accounting policy, as well as the recognition, measurement and presentation requirements of the relevant accounting standards.

For any difference in accounting policies and accounting periods between the Company and its subsidiaries, necessary adjustments shall be made based on accounting policies and periods of the Company when preparing consolidated financial statements. Financial statements of subsidiaries shall be adjusted based on the fair value of recognizable net assets defined on the purchasing date for the subsidiaries acquired not under the same control.

(3) Presentation of minority interests and profits or losses

The portion of a subsidiary's equity that is not attributable to the parent is treated as minority interests and presented in the consolidated balance sheet within equity.

The portion of net profit or loss of subsidiaries for the period attributable to minority interests shall be presented in the consolidated income statement below the ―net profit line item as ―minority interests.

(4) Excess losses

When the amount of loss for the current period attributable to the minority shareholders' portion exceeds the opening balance of owners' equity of the subsidiary attributable to the minority shareholders' portion, the excess shall be allocated against the minority interests in the consolidated financial statement.

(5) Increase or decrease of the subsidiaries

For any subsidiary acquired during the reporting period by the Company through business combination under the same control, the opening balances of the consolidated balance sheet should be adjusted when compiling the consolidated financial statements; while any subsidiary acquired by the Company through business combination not under the same control, the Company makes no adjustment for the opening balances in the consolidated balance sheet. When disposing subsidiaries during the reporting period, no adjustment is made for the opening balances in the consolidated balance sheet.

For any subsidiary acquired by the Company through business combination under the same control, the sales revenue, expense and profit for the period from the beginning to the end of the reporting period are included in the consolidated income statement. While for any subsidiary acquired during the reporting period by the Company through business combination not under the same control, the sales revenue, expense and profit for the period from acquisition date to the end of the reporting period are included in the consolidated income statement, the cash flows of the subsidiary from the acquisition date to the end of the reporting period are included in the consolidated statement of cash flow. When disposing subsidiary during the reporting period, the sales revenue, expense and profit of the subsidiary from the beginning of the period to the disposal date are included in the consolidated income statement, and the cash flows of the subsidiary from the beginning of the period to the disposal date are included in the consolidated statement of cash flows.

When the Company loses control over a former subsidiary due to disposing part of equity investment or other reasons, the remaining part of the equity investment should be re-measured at fair value at the date when losing control over the investee; The cash received on disposal of the equity investment and the fair value of remaining part of the equity investment, deducting net assets proportion calculated by original share percentage since the acquisition date should be recorded in profit or loss for current period of investment gain and the goodwill related to the subsidiary shall also be de-recognized; other comprehensive income related to the equity investment in subsidiaries before disposal date shall be transferred to profit or loss for the current period of investment gain when losing control over the investee.

The difference between the newly obtained long-term equity investment due to the Company's acquisition of minority interests and the Company's share of identifiable net assets in the subsidiary calculated by the newly increased shareholding, or the difference between the disposal income due to the Company's disposing part of equity investment in a subsidiary without losing the control over the subsidiary and the Company's share of net assets in the subsidiary calculated by the disposed long-term equity investment, should be adjusted to the stock premium under capital reserve in the consolidated balance sheet. If the stock premium under capital reserve is not sufficient to offset the difference, the retained profit shall make up the balance.

(6) Disposing equity investment until losing control step by step

When various transactions to dispose the equity investment of a subsidiary by the parent company till losing control over the subsidiary are a package deal, they should be accounted for as one transaction for disposal of the equity investment which results in the loss of control. However, before the control is lost, the difference between each disposal income and the corresponding share of net assets of the subsidiary should be recognized as other comprehensive income in the consolidated financial statement, and then the difference should be accounted for in profit and loss when the control is lost. If the transactions are not a package deal, they should be accounted for in accordance with the above procedure when the parent company disposes the equity investment with or without losing control over its subsidiary.

When the parent company disposes the equity investment of its subsidiary and the trade terms, conditions and economic impact satisfy one or more of the following conditions, multiple transactions should be accounted for as a package deal:

a) These deals are concluded at the same time or under the conditions of considering the impact on each other;

b) These transactions should be bundled as a whole to achieve a complete business result;

c) The occurrence of a deal depends on at least one another transaction;

d) A deal is not economically feasible on its own but economically feasible when combined with other deals.

As for individual financial statements, the transactions to dispose the equity investment step by step till losing control should be accounted for according to the accounting policies that applied for the transactions to dispose the long-term equity investment.

5. Recognition of cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposits that can be readily drawn on demand, and the short-term (normally matured within three months after purchase date), highly-liquid investment which is readily convertible into known amounts of cash, subject to an insignificant risk of fluctuation in value.

6. Recognition and measurement of financial instrument

(1) Recognition of financial instrument

The Company recognizes a financial asset or financial liability on its balance sheet when, and only when, the Company becomes a contractual party of financial instrument

(2) Classification and measurement of financial assets

a) For the purpose of risks management, investment strategies and objective of holding the financial assets and for other reasons, the Company classifies the financial assets into the following four categories: i) financial assets at fair value through profit or loss; ii) held-to-maturity investments; iii) loans and receivables; and iv) available-for-sale financial assets.

① Financial asset at fair value through profit or loss ("FVTPL" financial assets) includes financial assets held for trading and financial assets designated by the Company as at fair value through profit or loss. Trading financial assets refer to the financial assets meeting one of the following conditions: the purpose of acquiring the financial assets is to sell in the near future; belonging to a part of identifiable combination of financial instruments for centralized management, and there is objective evidence that the enterprise has managed the portfolio by way of short-term profit in the near future. Belonging to the derivative, with exception of derivatives designated as effective hedging instruments and derivatives, derivatives belonging to financial guarantee contracts, and derivatives are not quoted in an active market and the fair value cannot be reliably measured and settled by delivering the equity instrument.

Only the financial assets meeting any of the following requirements when they are initially recognized can be designated as at financial assets measured at fair value and changes are recorded into the current profits and losses: The designation is able to eliminate or significantly reduce the inconsistencies in recognition or measurement of related gains and losses due to the different financial instruments measurement basis; Stated clearly in the formal written document of risk management or investment strategies that the portfolio of financial instruments shall be managed at fair value, evaluation and report to the key management personnel; Including combined instruments which consist of one or various embedded derivatives, unless embedded derivatives have no major impact on cash flow of combined instruments or it is obvious that embedded derivatives should not be separated from related combined instrument; Including combined instruments which consist of embedded derivatives, which need to separated but unable to be measured individually at the acquiring date or subsequent balance sheet date.

Equity investment instruments not quoted in an active market and the fair value cannot be reliably measured shall not be designated as financial assets at fair value through profit or loss ("FVTPL" financial assets).

② Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intention and ability to hold to maturity.

③ Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

④ Available-for-sale financial assets (AFS financial assets) are those non-derivative financial assets that are designated as available for sale and those financial assets other than those mentioned above.

Once the initial recognition of a certain financial asset has been classified as ("FVTPL" financial assets) by the Company, it shall not be re-classified as other financial assets; other financial assets could not be re-classified as "FVTPL" financial assets.

b) The financial assets are initially recognized at fair value. In the case of financial assets at fair value through profit or loss ("FVTPL" financial assets), the related transaction costs are recognized in profit or loss for the current period. For other financial assets, transaction costs that are attributable to the acquisition of the financial assets are included in the initial recognition amounts.

c) Subsequently measurement

① Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition as at fair value through profit or loss. This kind of financial assets are subsequently measured at fair value, all realized and unrealized gains and losses arising from a change in the fair value of a financial asset are recognized in profit or loss for the current period.

② Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method; gains and losses arising from de-recognition, impairment or amortization is recognized in profit or loss for the current period.

③ Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from de-recognition, impairment or amortization are recognized in profit or loss for the current period.

④ AFS financial assets are subsequently measured at fair value. The gains and losses arising from changes in fair value of AFS financial assets are recognized as other comprehensive income, until the financial assets are derecognized, are transferred to profit or loss for the current period. Interest income and dividends related to the AFS financial assets are recognized as profit or loss for the current period. Equity instrument investment with no quoted price in active markets and with not reliably measured fair value, and derivative financial assets for the equity instrument and settled by paying the equity instrument are measured at cost.

d) Impairment of financial assets

① The Company assesses the carrying amount of the financial assets except the financial asset at fair value through profit or loss at each balance sheet date, if there is any objective evidence that a financial asset or group of financial assets is impaired, the Company shall recognize impairment loss.

② The objective evidences that the Company uses to determine the impairment are as follows.

i. Significant financial difficulty of the issuer or obligor;

ii. A breach of contract, such as a default or delinquency in interest or principal payments;

iii. The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

iv. It becoming probable that the borrower will enter bankruptcy or other financial reorganization;

v. The disappearance of an active market for that financial asset because of financial difficulties;

vi. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including: (I) Adverse changes in the payment status of borrowers in the group or (ii) an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, or adverse changes in industry conditions that affect the borrowers.

vii. Significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the borrower operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

viii. A significant or non-temporary decrease in fair value of equity investment instruments;

ix. Other objective evidences showing the impairment of the financial assets.

③ Measurement of impairment loss of financial assets

i. Held-to-maturity investments, loans and receivables

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows. The amount of the loss is recognized in profit or loss of the current period.

The Company assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

Once the Company recognizes the impairment loss of financial assets measured at the amortized cost, if there is objective evidence that the value of financial assets has been recovered which is objectively related to events after the loss, the previously recognized impairment losses shall be reversed and charged in the current profits and losses.

ii. Available-for-sale financial assets

The Company takes the individual investment of impairment test for available-for-sale financial assets. On the balance sheet date, it could judge whether the fair value of available-for-sale financial assets is seriously or non-temporary decline. The impairment loss shall be recognized at the amount of the difference between cost and fair value if the fair value of individual available-for-sale financial asset decreases more than 20% of the cost, or continually decreases more than one year. The closing cost of available-for-sale financial assets shall be initially measured at investment cost when assets are acquired and amortized cost by using weighted average method when assets are sold.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity, the cumulative loss that had been recognized directly in equity is removed from equity and recognized in profit or loss even though the financial asset has not been derecognized.

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are recognized in the profit or loss of the current period.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed, with the amount of the reversal recognized in profit or loss of the current period.

Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss. For impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the impairment loss is not reversed through profit or loss.

(3) Classification and measurement of financial liabilities

a) The Company’s financial liabilities are classified as: financial liabilities at fair value through profit or loss (FVTPL) or other financial liabilities.

Financial liabilities at FVTPL include trading financial liabilities and financial liabilities designated as at fair value through profit or loss in the initial recognition.

Trading financial liabilities refer to the financial liabilities meeting one of the following conditions: the purpose of undertaking the financial liabilities is to repurchase in the near future; belonging to a part of identifiable combination of financial instruments for centralized management, and there is objective evidence that the enterprise has managed the portfolio by way of short-term profit in the near future; belonging to the derivative, with exception of derivatives designated as effective hedging instruments, derivatives belonging to financial guarantee contracts, and derivative financial liabilities which are linked to equity instrument that is not quoted in an active market and its fair value cannot be reliably measured and settled by delivering the equity instrument.

Only the financial liabilities meeting any of the following requirements when they are initially recognized can be designated as at financial liabilities measured at fair value and changes are recorded into the current profits and losses: The designation is able to eliminate or significantly reduce the inconsistencies in recognition and measurement of related gains and losses due to the different financial instruments measurement basis; Stated clearly in the formal written document of risk management or investment strategies that the portfolio of financial instruments shall be managed at fair value, evaluated and reported to the management, evaluation and report to the key management personnel; Hybrid instruments contain one or more embedded derivatives, unless the embedded derivatives results no significant change in the cash flow of hybrid instruments, or the embedded derivatives obviously should not be split from the relevant hybrid instruments; Including the hybrid instruments containing the embedded derivatives which need to be split but cannot measured separately at the date of acquisition or follow-up balance sheet date.

Once the initial recognition of a certain financial liability has been classified as FVTPL by the Company, it shall not be re-classified as other financial liabilities; other financial liabilities could not be re-classified as FVTPL.

b) Financial liabilities are initially measured at fair value. For the financial liability at fair value through profit or loss at its fair value, relevant transaction costs are recognized as expense when it incurred. For the other financial liabilities, relevant transaction costs are recognized as costs.

c) Subsequent measurement of financial liabilities

① Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial assets designated by the Company as at fair value through profit or loss. The Company recognizes a financial liability at fair value through profit or loss at its fair value. A gain or loss of change in fair value is recognized in the profit or loss of the current period.

② Other financial liabilities are measured by amortized cost using effective interest rate.

(4) Transfer of financial assets

The Company derecognizes financial assets when the Company transfers substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset in its entirety, the difference between the follows is recognized in profit or loss of the current period.

a) The carrying amount of transferring financial assets;

b) The sum of the consideration received and any cumulative gain or loss that had been recognized directly in other comprehensive income.

If the transferred asset is part of a financial asset and the part transferred qualifies for de-recognition in its entirety, the previous carrying amount of the financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the follows is recognized in profit or loss of the current period.

a) The carrying amount allocated to the part derecognized;

b) The sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized directly in equity (including financial assets transferred to available for sale category).

A cumulative gain or loss that had been recognized in equity is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts.

If a transfer does not qualify for de-recognition, the Company continues to recognize the transferred asset in its entirety and shall recognize a financial liability for the consideration received.

When the Company continues to recognize a financial asset to the extent of its continuing involvement, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained

(5) Termination of recognition of financial liabilities

Only when the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly. Where the Company enters into an agreement with a creditor so as to substitute the existing financial liabilities by way of any new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, it shall terminate the recognition of the existing financial liability, and shall at the same time recognize the new financial liability.

Where the recognition of a financial liability is totally or partially terminated, the Company concerned shall include into the profits and losses of the current period the gap between the carrying amount which has been terminated from recognition and the considerations it has paid (including the non-cash assets it has transferred out and the new financial liabilities it has assumed).

(6) Offset between financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet, not offsetting each other. But if the following conditions are satisfied at the same time, the net balance after offsetting each other shall be presented within the balance sheet: The Company has legal rights to offset the recognized amount, and this kind of legal rights is currently executable; the Company plans to settle in net amount, or realize the financial assets and settle the financial liabilities. If the financial asset transfer does not satisfy the conditions, the transferor shall not offset the transferred financial assets and related liabilities.

7. Recognition and measurement of bad debt provision for receivables

(1) Bad debt provision for individually significant receivables

Basis or monetary standards of provision for bad debts of the individually significant receivables	The receivables with significant amounts refer to the top 5 of accounts receivable or other receivables, the individual amount of which is over 10% (including 10%) of the total amount of accounts receivable (or other receivables) or the ones, the individual amount of which is over RMB 1 million (including RMB 1 million).
Method of provision for bad debts of the individually significant receivables	On balance sheet date, the impairment test is carried on individually for the individually significant receivables; if there are substantive evidences showing that a receivable has been impaired, a provision should be made for bad debts. If a receivable is found not to be individually impaired, it should be included in a group of receivables with similar credit risk characteristics, which is tested collectively for the impairment.

(2) Receivables for which bad debt provisions are made on the portfolio basis

Basis of recognition:

Portfolio 1	Except receivables which have been provided for impairment individually and receivables in portfolio 2, the Company determines the proportion of provision for bad debt based on the actual loss rate of the same or similar receivables portfolio in the prior periods which are classified by ageing and have similar credit risk characteristics, combined with an analysis of current situation.
Portfolio 2	Receivables from the government departments, related parties, employee borrowings

	and deposits.

Measurement of bad debt provision for portfolios of receivables (ageing analysis method, balance percentage method, other methods):

Portfolio 1	Ageing analysis method
Portfolio 2	Other methods

In portfolio 1, to adopt the ageing analysis method to make provisions for bad debts:

Ageing of receivables	Percentage of accounts receivable (%)	Percentage of other receivables (%)
Within 1 year (including 1 year)	0.50	0.50
1-2 years (including 2 years)	3.00	3.00
2-3 years (including 3 years)	10.00	10.00
3-4 years (including 4 years)	20.00	20.00
4-5 years (including 5 years)	50.00	50.00
Over 5 years	100.00	100.00

In portfolio 2, the provisions for bad debts of receivables from related parties and relevant government departments, receivables with mortgages and guarantees, and receivables for employee reserve funds and housing maintenance funds, etc., which have conclusive evidences that there are significant differences in collectability, shall be determined by using the individual recognition method.

(3) Receivables which are not significant, but individually provided for bad debts

Receivables with insignificant amount shall be classified as several portfolios with receivables which were not found to be individually impaired, and the Company determines the bad debt provisions for those portfolios on the basis of a certain proportion of the balance on the balance sheet date.

8. Inventory

(1) Classification of inventory:

The Company's inventories include finished goods or products that are held-for-sale in the ordinary course of business, products in progress, and goods that will be used or consumed in the production of goods or rendering of service. They are mainly divided into the following categories: low-value consumables and land consolidation costs.

(2) Recognition of inventory:

The Company recognizes inventories when the following conditions are satisfied:

a) It is probable that future economic benefits associated with the inventories will flow to the Company;

b) The cost of the inventories can be measured reliably.

(3) Pricing method for obtaining and sending out inventories:

The Company adopts the cost as initial recognition and recognizes the sending out cost by using weighted average method for low-value consumables. The land development of the Company is rectified into pieces, and the initial measurement is carried out according to the cost. When the carry-over is carried out, the land cost is determined according to the weighted average cost measured by the relevant land compensation standard of the current year.

(4) Amortization method of low-value consumables and packages:

Low-value consumables and packages are fully amortized when they are required and delivered.

(5) Inventories shall be measured at the lower of cost and net realizable value at the balance sheet date. Where the net realizable value is lower than the cost, the difference shall be recognized as provision for impairment of inventories and charged to profit or loss.

(6) The Company adopts perpetual inventory system for the inventory taking of low-value consumables.

9. Long-term equity investment

The long-term equity investment of the Company mainly includes the investments in the subsidiaries, associated enterprises and joint ventures

(1) Initial measurement

The Company initially measures long-term equity investments under two conditions:

a) For long-term equity investment arising from business combination, the initial cost is recognized under the following principles.

① If the business combination is under the same control and the acquirer obtains long-term equity investment in the consideration of cash, non-monetary asset exchange or bearing acquiree's liabilities, the initial cost is the carrying amount of the proportion of the acquiree's owner's equity at the acquisition date. The difference between cash paid, the carrying amount of the non-monetary asset exchanged and the acquiree's liabilities beard and the initial cost of the long-term equity investment should be adjusted to capital surplus. If the capital surplus is not sufficient for adjustment, retained earnings are adjusted respectively. The business combination costs that are directly attributable to the combination, such as audit fees, valuation fees, and legal service fees and so on are recognized in profit or loss during the current period when they occurred.

If the acquirer issuing equity securities as consideration, the initial cost is the carrying amount of the proportion of the acquiree's owner's equity at the acquisition date. Amount of share capital equal to the par value of the shares issued. The difference between initial cost of the long-term equity investment and the par value of shares issued is adjusted to capital surplus. If the capital surplus is not sufficient for adjustment, retained earnings are adjusted respectively. The costs of issuing equity securities occurred in business combination such as charges of security issuing and commissions are deducted from the premium of equity securities. If the premium is not sufficient for deducting, retained earnings are adjusted respectively.

② If the business combination is not under the same control, the acquirer recognizes the initial cost of combination under the following principles.

I. When business combination is achieved through a single exchange transaction, the cost of a business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree;

II. For the business combination involved more than one exchange transaction, the cost of the combination is the aggregate cost of the individual transactions;

III. The business combination costs that are directly attributable to the combination, such as audit fees, valuation fees, legal service fees and so on are recognized in profit or loss during the current period when they occurred; commissions and other expenses for the issuance of equity or debt securities for the business combination, shall be recognized as the initial recognition amounts of equity or debt securities.

IV. Where a business combination contract or agreement provides for a future event which may adjust the cost of combination, the Company shall include the amount of the adjustment in the cost of the combination at the acquisition date if the future event leading to the adjustment is probable and the amount of the adjustment can be measured reliably.

b) For long-term equity investment obtained in any method other than business combination, the initial cost is recognized under the following principles.

① If the long-term equity investment is acquired in cash consideration, the initial cost is the actual payment which includes direct expenses paid to acquire the long-term equity investment, taxes and other necessary expense.

② If the long-term equity investment is acquired by issuing equity securities, the initial cost is the fair value of the equity securities issued. However, cash dividends or profits that are declared but unpaid shall not be included in the initial cost. Direct costs attributed to issue equity securities such as handling charges and commissions paid to securities underwriting agencies are deducted from premium of equity securities. If the premium is not sufficient for deduction, reserved fund and retained earnings is adjusted respectively.

③ For the long-term equity investment acquired through non-monetary asset exchange, the initial cost is recognized according to "Accounting Standards for Business Enterprises No. 7-Non-monetary transactions".

④ For the long-term equity investment acquired through debt restructuring, the initial cost is recognized according to "Accounting Standards for Business Enterprises No. 12-Debt restructuring".

c) If there are cash dividends or profits that are declared but unpaid included in the consideration paid, the cash dividends or profits declared but unpaid shall be recognized as receivables separately rather than as part of initial cost of long-term equity instruments no matter through which method the long-term equity investment is acquired.

(2) Subsequent measurement

The equity method is used when the Company has joint control or significant influence over the investee enterprise. The cost method is used when the Company has control or does not have joint control or significant influence over the investee enterprise and there is no quoted price in active market or there is no reliable fair value.

a) For the long-term equity investment under cost method, and except from cash dividends or profits distributed are declared but unpaid included in the consideration paid, the other declared cash dividends or profits are normally recognized as investment income for the current period when it incurred.

b) For the long-term equity investment under the equity method ,when the initial cost of long term equity investments exceeds the Company's interest in the fair value of identifiable net assets of the investee, the initial cost of the long-term equity investment shall not be adjusted; while the initial cost of long term equity investments is less than the share of the fair value of identifiable net assets of the investee, the difference is charged to profit or loss for the current period and the cost of the long-term equity investment shall be adjusted accordingly.

After a long-term equity investment is acquired, the Company shall recognize its share of the investee's net profit or losses, as well as its share of the investee's other comprehensive income, as investment income or losses and other comprehensive income, and adjust the carrying amount of the investment accordingly. The Company reduces carrying amount of the long-term investment regarding declared cash dividend or profit distribution. The investee's shareholders' equity changes other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, shall be recognized in the Company's equity, and the carrying amount of the long-term equity investment shall be adjusted accordingly. The share of the investee's net profit or loss for the current period is recognized after adjusting the investee's net profit in accordance with the Company's accounting policies and accounting period based on the fair value of the identifiable assets at investment date. When the accounting policies adopted by the investee are different from those adopted by the Company, the financial statements of the investee shall be adjusted and the investment income and other comprehensive income shall be recognized according to the Company's accounting policies. The net loss incurred by the investee shall be recognized based on the book value of the long-term investment and other investments essentially constituting the long-term equity of the investee till the carrying amount is reduced to zero, except the Company has the obligation to undertake extra losses. Once the investee realizes net profit, the Company starts recognizing its share of profits after the share of previously unrealized losses has been recovered.

In calculating the Company's share of net profit or loss in the investee, the investment income in proportion attributable to the Company shall be recognized after offsetting the unrealized profit and loss of internal transactions between joint ventures and associated enterprises. When the unrealized loss of inter-company transactions between the Company and the investee is an asset impairment loss, it shall be fully recognized.

c) On disposal of an equity investment, the difference between the carrying amount of the investment and the sale proceeds actually received is recognized as an investment gain or loss for the current period. When the equity method is adopted, change in equity of the investee other than profit or loss is recorded in equity. On disposal of the equity investment, amount of change which is recorded in other comprehensive income previously is transferred to profit or loss for the current period regarding to the proportion of disposal.

d) If the shareholding of the Company in a subsidiary decreases due to the capital increase by investment parties to its subsidiaries, which results in the loss of control, but the Company can exercise joint control or exert significant influence, the measurement of long-term equity investment shall be changed from the cost method to the equity method in an individual financial statement. First of all, the share of the increase in net assets due to the capital increase and share increase of the original subsidiary, which is attributable to the Company, based on the new shareholding ratio shall be confirmed. Firstly, the difference between the share of the increase and the original book value of the long-term equity investment corresponding to the decline in the proportion of shares that should be carried forward shall be recorded in the current profits and losses. Then, the investment shall be adjusted under the equity method according to the new shareholding ratio from the moment it is acquired.

(3) Basis for recognition of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities refer to those have significant influence on the return of an arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

(4) Impairment test and method of provision for impairment loss

The impairment test is conducted and impairment loss is provided in accordance with the accounting policy “Impairment of assets” of the Company.

10. Recognition and measurement of investment property

(1) The term “Investment Property” refers to the properties held for generating rent and/or capital appreciation or both. Including:

a) A land use right that is leased out;

b) A land use right held and ready to transfer after appreciation;

c) A building that is leased out.

(2) An investment property shall be initially recognized when the following conditions are satisfied:

a) It is probable that future economic benefits associated with the assets will flow into the Company;

b) The cost of the assets can be measured reliably.

(3) Initial measurement

The initial measurement of the investment property shall be made at its cost.

a) The cost of an investment property by acquisition consists of the acquisition price, relevant taxes, and other expenses directly relegated to the asset.

b) The cost of a self-constructed investment property composes of the necessary expenses for constructing the property to the usable condition.

c) The cost of an investment property obtained by other means shall be recognized in accordance with the relevant accounting standards.

(4) Subsequent measurement

The Company shall use the cost model for subsequent measurement of the investment property, which shall be depreciated or amortized in the same way as intangible assets and fixed assets.

When the Company has conclusive evidence that the use of properties has changed either from self-use properties or inventories to investment properties or from investment properties to self-use properties, the book value before the conversion shall be the recording value of the property after the conversion.

At the end of an accounting period, the investment property shall be measured at the lower of the net realized value and the carrying value. If the net realized value is lower than the carrying value, the difference shall be recognized as an impairment loss. Once the impairment loss of the investment property is recognized, it shall not be reversed in the future accounting periods.

11. Recognition and measurement of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and have useful life more than one year.

(1) A fixed asset shall be initially recognized at cost when the following condition are satisfied:

a) It is probable that future economic benefits associated with the assets will flow to the Company;

b) The cost of the assets can be measured reliably.

(2) Depreciation

Subsequent expenditure relating to a fixed asset shall be added to the carrying amount of the asset when the expenditure qualifies for capitalization. Subsequent expenditure that does not qualify for capitalization shall be recognized as an expense for the current period.

The depreciation method adopted by the Company is straight-line method.

The estimated useful lives, residual value and annual depreciation rate of fixed assets are shown as follows:

Category	Estimated useful lives (years)	Residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	20	5	4.75
Transportation equipment	5	5	19.00
Office equipment	5	5	19.00
Machinery equipment	10	5	9.50
General equipment	5	5	19.00
Other equipment	5	5	19.00

The Company reviews the useful life, estimated residual value and depreciation method of a fixed asset at the end of each financial year. If expectations are significantly different from previous estimates, the useful life shall be revised accordingly. If expectations are significantly different from previous estimates, the estimated residual value also shall be revised accordingly. If there has been a significant change in the expected realization pattern of economic benefits from those assets, the depreciation method shall be changed accordingly. The changes in useful life, estimated residual value and depreciation method shall be treated as change in accounting estimates.

(3) Impairment of fixed asset refers to the accounting policy "Impairment of assets" of the Company.

12. Construction in progress

(1) Construction in progress is recorded at actual costs incurred. It also includes borrowing costs eligible for capitalization and gain or loss of exchange difference.

(2) The Company transfers construction in progress to fixed assets when the project is available for use. For the construction in progress which is capable of operating in the manner intended by management without the final account for completed project, an estimated value is recognized as fixed assets and the depreciation amount is based on the estimated value. When the final account for completed project is obtained, cost of the asset should be adjusted to the actual cost. However, there is no need to adjust depreciation of the asset in prior period.

(3) Impairment of construction in progress refers to accounting policy “Impairment of assets” of the Company.

13. Borrowing costs

(1) Recognition principle and period of capitalization of borrowing costs

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalized and recorded into the costs of relevant assets. The borrowing costs shall not be capitalized unless they simultaneously meet the following requirements:

a) The asset disbursements have already incurred;

b) The borrowing costs have already incurred;

c) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

Other borrowing costs shall be recognized as expenses on the basis of the actual amount incurred, and shall be recorded into the current profits and losses.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. The borrowing costs incurred during such period shall be recognized as expenses, and shall be recorded into the profits and losses of the current period, till the acquisition and construction or production of the asset restarts. If the interruption is a necessary step for making the qualified asset under acquisition and construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue.

When the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased. The borrowing costs incurred after that shall be recognized as expenses.

Assets eligible for transferring to the fixed assets refer to assets such as fixed assets, investment real estate, inventories and other assets which need to go through the acquisition and construction or production activities for quite a long time to reach the intended use or status for sale.

(2) Calculation method of capitalized amount of borrowing costs

As for specifically borrowed loans for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests shall be determined in light of the actual cost incurred of the specially borrowed loan at the present period minus the income of interests earned on the unused borrowing loans as a deposit in the bank or as a temporary investment.

Where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the enterprise shall calculate and determine the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

During the capitalization period, exchange differences of the special foreign currency borrowings shall all be capitalized, while the exchange differences of the general borrowing shall be included in the current profit or loss.

14. Recognition and measurement of long-term deferred expenses

Long-term deferred expenses are defined as expenses incurred on the improvement of the fixed assets, etc. which should be recorded in this year and subsequent periods with an amortization period of more than one year. The amortization period is determined in accordance with the period of expected benefit. The Company adopts straight-line method to amortize within the amortization period.

15. Impairment of long-term assets

It suggests that an asset may be impaired if there is any of the following indication:

(1) During the period, an asset’s market value has declined significantly more than it would be expected as a result of the passage of time or normal use during the current period;

(2) Significant changes with an adverse effect on the Company have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Company operates or in the market to which an asset is dedicated;

(3) Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset’s value in use and decrease the asset’s recoverable amount materially;

(4) Evidence is available of obsolescence or damage of an asset;

(5) The asset becomes idle, or the Company plans to discontinue or to dispose of an asset before the previously expected date;

(6) Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected, for example, the net cash flow generated from assets or the operating profit (or loss) realized by assets is lower (higher) than the excepted amount, etc.; and

(7) Other evidence indicates that assets may be impaired.

The Company assesses long-term equity investment, fixed assets, construction materials, constructions in progress and intangible assets (except for those with uncertain useful life) that apply Accounting Standard for Business Enterprises No. 8 - Impairment of assets at the balance sheet date. If there is any indication that an asset may be impaired, the Company should assess the asset for impairment and estimate the recoverable amount of the impaired asset.

Recoverable amount is measured as the higher of an asset's fair value less costs to sell and the present value of estimated future cash flows from continuing use of the asset. If carrying amount of an asset is higher than its recoverable amount, the carrying amount of this asset should be written down to its recoverable amount with the difference recognized as impairment loss and charged to profit or loss accordingly. Simultaneously a provision for impairment loss should be made.

There is any indication that an asset may be impaired, the Company usually estimates its recoverable amount on an individual item basis. However, if it's not possible to estimate recoverable amount of the individual asset, the Company should determine the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's cash-generating unit is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Identification of cash-generating unit is based on whether the cash inflows generated by the cash-generating unit are largely independent of the cash inflows from other assets or groups of assets.

The Company assesses goodwill acquired in a business combination and intangible assets with uncertain useful life for impairment each year no matter whether indication that an asset may be impaired exists or not. Impairment assessment of goodwill is carried together with the impairment assessment of related cash-generating unit or group of cash-generating units.

Once impairment loss is recognized, it cannot be reversed in the subsequent financial period.

16. Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to the employees' spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits

(1) Short-term employee benefits

The actual short-term employee benefits shall be recognized as the debt during the accounting period when the employees provide service and included in current profits and losses or related asset costs according to the benefit object.

(2) Post-employment benefits

Post-employment benefits plan includes defined contribution plans and defined benefit plans. Post-employment benefit refers to the agreement regarding the post-employment benefits between the Company and employees, or the regulations or rules on post-employment benefits stipulated by the Company. Defined contribution plans are post-employment benefit plans under which an enterprise pays fixed contributions into a separate fund and will have no obligation to pay further contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The Company has not performed defined benefit plans or other long-term employee benefits which meet the requirements of defined benefit plans.

(3) Termination benefits

When termination benefits provided by the Company to the employees satisfied the conditions that which one earlier recognized the payroll payable generated from the termination in the following two situations: (1) the Company is unable to unilaterally withdraw the termination benefits provided by terminating the labor relationships plans and the layoff proposals; (2) the Company recognize the costs or expenses relating to the payments for termination benefits by restructuring, and then recorded into the current profits and losses.

(4) Other long-term employee benefits

When other long-term employee benefits provided by the Company to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits shall be accounted for in accordance with the above requirements relating to defined contribution plan, but the movement of net liabilities or assets in the investee's re-measurement defined benefit plan in the cost of relevant employee benefits shall be recognized in profit or loss for the current period or the relevant cost of assets.

17. Revenue

The Company's revenue consists of land consolidation, agent construction and revenue arising from the use by others of the Company's assets

(1) Land consolidation revenue

The Company recognizes revenue from land consolidation when all the following conditions have been satisfied:

a) The Company has completed the consolidation of the land and returned it to the local government for unified bidding;

b) The relevant amount of revenue and costs can be measured reliably; and

c) The economic benefits associated with the transaction will flow to the Company.

(2) Agent construction revenue

The Company recognizes revenue from agent construction on the basis of the bills from both parties when all the following conditions have been satisfied:

a) The relevant amount of revenue and costs can be measured reliably; and

b) The economic benefits associated with the transaction will flow to the Company.

(3) Revenue arising from the use by others of the Company's assets

Revenue arising from the use by others of the Company's assets includes the rental revenue.

The revenue arising from the use by others of the Company's assets is recognized when i) the amount of revenue can be measured reliably; ii) the economic benefit associated with the transaction will flow to the Company.

18. Government grants

Government grants comprise government grants related to income and government grants related to an asset. A government grant related to an asset is a grant obtained by the Company used for purchase or construction, or forming the long-term assets by other ways. Otherwise, the government grant is treated as a government grant related to income. A government grant related to an asset value that the government document does not specify the grantee and can form the long-term asset is treated as a government grant related to an asset. Otherwise, the government grant is treated as a government grant related to income.

(1) Recognition of government grants

The Company receives monetary or non-monetary assets which are free of charges from the government. A government grant is recognized only when the following conditions are met simultaneously:

a) The Company is able to meet the requirements for the government subsidies; and

b) The enterprise can receive the government subsidies.

(2) Measurement of government grants

a) If a government subsidy is a monetary asset, it shall be measured in the light of the received or receivable amount; if a government subsidy is a non-monetary asset, it shall be measured at its fair value. If the fair value cannot be obtained in a reliable way, it shall be measured at its nominal amount.

b) The government subsidies pertinent to assets shall be recognized as deferred income, equally distributed within the useful lives of the relevant assets, and included in the current profits and losses. If the relevant assets are sold, transferred, obsolete or destroyed before useful lives end, undistributed deferred income shall be recognized as the current profits and losses of disposal of assets.

The government subsidies pertinent to incomes shall be treated respectively in accordance with the circumstances as follows.

① Those subsidies used for compensating the related future expenses or losses of the enterprise shall be recognized as deferred income and shall include in the current profits and losses during the period when the relevant expenses are recognized; Or

② Those subsidies used for compensating the related expenses or losses incurred to the enterprise shall be directly included in the current profits and losses.

c) If it is necessary to refund any government subsidy which has been recognized, it shall be treated respectively in accordance with the circumstances as follows.

① If there is the deferred income concerned, the book balance of the deferred income shall be offset against, but the excessive part shall be included in the current profits and losses; And

② If there is no deferred income concerned to the government subsidy, it shall be directly included in the current profits and losses.

19. Income tax

The Company adopts the balance sheet liability method for corporate income taxes.

(1) Deferred tax asset

a) Where there are deductible temporary differences between the carrying amount of assets or liabilities in the balance sheet and their tax bases, a deferred tax asset shall be recognized for all those deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax assets should be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

b) At the balance sheet date, where there is strong evidence showing that sufficient taxable profit will be available against which the deductible temporary difference can be utilized, the deferred tax asset unrecognized in prior period shall be recognized.

c) The Company assesses the carrying amount of deferred tax asset at the balance sheet date. If it's probable that sufficient taxable profit will not be available against which the deductible temporary difference can be utilized, the Company shall write down the carrying amount of deferred tax asset, or reverse the amount written down later when it's probable that sufficient taxable profit will be available.

(2) Deferred tax liability

A deferred tax liability shall be recognized for all taxable temporary differences, which are differences between the carrying amount of an asset or liability in the balance sheet and its tax base, and measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

20. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

Content and reason for the changes in accounting policies	Procedure for approval	Note (Name and amount for the items in the financial statements that are significantly affected)

Content and reason for the changes in accounting policies	Procedure for approval	Note (Name and amount for the items in the financial statements that are significantly affected)
"Accounting Standards for Business Enterprises No. 16 - Government Grant" (2017) issued by the Ministry of Finance on 10 May 2017, the accounting treatment method and reporting items for government grants have been revised. The new accounting standard shall be applied to the government grants that have not been amortized on 1 January 2017 and government grants that have been received in 2017. The new accounting standard shall be applied by using prospective application method from 1 January 2017, and there is no need to do retrospective adjustments for the comparative information.	Approved by the Board of Directors	Other income: 125,309,500.00 Non-operating income: -125,309,500.00

(2) Changes in accounting estimate

There are no changes in the accounting estimates for the reporting period.

VI Taxation

1. Main tax categories and tax rates

(1) The value-added output tax rates are 3% (for agent construction business), 5% (for rental business) and 11% (for others).

(2) Urban maintenance and construction tax is 7% of turnover tax payable.

(3) Educational surcharge is 3% of turnover tax payable.

(4) Local educational surcharge is 2% of turnover tax payable.

(5) The corporate income tax rates are 15% (for the parent company) and 25% (for the subsidiaries).

2. Tax preference

According to the "Confirmation of National Encouragement Industry" issued by Chongqing Municipal Development and Reform Commission in January 2013, the industry engaged by the parent company of the Company is in line with the Provision 8 in Article 37 of the other service industry in Article 4 of the facility in Article 22 of "The Guidance Catalogue of Industrial Structure Adjustment (2011)" which stipulates that the Company is a domestic enterprise engaged in the state encouraged industries. Therefore, the Company (excluding subsidiaries) implements the tax incentives for the development of the western region, that is, the corporate income tax is reduced at a preferential rate of 15%.

VII Notes to the consolidated financial statements

(With respect to the following data disclosed in the Financial Statements, unless otherwise stated, "Closing balance" refers to the balance on 31 December 2017; "Opening balance" refers to the balance on 31 December 2016; All amounts are denominated in RMB unless otherwise stated.)

1. Cash and cash equivalents

Item	Closing Balance	Opening balance
Cash on hand	1,546.85	1,781.66
Bank deposits	1,040,469,221.64	1,115,632,134.69
Other cash and cash equivalents		94,000,000.00
Total	1,040,470,768.49	1,209,633,916.35

Note 1: As of 31 December 2017, the amount of RMB 610,000,000.00 as the certificate of deposit in bank deposits was pledged for the loan of RMB 600,000,000.00 from China Great Wall Securities Co., Ltd. Details refer to Note VII 22 for Other non-current liabilities (8).

2. Accounts receivable

(1) Accounts receivable disclosed by category

Category	Closing balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Receivables that are individually significant in amount and provided for bad debt separately					
Receivables provided for bad debt according to the credit risk characteristics					
Portfolio 1	32,111,990.00	0.81	26,610,485.00	82.87	5,501,505.00
Portfolio 2	3,917,053,594.49	99.19			3,917,053,594.49
Sub-total	3,949,165,584.49	100.00	26,610,485.00	0.67	3,922,555,099.49

Category	Closing balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Receivables that are individually insignificant in amount but provided for bad debt separately					
Total	3,949,165,584.49	100.00	26,610,485.00	0.67	3,922,555,099.49

Category	Opening balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Receivables that are individually significant in amount and provided for bad debt separately					
Receivables provided for bad debt according to the credit risk characteristics					
Portfolio 1	32,114,590.00	0.98	25,216,537.50	78.52	6,898,052.5
Portfolio 2	3,253,724,059.98	99.02			3,253,724,059.98
Sub-total	3,285,838,649.98	100.00	25,216,537.50	0.77	3,260,622,112.48
Receivables that are individually insignificant in amount but provided for bad debt separately					
Total	3,285,838,649.98	100.00	25,216,537.50	0.77	3,260,622,112.48

In portfolio 1, accounts receivable adopting ageing analysis method to provide for bad debts:

Ageing	Closing balance		
	Amount	Provision for bad debts	Provision (%)
2-3 years (including 3 years)	3,800,250.00	380,025.00	10.00
3-4 years (including 4 years)	2,601,600.00	520,320.00	20.00
Over 5 years	25,710,140.00	25,710,140.00	100.00
Total	32,111,990.00	26,610,485.00	

Ageing	Opening balance		
	Amount	Provision for bad debts	Provision (%)
1-2 years (including 2 years)	3,800,250.00	114,007.50	3.00
2-3 years (including 3 years)	2,601,600.00	260,160.00	10.00
4-5 years (including 5 years)	1,740,740.00	870,370.00	50.00
Over 5 years	23,972,000.00	23,972,000.00	100.00
Total	32,114,590.00	25,216,537.50	

In portfolio 2, accounts receivable with no provisions for bad debts:

Name	Relationship	Closing balance	Proportion in the portfolio 2 (%)
Chongqing Banan District Land Consolidation and Reserve Center	Non-related party	2,760,000.00	0.07
People's Government of Banan District, Chongqing	Related party	3,914,293,594.49	99.93
Total		3,917,053,594.49	100.00

(2) Bad debt provisions provided, collected or reversed in the reporting period

In the reporting period, the provision for bad debts is RMB 1,393,947.50.

(3) The top 5 of accounts receivable based on the closing balance

Name	Closing balance	Proportion (%)	Closing balance of provision for bad debts
People's Government of Banan District, Chongqing	3,914,293,594.49	99.11	
Chongqing Chuanyu Jinggong Machinery Development Co., Ltd	5,798,190.00	0.15	5,798,190.00
China Kangchao Group Co., Ltd.	4,694,500.00	0.12	4,694,500.00
Chongqing Haitao Housing Leasing Co., Ltd.	4,136,000.00	0.10	4,136,000.00
Chongqing Haoli Plastic Co., Ltd.	3,800,250.00	0.10	380,025.00
Total	3,932,722,534.49	99.58	15,008,715.00

3. Prepayment

(1) Prepayment categorized by ageing

Ageing	Closing balance		Opening balance	
	Amount	%	Amount	%
Within 1 year (including 1 year)	1,056,878.14	1.28	41,932,382.19	34.10
1-2 years (including 2 years)	4,749,161.72	5.73	9,872,412.85	8.03
2-3 years (including 2 years)	6,275,037.04	7.58		
3-4 years (including 2 years)			70,523,729.22	57.34
4-5 years (including 3 years)	70,523,729.22	85.17		
Over 5 years	197,568.00	0.24	653,718.00	0.53
Total	82,802,374.12	100.00	122,982,242.26	100.00

Including: Significant prepayments with ageing over 1 year

Creditor	Debtor	Closing balance	Including: Prepayments with ageing over 1 year	Unsettled reason
Chongqing Banan Economic Zone Construction Industrial Co., Ltd.	Chongqing Banan Construction (Group) Co., Ltd.	500,000.00	500,000.00	To be settled
	Chongqing Huaxi Construction (Group) Co., Ltd.	8,574,197.86	8,574,197.86	To be settled
	China Huaxi Engineering Design & Construction Co., Ltd., Chongqing Branch	85,600.00	85,600.00	To be settled
	China Tenth Metallurgy Group Co., Ltd.	54,000.00	54,000.00	To be settled
	Chongqing Youyou Textile Trading Co., Ltd.	180,190.00	180,190.00	To be settled
	Chongqing Land Resource & Housing Survey and Planning Institute	17,378.00	17,378.00	To be settled
	Chongqing Hengwang Industrial Co., Ltd.	674,595.01	674,595.01	To be settled
	Chongqing Banan Highway Construction Co., Ltd.	70,000,000.00	70,000,000.00	To be settled
	Jiangxi Zhongsheng Construction Co., Ltd.	8,000.00	8,000.00	To be settled
	Chongqing Banan District Government Investment Review Management Office	5,606.00	5,606.00	To be settled

Creditor	Debtor	Closing balance	Including: Prepayments with ageing over 1 year	Unsettled reason
	Audit Bureau of Banan District, Chongqing	457,924.60	201,470.96	To be settled
	State Grid Chongqing Electric Power Co., Ltd., Nan'an Branch	638,949.91	638,949.91	To be settled
	Chongqing Guanghui Labor Duty Co., Ltd., Nan'an Branch	674,408.24	674,408.24	To be settled
	China Northeast Municipal Engineering Design & Research Institute Co., Ltd., Chongqing Branch	38,000.00	38,000.00	To be settled
	Sichuan Mingyang Construction Project Supervision Co., Ltd.	93,100.00	93,100.00	To be settled
Total		82,001,949.62	81,745,495.98	

(2) The top 5 of prepayments based on the closing balance

Name	Closing balance	Proportion (%)
Chongqing Banan Highway Construction Co., Ltd.	70,000,000.00	84.54
Chongqing Huaxi Construction (Group) Co., Ltd.	8,574,197.86	10.36
Chongqing Hengwang Industrial Co., Ltd.	674,595.01	0.81
Chongqing Guanghui Labor Duty Co., Ltd., Nan'an Branch	674,408.24	0.81
State Grid Chongqing Electric Power Co., Ltd., Nan'an Branch	638,949.91	0.77
Total	80,562,151.02	97.29

4. Other receivables

(1) Other receivables disclosed by category:

Category	Closing balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	

Category	Closing balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Other receivables that are individually significant in amount and provided for bad debts separately	2,100,000,000.00	44.56	21,000,000.00	1.00	2,079,000,000.00
Other receivables provided for bad debt according to the credit risk characteristics					
Portfolio 1	221,413,056.97	4.70	27,442,942.66	12.39	193,970,114.31
Portfolio 2	2,391,309,458.32	50.74			2,391,309,458.32
Sub-total	2,612,722,515.29	55.44	27,442,942.66	1.05	2,585,279,572.63
Other receivables that individually insignificant in amount but provided for bad debt separately					
Total	4,712,722,515.29	100.00	48,442,942.66	1.03	4,664,279,572.63

Category	Opening balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Other receivables that are individually significant in amount and provided for bad debts separately					
Other receivables provided for bad debt according to the credit risk characteristics					
Portfolio 1	2,588,068,411.20	51.57	33,231,166.23	1.28	2,554,837,244.97
Portfolio 2	2,430,601,468.27	48.43			2,430,601,468.27
Sub-total	5,018,669,879.47	100.00	33,231,166.23	0.66	4,985,438,713.24
Other receivables that individually insignificant in amount but provided for bad debt separately					
Total	5,018,669,879.47	100.00	33,231,166.23	0.66	4,985,438,713.24

Other receivables that are individually significant in amount and provided for bad debt separately:

Name	Closing balance			
	Balance	Provision for bad debts	Provision (%)	Reason
Huike Electronics (Shenzhen) Co., Ltd.	2,100,000,000.00	21,000,000.00	1.00	Shareholder of the associate company Chongqing HKC Optoelectronics Technology Co., Ltd., and has collateral
Total	2,100,000,000.00	21,000,000.00	1.00	

In portfolio 1, other receivables adopting ageing analysis method to provide for bad debts:

Ageing	Closing balance		
	Balance	Provision for bad debts	Provision (%)
Within 1 year (including 1 year)	84,071,548.05	414,417.53	0.50
1-2 years (including 2 years)	93,383,500.00	2,801,505.00	3.00
2-3 years (including 3 years)	15,060,000.28	1,506,000.03	10.00
3-4 years (including 4 years)	1,840,000.13	368,000.03	20.00
4-5 years (including 5 years)	9,409,976.89	4,704,988.45	50.00
Over 5 years	17,648,031.62	17,648,031.62	100.00
Total	221,413,056.97	27,442,942.66	

Ageing	Opening balance		
	Balance	Provision for bad debts	Provision (%)
Within 1 year (including 1 year)	2,534,901,652.28	12,674,508.26	0.50
1-2 years (including 2 years)	23,431,200.28	702,936.01	3.00
2-3 years (including 3 years)	2,104,000.13	210,400.01	10.00
3-4 years (including 4 years)	9,983,526.89	1,996,705.38	20.00
4-5 years (including 5 years)	2,830.11	1,415.06	50.00
Over 5 years	17,645,201.51	17,645,201.51	100.00
Total	2,588,068,411.20	33,231,166.23	

In portfolio 2, other receivables with no provisions for bad debts:

Name	Relationship	Closing balance	Proportion (%)
Chongqing Banan District Economic Zone Development and Construction Management Committee	Government department	322,187,750.62	13.47
Land Resources and Housing Management Bureau of Banan District, Chongqing	Government department	1,274,441.00	0.05
Finance Bureau of Banan District, Chongqing	Shareholder	1,750,345,200.00	73.2
People's Government of Jieshi Town, Banan District, Chongqing	Government department	67,752,964.24	2.83
Village Committee of Guihua Village, Jieshi Town, Banan District, Chongqing	Government department	44,517,400.00	1.86
Public Security Fire Detachment of Banan District, Chongqing	Government department	22,660,000.00	0.95
Chongqing Banan District Land Consolidation and Reserve Center	Government department	50,000,000.00	2.09
Education Committee of Banan District, Chongqing	Government department	2,000,000.00	0.08
Village Committee of Wuxin Village, Jieshi Town, Banan District, Chongqing	Government department	600,000.00	0.03
People's Government of Banan District, Chongqing	Government department	59,723,090.85	2.5
Chongqing Xinjiedian Real Estate Co., Ltd.	Associate	68,093,929.43	2.85
Chongqing Banan Economic Park Investment Industrial Co., Ltd.	Associate	30,000.00	0.00
Chongqing Shikeyun Technology Co., Ltd.	Shareholding company	84,000.00	0.00
State-owned Assets Management Office of Banan District, Chongqing	Government department	131,600.00	0.01
Employee borrowings	Employee	1,282,199.00	0.05
Major repair fund		626,883.18	0.03
Total		2,391,309,458.32	100.00

(2) Bad debt provisions provided, collected or reversed in the reporting period

In the reporting period, the provision for bad debts is RMB 15,211,776.43. There is no collected or reversed amount of provision for bad debts of other receivables.

(3) Other payables classified by nature

Nature	Closing balance	Opening balance
Petty cash	1,282,199.00	1,221,005.43
Deposits		7,080,000.00
Major repair fund	626,883.18	626,883.18
Incomings and outgoing	4,710,813,433.11	5,009,741,990.86
Total	4,712,722,515.29	5,018,669,879.47

(4) Information of top 5 other receivables

Debtors	Nature	Closing balance	Ageing	Proportion (%)	Closing balance of provision for bad debts
Huike Electronics (Shenzhen) Co., Ltd.	Incomings and outgoings	2,100,000,000.00	1-2 years	44.56	21,000,000.00
Finance Bureau o f Banan District, Chongqing	Incomings and outgoings	1,750,345,200.00	1-4 years and over 5 years	37.14	
Chongqing Banan District Economic Zone Development and Construction Management Committee	Incomings and outgoings	322,187,750.62	1-3 years	6.84	
Chongqing Xinjiedian Real Estate Co., Ltd.	Incomings and outgoings	68,093,929.43	0-4 years	1.44	
People's Government of Jieshi Town, Banan District, Chongqing	Incomings and outgoings	67,752,964.24	0-4 years and over 5 years	1.44	
Total		4,308,379,844.29		91.42	21,000,000.00

5. Inventory

(1) Inventory disclosed by categories:

Item	Closing balance		
	Balance	Impairment provision	Net amount
Land development cost	8,886,487,877.43		8,941,067,877.43
Low-value consumables	3,603.40		3,603.40
Total	8,886,491,480.83		8,941,071,480.83

(Continued)

Item	Opening balance		
	Balance	Impairment provision	Net amount
Land development cost	8,535,821,590.65		8,535,821,590.65
Low-value consumables	3,603.40		3,603.40
Total	8,535,825,194.05		8,535,825,194.05

(2) Provision for diminution in value

There are no signs of impairment of inventories in the reporting period, and no provisions for impairment of inventories.

(3) For details of restricted inventories, refer to Note VII 24 for long-term borrowings (3 and 11).

(4) At the end of the reporting period, the capitalized interest amount is RMB 655,217,152.09.

6. Other current assets

Item	Closing balance	Opening balance
Allowance for VAT input tax	10,958,962.54	2,449,378.04
Total	10,958,962.54	2,449,378.04

7. Available-for-sale financial assets

(1) Available-for-sale financial assets by category

Item	Closing balance		
	Balance	Impairment provision	Net value
Available-for-sale equity instruments	1,033,500,000.00		1,033,500,000.00

Item	Closing balance		
	Balance	Impairment provision	Net value
Including: Equity instruments measured at cost	1,033,500,000.00		1,033,500,000.00
Total	1,033,500,000.00		1,033,500,000.00

(Continued)

Item	Opening balance		
	Balance	Impairment provision	Net value
Available-for-sale equity instruments	1,033,500,000.00		1,033,500,000.00
Including: Equity instruments measured at cost	1,033,500,000.00		1,033,500,000.00
Total	1,033,500,000.00		1,033,500,000.00

(2) Available-for-sale financial assets measured at cost at the end of the reporting period

The equity investment, for which there is no quoted price in the active market, whose fair value cannot be reliably measured and shall not be disposed in the foreseeable future, is measured at cost by the Company. At the end of the reporting period, the equity instruments measured at cost are as follows:

Name of the investee	Balance				Shareholding of the investee (%)
	Opening balance	Increase	Decrease	Closing balance	
Chongqing Banan Xingnong Financing Guarantee Co., Ltd.	10,000,000.00			10,000,000.00	10.00
Chongqing Shikeyun Technology Co., Ltd.	500,000.00			500,000.00	5.00
Chongqing Lujiao Zutuan Development Investment Co., Ltd.	3,000,000.00			3,000,000.00	3.00
Chongqing HKC Optoelectronics Technology Co., Ltd.	1,020,000,000.00			1,020,000,000.00	17.00
Total	1,033,500,000.00			1,033,500,000.00	

(Continued)

Name of the investee	Impairment provision				Current cash dividend
	Opening balance	Increase	Decrease	Closing balance	

Name of the investee	Impairment provision				Current cash dividend
	Opening balance	Increase	Decrease	Closing balance	
Chongqing Banan Xingnong Financing Guarantee Co., Ltd.					
Chongqing Shikeyun Technology Co., Ltd.					
Chongqing Lujiao Zutuan Development Investment Co., Ltd.					
Chongqing HKC Optoelectronics Technology Co., Ltd.					
Total					

Note: At the end of the reporting period, there are no restricted available-for-sale financial assets.

8. Long-term equity investment

Investee	Closing balance			Opening balance		
	Balance	Impairment provision	Net value	Balance	Impairment provision	Net value
Associates:						
Chongqing Banan Economic Park Investment Industrial Co., Ltd.	49,982,641.08		49,982,641.08	49,983,117.14		49,983,117.14
Chongqing Fito Medical Devices Co., Ltd.	4,809,278.02		4,809,278.02	4,405,931.63		4,405,931.63
Total	54,791,919.10		54,791,919.10	54,389,048.77		54,389,048.77

(Continued)

Investee	Increase / Decrease							
	Increase of investment	Decrease of investment	Investment gain / loss under equity method	Adjustments of other comprehensive income	Changes in other equity	Declaration of cash dividends and profits to be paid	Impairment provision	Others
Associates:								
Chongqing Banan Economic Park Investment Industrial			-476.06					

Investee	Increase / Decrease							
	Increase of investment	Decrease of investment	Investment gain / loss under equity method	Adjustments of other comprehensive income	Changes in other equity	Declaration of cash dividends and profits to be paid	Impairment provision	Others
Co., Ltd.								
Chongqing Fito Medical Devices Co., Ltd.	570,000.00		-166,653.61					
Total	570,000.00		-167,129.67					

Note: The Company's investment cost for Chongqing Xinjiedian Real Estate Co., Ltd. is RMB 4,000,000.00, with a shareholding ratio of 40%. As of 31 December 2017, the net asset of Chongqing Xinjiedian Real Estate Co., Ltd. was RMB -6,800,905.22. The recognized accumulative investment income by the Company from Chongqing Xinjiedian Real Estate Co., Ltd. was RMB -4,000,000.00, and the unrecognized investment income was RMB -2,720,362.09.

9. Investment property

(1) Investment property subsequently measured at cost

Item	Houses and buildings	Total
I. Cost		
1. Opening balance	944,136,571.76	944,136,571.76
2. Increase	16,508,760.05	16,508,760.05
3. Decrease		
4. Closing balance	960,645,331.81	960,645,331.81
II. Accumulated depreciation and amortization		
1. Opening balance	26,639,941.81	26,639,941.81
2. Increase	18,858,308.68	18,858,308.68
(1) Withdrawal or amortization	18,858,308.68	18,858,308.68
3. Decrease		
4. Closing balance	45,498,250.49	45,498,250.49
III. Impairment provision		

Item	Houses and buildings	Total
1.Opening balance		
2. Increase		
3. Decrease		
4. Closing balance		
IV. Book value		
1. Closing balance	915,147,081.32	915,147,081.32
2. Opening balance	917,496,629.95	917,496,629.95

(2) The increase of investment property in the reporting period is fully transferred from fixed assets.

(3) There is no investment property with uncompleted property ownership certificate.

(4) For details of the restricted investment property, refer to Note VII 24 for long-term borrowings (2).

10. Fixed assets

(1) Fixed assets disclosed by category

Item	Opening balance	Increase	Decrease	Closing balance
I. Total book value:	20,193,152.55	16,567,443.95	16,508,760.05	20,251,836.45
Including: 1. Houses and buildings	12,482,587.75	16,508,760.05	16,508,760.05	12,482,587.75
2. Machinery equipment	210,000.00			210,000.00
3. Transportation equipment	4,691,157.72			4,691,157.72
4. Office equipment	2,458,525.08	58,683.90		2,517,208.98
5. General equipment	276,882.00			276,882.00
6. Others	74,000.00			74,000.00
II. Total accumulated depreciation:	10,200,524.37	1,050,866.50		11,251,390.87
Including: 1. Houses and buildings	3,761,870.85	592,922.93		4,354,793.78
2. Machinery equipment	162,925.00	19,950.00		182,875.00
3. Transportation equipment	4,091,714.18	254,396.00		4,346,110.18
4. Office equipment	1,885,636.44	169,537.57		2,055,174.01
5. General equipment	263,037.90			263,037.90
6. Others	35,340.00	14,060.00		49,400.00

Item	Opening balance	Increase	Decrease	Closing balance
III. Total net book value of fixed assets:	9,992,628.18			9,000,445.58
Including: 1. Houses and buildings	8,720,716.90			8,127,793.97
2. Machinery equipment	47,075.00			27,125.00
3. Transportation equipment	599,443.54			345,047.54
4. Office equipment	572,888.64			462,034.97
5. General equipment	13,844.10			13,844.10
6. Others	38,660.00			24,600.00
IV. Total impairment provision				
Including: 1. Houses and buildings				
2. Machinery equipment				
3. Transportation equipment				
4. Office equipment				
5. General equipment				
6. Others				
V. Total book value of fixed assets	9,992,628.18			9,000,445.58
Including: 1. Houses and buildings	8,720,716.90			8,127,793.97
2. Machinery equipment	47,075.00			27,125.00
3. Transportation equipment	599,443.54			345,047.54
4. Office equipment	572,888.64			462,034.97
5. General equipment	13,844.10			13,844.10
6. Others	38,660.00			24,600.00

(2) The increase of fixed assets in the reporting period is fully transferred from construction in progress and the decrease is fully transferred into the investment property.

(3) There are no fixed assets with uncompleted property ownership certificates.

11. Construction in progress

(1) Details of construction in progress

Item	Closing balance		
	Balance	Impairment provision	Net book value
Business Building in Jieshi Park	58,046,359.83		58,046,359.83
Total	58,046,359.83		58,046,359.83

Item	Opening balance		
	Balance	Impairment provision	Net book value
Business Building in Jieshi Park	57,072,207.49		57,072,207.49
Total	57,072,207.49		57,072,207.49

(2) Details of significant changes in construction in progress

Item	Opening balance	Increase	Transferred into fixed assets	Other decrease	Closing balance	Current period interest capitalization rate (%)
Standard Factory		16,508,760.05	16,508,760.05			
Business Building in Jieshi Park	57,072,207.49	974,152.34			58,046,359.83	
Total	57,072,207.49	17,482,912.39	16,508,760.05		58,046,359.83	

(Continued)

Item	Budget	Sources of funds	The proportion of accumulated investment in the project to the budget	Project progress	Accumulated amount of interest capitalization	Including: The amount of interest capitalization in the current period
Standard Factory		Self-financing				
Business Building in Jieshi Park		Loan from financial institutions		In progress	10,735,808.72	
Total					10,735,808.72	

Note: Due to the tiny increase of construction in progress during the reporting period, there is no apportionment of financing costs.

12. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets recognized

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment on assets	75,053,427.66	11,258,014.17	58,447,703.73	8,767,155.58
Total	75,053,427.66	11,258,014.17	58,447,703.73	8,767,155.58

(2) There are no deferred tax liabilities recognized.

(3) Details of deductible temporary differences of recognized deferred tax assets:

Item	Closing balance	Opening balance
Provision for bad debts of accounts receivable	26,610,485.00	25,216,537.50
Provision for bad debts of other receivables	48,442,942.66	33,231,166.23
Total	75,053,427.66	58,447,703.73

13. Other non-current assets

Item	Closing balance	Opening balance
Reservoir	164,781,500.00	170,227,300.00
Pipe network	1,572,691,820.00	1,572,691,820.00
Total	1,737,473,320.00	1,742,919,120.00

Note 1: 10 reservoirs were purchased by the Company in 2009. According to the "Asset Repurchase Agreement" signed between the Company and Finance Bureau of Banan District, Finance Bureau of Banan District shall repurchase 10 reservoirs before 31 December 2015. As of 31 December 2017, the repurchase has not yet been implemented.

Note 2: In accordance with "Reply on the Approval about Allocation of Parts of Pipe Network Assets within the Boundaries of Jieshi Town, etc." issued by State-owned Assets Management Office of Banan District, Chongqing, the network assets valued RMB 560,136,320.00 were freely transferred into Jieshi Town, and the book value was based on the evaluation report issued by Sichuan

Gongchengxin Assets Appraisal Co., Ltd. (Chuan Gong Zi Ping Bao Zi (2015) No. 165).

Note 3: In accordance with "Reply on the Approval about Allocation of Parts of Pipe Network Assets within the Boundaries of Nanquan Street, etc." (Ba Guo Zi Fa (2016) No.88) issued by State-owned Assets Management Office of Banan District in Chongqing on 17 May 2016, the network assets valued RMB 1,012,555,500.00 were freely transferred into Nanquan Street, and the book value was based on the evaluation report issued by Sichuan Gongchengxin Assets Appraisal Co., Ltd. (Chuan Gong Zi Ping Bao Zi (2016) No. 78).

14. Assets with restricted ownership or use rights

Item	Closing balance	Reasons
Cash and cash equivalents	610,000,000.00	Loan pledge
Accounts receivable	1,446,921,000.00	Loan pledge
Inventory	633,300,000.00	Loan mortgage
Fixed assets	8,127,324.03	Loan mortgage
Investment property	689,461,956.21	Loan mortgage
Total	3,387,810,280.24	

Note: For details of the relevant restrictions, refer to Notes for Cash and cash equivalents, Long-term borrowings, Short-term borrowings and Other non-current liabilities.

15. Short-term borrowings

Condition	Closing balance	Opening balance
Guaranteed loan		80,000,000.00
Total		80,000,000.00

16. Accounts payable

(1) Details of accounts payable

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	27,946,227.63	88,242,075.93
1-2 years (including 2 years)	905,847.44	4,688,776.28

Item	Closing balance	Opening balance
2-3 years (including 3 years)	2,754,637.64	6,497,440.75
3-4 years (including 4 years)	1,797,440.75	379,496.12
4-5 years (including 5 years)	379,496.12	28,610.48
Over 5 years	293,309.92	283,309.92
Total	34,076,959.50	100,119,709.48

(2) Details of significant accounts payable with ageing over 1 year:

Name	Closing balance	Reason
Chongqing Qianjiang District Yuansheng Construction Engineering Co., Ltd.	1,609,333.31	Project uncompleted
Chongqing Chuangmei Construction Engineering Co., Ltd.	993,640.73	Project uncompleted
Chongqing Nancheng Construction Engineering Co., Ltd.	809,934.35	Project uncompleted
Chongqing Banan District Xinwu Primary School	700,000.00	Project uncompleted
Chongqing Fareast Lamp Lighting Co., Ltd.	380,963.84	Project uncompleted
Total	4,493,872.23	

(3) The top 5 of accounts payable at the end of the reporting period

Item	Relationship	Closing balance	Proportion (%)
Anhui Sanjian Engineering Co., Ltd.	Non-related party	20,000,000.00	58.69
Chongqing Qianjiang District Yuansheng Construction Engineering Co., Ltd.	Non-related party	1,609,333.31	4.72
Chongqing First Construction Group Co., Ltd.	Non-related party	1,597,716.94	4.69
Chongqing Construction Group Fourth Construction Co., Ltd.	Non-related party	1,064,349.94	3.12
Chongqing Pingxiang Construction Engineering Co., Ltd.	Non-related party	1,047,947.28	3.08
Total		25,319,347.47	74.30

17. Advance from customers

(1) Details of advances from customers

Item	Closing balance	Opening balance
Within 1 year (including 1 year)		680,000.00

Item	Closing balance	Opening balance
1-2 years (including 2 years)	680,000.00	76,500,000.00
2-3 years (including 3 years)	76,500,000.00	100,500,000.00
3-4 years (including 4 years)	100,500,000.00	5,400.00
4-5 years (including 5 years)	5,400.00	2,641,000.00
Over 5 years	2,641,000.00	
Total	180,326,400.00	180,326,400.00

(2) Significant advance from customers with ageing over 1 year

Name	Closing balance	Including: Advance from customers with ageing over 1 year	Reason
Chongqing Construction Investment (Group) Co., Ltd.	100,000,000.00	100,000,000.00	Contract uncompleted
Chongqing Sheng Feng Real Estate Development Co., Ltd.	75,000,000.00	75,000,000.00	Contract uncompleted
Chongqing Boshun Electric Co., Ltd.	2,600,000.00	2,000,000.00	Contract uncompleted
Chongqing Depu Electric Co., Ltd.	2,500,000.00	2,500,000.00	Contract uncompleted
Chongqing Waijian Yongchang Building Materials Co., Ltd.	141,000.00	141,000.00	Contract uncompleted
Total	180,241,000.00	179,641,000.00	

(3) The top 5 of advance from customers at the end of the reporting period

Name	Relationship	Closing balance	Proportion (%)
Chongqing Construction Investment (Group) Co., Ltd.	Non-related party	100,000,000.00	55.48
Chongqing Sheng Feng Real Estate Development Co., Ltd.	Non-related party	75,000,000.00	41.61
Chongqing Boshun Electric Co., Ltd.	Non-related party	2,600,000.00	1.44
Chongqing Depu Electric Co., Ltd.	Non-related party	2,500,000.00	1.39
Chongqing Waijian Yongchang Building Materials Co., Ltd.	Non-related party	141,000.00	0.08
Total		180,241,000.00	100.00

18. Payroll payable

(1) The classification of payroll payable

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term employee benefits		13,064,216.04	12,735,521.04	328,695.00
2. Post-employment benefits-defined contribution plans		1,974,653.42	1,974,653.42	
3. Termination benefits				
Total		15,038,869.46	14,710,174.46	328,695.00

(2) Short-term employee benefits

Item	Opening balance	Increase	Decrease	Closing balance
1. Salary, bonus, allowance, and subsidy		9,931,965.08	9,604,065.08	327,900.00
2. Employee welfare		783,851.00	783,851.00	
3. Social insurance		851,756.54	851,756.54	
Including: 1) Medical insurance premiums		769,998.34	769,998.34	
2) Work-related injury insurance		58,564.38	58,564.38	
3) Maternity insurance		23,193.82	23,193.82	
4. Housing fund		957,131.00	957,131.00	
5. Union funds		539,512.42	538,717.42	795.00
Total		13,064,216.04	12,735,521.04	328,695.00

(3) Defined contribution plans

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic endowment insurance		1,943,302.81	1,943,302.81	
2. Unemployment insurance		31,350.61	31,350.61	
Total		1,974,653.42	1,974,653.42	

19. Taxes payable

Item	Closing balance	Opening balance
Value-added tax	14,041.02	8,941.73
Business tax	5,504,396.43	5,504,396.43
Urban maintenance and construction tax	386,219.21	385,862.26
Corporate income tax	180,808,288.29	160,718,154.03
Individual income tax	40,122.75	36,277.30
Property tax	33,698.40	-120,259.39
Educational surcharge	165,878.48	165,865.91
Local educational surcharge	95,881.38	95,638.98
Total	187,048,525.96	166,794,877.25

20. Interests payable

Category	Closing balance	Opening balance
Interests for Corporate bonds	39,832,555.56	42,438,111.11
Interests for PPN001 (China Merchants Securities) bonds	44,666,666.66	44,666,666.67
Interests for PPN002 (China Zheshang Bank Co., Ltd.) bonds	5,649,800.00	5,649,800.00
Total	90,149,022.22	92,754,577.78

21. Other payables

(1) Other payables categorized by nature

Item	Closing balance	Opening balance
Fund for security risk		50,000.00
Deposit	23,241,929.11	22,216,799.40
Receipts and payments on behalf	390,654,852.72	626,448,250.23
Incomings and outgoings	200,977,921.02	260,168,228.92
Others	1,761,326.33	1,116,396.84
Total	616,636,029.18	909,999,675.39

(2) Other payables categorized by ageing

Ageing	Closing balance	Opening balance
Within 1 year (including 1 year)	104,266,815.92	302,997,644.65
1-2 years (including 2 years)	109,719,471.42	152,260,392.44
2-3 years (including 3 years)	106,107,609.49	102,263,182.76
3-4 years (including 4 years)	33,250,836.51	245,544,886.86
4-5 years (including 5 years)	177,599,577.16	55,865,681.03
Over 5 years	85,691,718.68	51,067,887.65
Total	616,636,029.18	909,999,675.39

(3) Significant other payables with ageing over 1 year

Name	Closing balance	Including: Other payables with ageing over 1 year	Reason
Limited price placement fund of Jieshi	109,296,019.26	107,623,308.76	Unsettled
Chongqing Sibel Real Estate Co., Ltd.	63,208,104.16	62,968,784.64	Unsettled
Chongqing Yunqun Industrial Co., Ltd.	60,060,000.00	60,060,000.00	Unsettled
Blue Moon (Chongqing) Co., Ltd.	42,827,945.04	42,533,614.00	Unsettled
Chongqing Yuxing Asset Operation Co., Ltd.	42,226,727.23	42,226,727.23	Unsettled
Shengmei Precision Industrial (Chongqing) Co., Ltd.	30,248,882.00	30,248,882.00	Unsettled
Sichuan Sany Engineering Construction (Group) Co., Ltd.	23,463,237.97	23,463,237.97	Unsettled
Chongqing Banan District Land Consolidation and Reserve Center	20,000,000.00	20,000,000.00	Unsettled
Deposit for limited price placement of Jieshi	16,470,000.00	16,470,000.00	Unsettled
Chongqing Banan District Economic Zone Development and Construction Management Committee	15,668,873.50	15,668,873.50	Unsettled
North China Construction Group Co., Ltd.	11,622,718.00	11,622,718.00	Unsettled
Chongqing Huike Jinyang Technology Co., Ltd	10,011,421.24	3,096,021.24	Unsettled
Chongqing HKC Optoelectronics Technology Co., Ltd.	8,139,607.75	1,999,780.64	Unsettled
Chongqing Tianpei Energy-Saving Building Material Co., Ltd.	7,302,254.00	7,302,254.00	Unsettled
Chongqing Maliu Yanjiang Development Investment Co., Ltd.	6,000,000.00	6,000,000.00	Unsettled

Name	Closing balance	Including: Other payables with ageing over 1 year	Reason
Chongqing Hua Show Industrial Co., Ltd.	5,063,000.00	5,063,000.00	Unsettled
Office of Nanquan Development and Construction Management Committee, Banan District, Chongqing	5,000,000.00	5,000,000.00	Unsettled
Total	476,608,790.15	461,347,201.98	

(4) Top 5 of other payables at the end of the reporting period

Item	Relationship	Closing balance	Proportion (%)
Limited price placement fund of Jieshi	Non-related party	109,296,019.26	17.72
Chongqing Sibel Real Estate Co., Ltd.	Settled enterprise	63,208,104.16	10.25
Chongqing Yunqun Industrial Co., Ltd.	Settled enterprise	60,060,000.00	9.74
Chongqing Banan Economic Park Investment Industrial Co., Ltd.	Associate	49,115,402.02	7.97
Blue Moon (Chongqing) Co., Ltd.	Settled enterprise	42,827,945.04	6.95
Total		324,507,470.48	52.63

22. Non-current liabilities due within 1 year

(1) Details of non-current liabilities due within 1 year

Category	Closing balance	Opening balance
Long-term borrowings due within 1 year	420,238,095.24	771,528,100.00
Other non-current liabilities due within 1 year	220,000,000.00	131,000,000.00
Bonds payable due within 1 year	893,500,000.00	629,439,873.98
Total	1,533,738,095.24	1,531,967,973.98

(2) Non-current liabilities due within 1 year classified by financial institutions

Financial institution	Borrowing conditions	Closing balance	Opening balance	Note
ICBC, Banan Sub-branch, Jieshi Office	Secured mortgage		35,000,000.00	
Zhongrong International Trust Co., Ltd.	Guarantee		7,000,000.00	
Chongqing Ruizhou Construction	Mortgage		115,000,000.00	

Financial institution	Borrowing conditions	Closing balance	Opening balance	Note
Investment Co., Ltd.				
Xiamen International Bank Co., Ltd., Xiamen Siming Sub-branch	Guarantee	68,000,000.00	8,000,000.00	Note 1
Ceic Asset Management (Shanghai) Co., Ltd.	Guarantee	148,500,000.00	1,000,000.00	Note 2
Cofco Trust Co., Ltd.	Guarantee		350,000,000.00	
CQRC Financial Leasing Co., Ltd.	Guarantee	95,238,095.24	95,238,100.00	Note 3
Hua Xia Bank Co., Ltd., Chongqing Branch	Mortgage		291,290,000.00	
Corporate Bonds	Credit	220,000,000.00	100,000,000.00	Note 4
Private Placement Bonds - Bank of Dalian Co., Ltd.	Credit		209,835,356.55	
Private Placement Bonds - China Citic Bank Corporation Limited	Credit		210,577,834.89	
Private Placement Bonds - Xinhui	Credit		109,026,682.54	
Chang'an International Trust Co., Ltd.	Credit	10,000,000.00		Note 5
Shaanxi International Trust Co., Ltd.	Credit	300,000,000.00		Note 6
Bank of Chongqing Co., Ltd., Banan Sub-branch	Credit	15,000,000.00		Note 7
China Great Wall Securities Co., Ltd.	Pledge	600,000,000.00		Note 8
Finance Bureau of Banan District, Chongqing	Credit	77,000,000.00		Note 9
Total		1,533,738,095.24	1,531,967,973.98	

Note 1: In 2016, the Company and Xiamen International Bank Co., Ltd., Xiamen Siming Sub-branch signed a loan contract of RMB 80,000,000.00 with joint liability guarantee provided by Chongqing Yuxing Asset Operation Co., Ltd. As of 31 December 2017, the total amount of RMB 12,000,000.00 has been repaid, and the Company plans to repay the rest in 2018.

Note 2: In 2016, the Company signed an entrusted credit investment agreement of RMB 150,000,000.00 with Ceic Asset Management (Shanghai) Co., Ltd. and Evergrowing Bank Co., Ltd., Chongqing Branch. Ceic Asset Management (Shanghai) Co., Ltd. entrusted Chongqing Branch of Evergrowing Bank Co., Ltd. to make a debt investment in the Company, which was guaranteed by

Chongqing Banan Highway Construction Co., Ltd. As of 31 December 2017, the total amount of RMB 1,500,000.00 has been repaid, and the Company plans to repay the rest in 2018.

Note 3: Details refer to Note VII 23 for Long-term borrowings (6).

Note 4: Details refer to Note VII 24 for Bonds payable (1).

Note 5: Details refer to Note VII 23 for Long-term borrowings (1).

Note 6: In 2015, the Company and Shaanxi International Trust Co., Ltd. signed a trust loan contract with a contractual value of RMB 300 million. The purpose of the loan is used to supplement the current assets. The joint liability guarantee was provided by Chongqing Yuxing Asset Operation Co., Ltd. and the Company plans to fully repay it in 2018.

Note 7: Details refer to Note VII 23 for Long-term borrowings (9).

Note 8: In 2015, the Company and China Great Wall Securities Co., Ltd. signed an investment agreement on the income of RMB deposit receipts with an investment of RMB 600 million by using the investment deposit of RMB 610 million deposited in Zheshang Bank Chongqing Branch by the Company as the investment pledge, and the Company plans to fully repay it in 2018.

Note 9: Details refer to Note VII 25 for Other non-current liabilities.

23. Other current liabilities

Item	Closing balance	Opening balance
Pending output VAT	19,729,436.95	10,382,589.95
Total	19,729,436.95	10,382,589.95

24. Long-term borrowings

(1) Long-term borrowings listed by categories

Item	Closing balance	Opening balance
Guaranteed loan	4,406,585,714.28	3,086,823,804.76
Mortgage loan	642,194,040.00	631,950,600.00
Pledged loan	880,000,000.00	800,000,000.00
Credit loan	2,210,000,000.00	
Total	8,138,779,754.28	4,518,774,404.76

(2) Long-term borrowings listed by financial institutions

Financial institutions	Date of borrowing	Date of repayment	Closing balance	Opening balance	Note
Chang'an International Trust Co., Ltd.	2016-8-19	2021-8-18	390,000,000.00	400,000,000.00	Note 1
Beijing International Trust Co., Ltd.	2014-12-26	2020-12-26		800,000,000.00	
CCB, Banan Sub-branch	2012-9-19	2020-9-18	120,000,000.00	120,000,000.00	Note 2/Note3
Chongqing Commercial Bank Co., Ltd., Banan Sub-branch	2016-8-31	2031-8-30	847,300,000.00	707,300,000.00	Note 4
Huafu Securities Co., Ltd.	2017-5-19	2027-5-18	1,250,000,000.00		Note 5
CQRC Financial Leasing Co., Ltd.	2016-1-29	2021-1-28	214,285,714.28	309,523,804.76	Note 6
China Merchants Bank Co., Ltd., Guanyingqiao Sub-branch	2017-2-24	2032-2-23	960,000,000.00		Note 7
Shaanxi International Trust Co., Ltd.	2015-4-29	2018-4-29		300,000,000.00	
Industrial Bank Co., Ltd., Banan Sub-branch	2017-1-16	2027-1-15	200,000,000.00		Note 8
Bank of Chongqing Co., Ltd., Banan Sub-branch	2017-11-27	2020-11-26	285,000,000.00		Note 9
Shanghai International Trust Co., Ltd.	2016-5-23	2021-5-22	1,370,000,000.00	1,370,000,000.00	Note 10
ICBC, Dubai Branch	2016-10-28	2021-10-28	522,194,040.00	511,950,600.00	Note 11
BOC, Chongqing Banan Sub-branch	2017-4-11	2032-4-10	680,000,000.00		Note 12
China Everbright Bank Co., Ltd., Chongqing Branch	2017-4-18	2032-4-18	900,000,000.00		Note 13
Guotong Trust Co. Ltd. (China Bohai Bank Co., Ltd.)	2017-8-31	2022-8-31	400,000,000.00		Note 14
Total			8,138,779,754.28	4,518,774,404.76	

Note 1: In 2016, the Company signed a trust loan contract of RMB 400,000,000.00 with Chang'an International Trust Co., Ltd., which was guaranteed by Chongqing Maliu Yanjiang Development

Investment Co., Ltd., and the Company did not provide counter guarantee. The Company plans to repay RMB 10,000,000.00 in 2018.

Note 2: In 2013, the Company signed a fixed-asset loan contract of RMB 270,000,000.00 with China Construction Bank Corporation ("CCB"), Banan Sub-branch for the infrastructure construction project of the first phase of Tianming Automobile & Motorcycle Industrial Park with 37 houses which are located at No. 16 Shigui Avenue, Jieshi Town, Banan District and valued RMB 514,478,300.00 as collateral. As of 31 December 2017, a total amount of RMB 200,000,000.00 has been repaid.

Note 3: In 2012, the Company signed a loan contract of RMB 200,000,000.00 with CCB, Banan Sub-branch for the infrastructure construction project of the first phase of Tianming Automobile & Motorcycle Industrial Park with property certificates of 202 (2012) No. 02379 and 202 (2012) No. 02381 as collaterals. The total value of the collaterals was RMB 417,505,000.00. As of 31 December 2017, the total amount of RMB 150,000,000 has been repaid.

Note 4: In 2016, the Company signed a fixed-asset loan contract of RMB 1 billion with Chongqing Rural Commercial Bank Co., Ltd., Banan Sub-branch, which was guaranteed by Chongqing Babin Construction Co., Ltd., and the Company did not provide counter guarantee. As of 31 December 2017, a total amount of RMB 847.30 million has been received.

Note 5: In 2017, the Company signed an entrusted loan contract of RMB 1,250,000,000.00 with Huafu Securities Co., Ltd. and Industrial Bank Co., Ltd., Chongqing Branch for the infrastructure construction project of the second phase of Tianming Automobile & Motorcycle Industrial Park and the fifth phase of Jieshi Data Industry Park Zone B with the method of credit.

Note 6: In 2016, the Company signed a financial leasing contract with CQRC Financial Leasing Co., Ltd. with a pipe network valued at RMB 560,136,320.00 as a lease item, and obtained the sale price of the leased item at RMB 500,000,000.00, which was guaranteed by Chongqing Yuxing Asset Operation Co., Ltd. and the Company did not provide the counter guarantee. As of 31 December 2017, the total amount of RMB 190,476,190.48 has been repaid, and it is expected to repay RMB 95,238,095.24 in 2018.

Note 7: In 2017, the Company signed an entrusted loan contract of RMB 960,000,000.00 with China Merchants Bank Co., Ltd., Chongqing Guanyinqiao Sub-branch for the land consolidation construction project of parts of Tianming Village, Yudong Street, Banan District. with the method of credit.

Note 8: In 2017, the Company signed a trust loan contract of RMB 600,000,000.00 with China

Industrial International Trust Limited, for the infrastructure construction project of the forth phase of Jieshi Digital Industrial Park with pledge of accounts receivable. As of 31 December 2017, a total amount of RMB 200,000,000.00 has been received.

Note 9: In 2017, the Company signed a loan contract of RMB 300,000,000.00 with Bank of Chongqing Co., Ltd. which was guaranteed by Chongqing Maliu Yanjiang Development Investment Co., Ltd. and the Company did not provide the counter guarantee. The Company plans to repay RMB 15,000,000.00 in 2018.

Note 10: In 2016, the Company and Shanghai International Trust Co., Ltd. signed a trust loan contract with an upper-limit of RMB 1.37 billion, among which RMB 712 million was guaranteed by Chongqing Highway Logistics Base Construction Co., Ltd. and the Company did not provide the counter guarantee. As of 31 December 2017, a total amount of RMB 1.37 billion has been received.

Note 11: In 2016, the Company and Industrial and Commercial Bank of China (“ICBC”), Dubai International Financial Center signed a loan agreement with a total amount of USD 75 million with property certificates of 202D (2015) No.06017, No. 00674, No. 00675 and No. 00658, and 216 investment properties as collateral. The total value of the collateral is RMB 716,235,600.00. As of 31 December 2017, a total amount of USD 73.80 million has been received.

Note 12: In 2017, the Company and Bank of China (“BOC”), Chongqing Banan Sub-branch signed a fixed asset loan contract of RMB 680,000,000.00, with the pledge of accounts receivable of RMB 1,246,921,000.00.

Note 13: In 2017, the Company signed a fixed asset and project financing loan contract of RMB 900,000,000.00 with China Everbright Bank Co., Ltd., Chongqing Branch, which was guaranteed by Chongqing Maliu Yanjiang Development Investment Co., Ltd., and the Company did not provide counter guarantee.

Note 14: In 2017, the Company signed a trust loan contract of RMB 400,000,000.00 with Guotong Trust Co. Ltd., which was guaranteed by Chongqing Maliu Yanjiang Development Investment Co., Ltd., and the Company did not provide counter guarantee.

25. Bonds payable

(1) Bonds payable by category:

Item	Closing balance	Opening balance

Item	Closing balance	Opening balance
Corporate bonds	773,443,601.36	990,252,227.86
PPN001 (China Merchants Securities)	987,898,508.26	983,716,895.83
PPN002 (China Zheshang Bank Co., Ltd.)	809,289,641.46	805,640,047.16
Total	2,570,631,751.08	2,779,609,170.85

(2) Changes in bonds payable

Item	Par value	Issued date	Bond period	Issued amount	Opening balance
Corporate bonds	100.00	2014-08-20	7 years	1,100,000,000.00	990,252,227.86
PPN001 (China Merchants Securities)	100.00	2016-3-7	5 years	1,000,000,000.00	983,716,895.83
PPN002 (China Zheshang Bank Co., Ltd.)	100.00	2016-11-9	5 years	820,000,000.00	805,640,047.16
Total				2,920,000,000.00	2,779,609,170.85

(Continued)

Item	Issued amount in the current period	Interest accrued on par value	Amortization of premiums and discounts	Unamortized issuance fee at the end of period	Transferred to non-current liabilities due within 1 year	Closing balance
Corporate bonds		69,414,444.44	3,191,373.50	6,556,398.64	220,000,000.00	773,443,601.36
PPN001 (China Merchants Securities)		53,600,000.00	4,181,612.43	12,101,491.74		987,898,508.26
PPN002 (China Zheshang Bank Co., Ltd.)		38,376,000.00	3,649,594.30	10,710,358.54		809,289,641.46
Total		161,390,444.44	11,022,580.23	29,368,248.92	220,000,000.00	2,570,631,751.08

Note 1: The Corporate bonds pay principal and interest in installments. As of 31 December 2017, RMB 100 million has been returned. The Company plans to repay the principal of RMB 220 million in 2018.

Note 2: PPN001 and PPN002 pay interests in installments and the principal on due date. Details refer to Note VII 19 for the accrued interest expenses.

26. Other non-current liabilities

Item	Condition	Closing balance	Opening balance	Note
Beijing International Trust Co., Ltd.	Trust		600,000,000.00	
Zhongrong International Trust Co., Ltd.	Trust		211,000,000.00	
Chongqing Banan Economic Park Investment Industrial Co., Ltd.	Pledge		650,000,000.00	
China Great Wall Securities Co., Ltd.	Pledge		600,000,000.00	
Xiamen International Bank Co., Ltd., Xiamen Siming Sub-branch	Guarantee		68,000,000.00	
Ceic Asset Management (Shanghai) Co., Ltd.	Guarantee		148,500,000.00	
Finance Bureau of Banan District, Chongqing	Credit	523,000,000.00	600,000,000.00	Note
Total		523,000,000.00	2,877,500,000.00	

Note: The Company and Finance Bureau of Banan District, Chongqing signed loan agreements of RMB 77,000,000.00, RMB 200,000,000.00, RMB 38,000,000.00, RMB 39,000,000.00, RMB 50,000,000.00 and RMB 196,000,000.00 respectively, which totaled RMB 600,000,000.00, and it was used to replace the original debts of other financial institutions. As of 31 December 2017, the total amount of RMB 600,000,000.00 has been received and replaced. The Company plans to repay RMB 77,000,000.00 in 2018.

27. Paid-in capital

Name of investor	Opening balance		Increase	Decrease	Closing balance	
	investment amount	Proportion (%)			investment amount	Proportion (%)
Finance Bureau of Banan District, Chongqing	537,552,100.00	100.00			537,552,100.00	100.00
Total	537,552,100.00	100.00			537,552,100.00	100.00

28. Capital reserve

Item	Opening balance	Increase	Decrease	Closing balance

Item	Opening balance	Increase	Decrease	Closing balance
Other capital reserve	6,601,647,642.63	40,200.00	256,206,000.00	6,345,481,842.63
Total	6,601,647,642.63	40,200.00	256,206,000.00	6,345,481,842.63

Note 1: According to the evaluation report, the value of land assets originally allocated by the government was adjusted with the increase of RMB 40,200.00.

Note 2: The value of land assets with RMB 250,720,000.00 originally allocated by the government was recovered during the reporting period, and the Company reduced the other capital reserves by RMB 250,720,000.00 according to the approval.

Note 3: The value of reservoir assets with RMB 5,486,000.00 originally allocated by the government was recovered during the reporting period, and the Company reduced the other capital reserves by RMB 5,486,000.00 according to the approval.

29. Surplus reserve

Item	Opening balance	Increase	Decrease	Closing balance
Statuary surplus reserve	85,577,899.20	9,972,922.88		95,550,822.08
Total	85,577,899.20	9,972,922.88		95,550,822.08

Note: The increase of surplus reserve in the reporting period is due to the withdrawal 10% of the net profit.

30. Retained earnings

Item	Amount	Proportion
Opening balance of retained earnings before adjustments	739,312,753.99	
Add: Total amounts of adjustments (increase “+”, decrease “-”)	28,769,000.00	
Opening balance of retained earnings after adjustments	768,081,753.99	
Add: Net profit for the current year attributable to owners of parent company	95,637,484.30	
Surplus reserve making up losses		
Less: Withdrawal of statuary surplus reserve for the	9,972,922.88	10%

Item	Amount	Proportion
current year		
Profits distributed to investors		
Closing balance of retained earnings	853,746,315.41	

Details of adjustments for the opening balance of retained earnings:

Due to the correction of major accounting errors, the opening balance of retained earnings was affected by RMB 28,769,000.00. Details refer to Note XIII for Other significant events (correction of major accounting errors).

31. Operating revenue and operating costs

Item	2017		2016	
	Revenue	Cost	Revenue	Cost
Main business	928,787,840.90	666,688,119.91	1,088,329,331.67	739,124,216.32
Other business	18,891,786.31	18,911,116.32	9,902,956.15	18,905,087.00
Total	947,679,627.21	685,599,236.23	1,098,232,287.82	758,029,303.32

(1) Main business revenue classified by geographical location

Location	2017		2016	
	Revenue	Cost	Revenue	Cost
Chongqing	928,787,840.90	666,688,119.91	1,088,329,331.67	739,124,216.32
Total	928,787,840.90	666,688,119.91	1,088,329,331.67	739,124,216.32

(2) Main business revenue classified by product

Item	2017		2016	
	Revenue	Cost	Revenue	Cost
Land consolidation	617,226,274.39	369,550,700.00	742,243,000.00	409,060,400.00
Agent construction	311,561,566.51	297,137,419.91	346,086,331.67	330,063,816.32
Total	928,787,840.90	666,688,119.91	1,088,329,331.67	739,124,216.32

(3) Details of operating revenue from top 5 clients:

Name	Operating revenue	Proportion of total operating revenue (%)
People's Government of Banan District, Chongqing	928,787,840.90	98.01
Chongqing Huike Jinyang Technology Co., Ltd	8,225,478.48	0.87
Chongqing Depu Electric Co., Ltd.	2,542,602.91	0.27
Fuyu Moulding & Tooling (Chongqing) Co., Ltd.	2,519,999.91	0.27
Hitachi Chemical Industry (Chongqing) Co., Ltd.	1,455,458.37	0.15
Total	943,531,380.57	99.57

32. Taxes and surcharges

Item	2017	2016
Business tax		136,704.37
Urban maintenance and construction tax	66,121.30	34,661.01
Educational surcharge	28,197.30	14,854.71
Local educational surcharge	19,032.21	9,903.16
Stamp duty	383,500.00	35,365.00
Vehicle and vessel use tax		5,891.60
Property tax	3,201,081.49	884,202.63
Land use tax	7,339,626.21	1,922,982.20
Total	11,037,558.51	3,044,564.68

33. Administrative expenses

Item	2017	2016
Employee salaries	15,038,074.46	14,010,787.42
Office expenses	913,525.12	917,956.74
Advertisement expenses	559,599.65	531,812.84
Entertainment expenses	162,414.00	382,370.88
Travel expenses	2,923,297.53	2,680,224.07
Agency fees	698,299.32	539,000.00

Item	2017	2016
Labor protection fees	20,904.00	24,012.25
Taxes	1,260.00	5,100,284.78
Depreciation expenses	1,020,626.28	1,035,058.92
Vehicle fees	800,666.16	948,154.05
Welfare fees	1,696,204.24	2,045,040.06
Union funds	234,591.98	
Maintenance fees	26,976.00	70,968.97
Study fees	39,254.00	129,416.00
Conference fees	12,755.19	88,362.00
Training expenses	57,233.65	53,405.68
Water and electricity fees	126,967.25	160,167.17
Communication expenses	371,439.20	357,800.45
Long-term deferred expenses amortization		233,334.70
Others	628,665.86	164,607.72
Total	25,332,753.89	29,472,764.70

34. Financial costs

Item	2017	2016
Interest expenses	43,091,054.15	52,130,993.41
Less: Interest income	75,902.79	925,913.59
Exchange gains or losses ("-" means gains)	393,186.05	-767,363.93
Commission fees	48,407.52	48,515.86
Total	43,456,744.93	50,486,231.75

35. Impairment loss on assets

Item	2017	2016
Bad debts provisions	16,605,723.93	7,974,443.91
Total	16,605,723.93	7,974,443.91

36. Investment income

Source of the investment income	2017	2016
Long-term equity investment under equity method	-67,129.67	159,013.68
Total	-67,129.67	159,013.68

37. Other income

(1) Category

Item	2017	2016	Amount recorded in the current non-operating gains and losses
Government grants	125,309,500.00		125,309,500.00
Total	125,309,500.00		125,309,500.00

(2) Details of government grants recorded in the current non-operating gains and losses:

Item	2017	2016	Related to income
Tax refund from Tax Support for 4 Zones and 1 Base	120,100,900.00		120,100,900.00
City infrastructure expenses refund	5,208,600.00		5,208,600.00
Total	125,309,500.00		125,309,500.00

38. Non-operating income

Item	2017	2016	Amount recorded in the current non-operating gains and losses
Government grants		147,211,355.00	
Liquidated income	252,800.00		252,800.00
Others	16,685.72	25,920.20	16,685.72
Total	269,485.72	147,237,275.20	269,485.72

39. Non-operating expenses

Item	2017	2016	Amount recorded in the current non-operating gains and losses
Donation expenditures	5,000.00	4,505,000.00	5,000.00
Subsidy for the enterprises in Park	177,373,652.09	258,727,122.35	177,373,652.09
Overdue payments	542,976.27		542,976.27
Penalties	1,000.00	8,150.00	1,000.00
Others		868,043.51	
Total	177,922,628.36	264,108,315.86	177,922,628.36

40. Income tax expenses

Item	2017	2016
Current income tax	20,090,134.26	21,390,744.58
Deferred income tax (gains as "-")	-2,490,858.59	-1,196,166.59
Total	17,599,275.67	20,194,577.99

41. Notes to statement of cash flows

(1) Other cash receipts relating to operating activities

Item	2017	2016
Interest income	33,858,835.47	45,801,780.84
Mutual financial fund returned by the government	89,234,200.00	
Outgoings and incomings related to operating activities	50,090,720.45	113,302,615.03
Total	173,183,755.92	159,104,395.87

(2) Other cash payments relating to operating activities

Item	2017	2016
Cash payment	10,046,875.86	9,142,864.34
Non-operating expenses	177,922,628.36	264,108,315.86
Outgoings and incomings related to operating activities	280,637,505.24	515,596,491.33

Item	2017	2016
Total	468,607,009.46	788,847,671.53

(3) Other cash receipts relating to investing activities

Item	2017	2016
Outgoings and incomings related to borrowings	200,000,000.00	
Total	200,000,000.00	

(4) Other cash receipts relating to financing activities

Item	2017	2016
Certificates of deposit lifted	94,000,000.00	48,000,000.00
Cash received from other borrowings		773,000,000.00
State-owned Assets Office returns the use fees of state-owned assets	28,769,000.00	
Total	122,769,000.00	821,000,000.00

(5) Other cash payments relating to financing activities

Item	2017	2016
Cash repaid for other borrowings and interests	1,835,249,469.78	1,407,417,380.17
Certificates of deposit and security deposits with limited use rights		73,000,000.00
Loan guarantee fees	7,190,519.15	9,321,068.22
Loan financial advisory fees	2,661,320.75	367,631.13
Bank intermediary business fees	853,917.81	39,683,537.43
Bond issuance fee		18,005,800.00
Others	2,451,262.27	5,023,492.03
Total	1,848,406,489.76	1,552,818,908.98

42. Supplemental information of statement of cash flows

(1) Reconciliation between net profits and net cash flow generated from operations

Supplemental information	2017	2016
1. Reconciliation between net profit and net cash flows generated from operations:		
Net profit	95,637,561.74	112,318,374.49

Supplemental information	2017	2016
Add: Provision for assets impairments	16,605,723.93	7,974,443.91
Depreciation of fixed assets, depletion of oil & gas assets and productive biological assets	19,909,175.18	20,008,154.17
Amortization of intangible assets		
Amortization of long-term deferred expense		233,334.70
Losses/gains from disposals of fixed assets, intangible asset and other long-term assets (gains: “-”)		
Loss on scrapping of fixed assets (“-” for gain)		
Loss from changes of fair value (“-” for gain)		
Financial cost (income: “-”)	43,091,054.15	52,130,993.41
Investment loss (gains: “-”)	67,129.67	-159,013.68
Decrease in deferred tax assets (increase: “-”)	-2,490,858.59	-1,196,166.59
Increase in deferred tax liabilities (decrease: “-”)		
Decrease in inventory (increase: “-”)	143,122,336.54	80,290,627.69
Decrease in receivables from operating activities (increase: “-”)	-428,325,137.33	-1,672,862,993.09
Increase in payables from operating activities (decrease: “-”)	-340,069,906.98	94,553,315.59
Net cash flows generated from operating activities	-452,452,921.69	-1,306,708,929.40
2. Significant investing and financing activities without involvement of cash receipts and payments		
Debts converted to capital		
Convertible debts mature within one year		
Fixed assets acquired under finance leases		
3. Change of cash and cash equivalent:		
Closing balance of cash	430,470,768.49	505,633,916.35
Less: Opening balance of cash	505,633,916.35	1,396,472,475.31
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
The net increase in cash and cash equivalents	-75,163,147.86	-890,838,558.96

(2) Composition of cash and cash equivalents

Item	2017	2016
I. Cash	430,470,768.49	505,633,916.35
Including: Cash on hand	1,546.85	1,781.66
Bank deposits available for immediate payments	430,469,221.64	505,632,134.69
II. Cash equivalents		
III. Closing balance of cash and cash equivalents	430,470,768.49	505,633,916.35

43. Foreign currency monetary items

Item	Closing balance in original currency	Exchange rate	Closing balance in RMB
Cash and cash equivalents	627.78	6.5342	4,102.04
Including: USD	627.78	6.5342	4,102.04
Long-term borrowings	73,800,000.00	7.0758	522,194,040.00
Including: USD	73,800,000.00	7.0758	522,194,040.00
Total	73,800,627.78		522,198,102.04

Note: Cash and cash equivalents shall be converted at the spot exchange rates on the balance sheet date. Long-term borrowings shall be converted at the settlement exchange rates as agreed in the "Confirmation for the Cooperation of Dealing with Forward Foreign Exchange Settlement and Sale Transactions" issued by Chongqing Commercial Bank Co., Ltd.

VIII Equity in other entities

1. Equity in subsidiaries

(1) Composition of the Group

Subsidiary	Operation address	Registration address	Business nature	Holdings (%)		Voting (%)	Acquiring method
				Direct	Indirect		
Chongqing Yingjinyuan Industrial Development Co., Ltd.	Jieshi Town	Jieshi Town	Real estate development	100		100	Set up
Chongqing Xingjie Real Estate Co., Ltd.	Jieshi Town	Jieshi Town	Real estate development	100		100	Set up
Chongqing Banan Feichuang Construction Co., Ltd.	Jieshi Town	Jieshi Town	Infrastructure construction	1.41		100	Set up

(2) The Company and Wanjia Co-Win Asset Management Co., Ltd. jointly invested to establish

Chongqing Banan Feichuang Construction Co., Ltd. The Company's capital contribution accounted for 1.41%. Wanjia Co-Win Asset Management Co., Ltd. only provided funds, and did not participate in the business decision-making and the management of Chongqing Banan Feichuang Construction Co., Ltd. The Company has the actual control over Chongqing Banan Feichuang Construction Co., Ltd., which shall be included in the scope of the Company's consolidation.

2. Equity in joint venture arrangements or associates

(1) Basic information of significant joint ventures and associates

Name of invested companies	Operation address	Registration address	Business nature	Holdings (%)		Accounting method
				Direct	Indirect	
Associates:						
Chongqing Banan Economic Park Investment Industrial Co., Ltd.	Jieshi Town	Jieshi Town	Investment	25		Equity method
Chongqing Xinjiedian Real Estate Co., Ltd.	Jieshi Town	Jieshi Town	Real estate development	40		Equity method
Chongqing Fito Medical Devices Co., Ltd.	Chongqing	Jieshi Town	Medical devices sales		30	Equity method

(2) Main financial information of significant associates

Item	Chongqing Banan Economic Park Investment Industrial Co., Ltd.		Chongqing Xinjiedian Real Estate Co., Ltd.		Chongqing Fito Medical Devices Co., Ltd.	
	Closing balance / 2017	Opening balance / 2016	Closing balance / 2017	Opening balance / 2016	Closing balance / 2017	Opening balance / 2016
Current assets	343,454.55	254,164,230.19	284,254,614.22	283,677,138.02	32,073,682.67	26,392,054.64
Non-current assets	699,767,109.77	699,768,238.37	55,735.08	195,332.93	9,305,138.00	6,715,496.94
Total assets	700,110,564.32	953,932,468.56	284,310,349.30	283,872,470.95	41,378,820.67	33,107,551.58
Current liabilities	180,000.00	254,000,000.00	186,865,612.04	287,031,625.71	6,599,945.58	6,348,102.08
Non-current liabilities			104,245,642.48			
Total liabilities	180,000.00	254,000,000.00	291,111,254.52	287,031,625.71	6,599,945.58	6,348,102.08
Equity attributable to owners of the parent company	699,930,564.32	699,932,468.56	-6,800,905.22	-3,159,154.76	20,720,926.75	13,421,355.44

Item	Chongqing Banan Economic Park Investment Industrial Co., Ltd.		Chongqing Xinjiedian Real Estate Co., Ltd.		Chongqing Fito Medical Devices Co., Ltd.	
	Closing balance / 2017	Opening balance / 2016	Closing balance / 2017	Opening balance / 2016	Closing balance / 2017	Opening balance / 2016
Minority interests					14,057,948.34	13,338,094.06
Net asset share based on shareholding ratio	49,982,641.08	49,983,117.14	-2,720,362.09	-1,263,661.90	6,216,278.03	4,026,406.63
Book value of equity investment in associates	49,982,641.08	49,983,117.14			4,809,278.02	4,026,406.63
Operating revenue		34,961.34	141,170,485.57		8,739,031.70	5,235,530.00
Net profits	-1,904.24	-33,234.89	-3,641,750.46	-4,790,086.34	1,429,425.59	164,849.50
Including: attributable to equity holders of the parent company	-1,904.24	-33,234.89	-3,641,750.46	-4,790,086.34	709,571.31	81,355.44
Comprehensive income	-1,904.24	-33,234.89	-3,641,750.46	-4,790,086.34	1,429,425.59	164,849.50
Dividends received from associates in the current period						

3. Information of risks related to equity in joint ventures and associates

(1) Excess loss

The Company’s share of the excess losses incurred from the associates is as follows:

Name of invested companies	The portion of accumulated unrecognized loss in the previous period	The portion of accumulated unrecognized loss in the current period (or the portion of net profit realized in the current period)	The portion of accumulated unrecognized loss at the end of the period.
Associates:			
Chongqing Xinjiedian Real Estate Co., Ltd.	1,263,661.90	1,456,700.19	2,720,362.09
Total	1,263,661.90	1,456,700.19	2,720,362.09

IX Financial instruments and relevant risks

The Company's major financial instruments include cash and cash equivalents, accounts receivable, other receivables, available-for-sale financial assets, accounts payable, borrowings, etc.

The Company's main risks caused by financial instruments are credit risk, liquidity risk and market risk.

1. Classification of financial instruments

The book values of financial instruments on the balance sheet date are as follows:

Closing balance:

Item	Classification of financial assets				
	Financial assets measured at fair value and changes are recorded into the current profits and losses	Held-to-maturity investment	Loans and receivables	Available-for-sale financial assets	Total
Measured at cost or amortized cost:					
Cash and cash equivalents			1,040,470,768.49		1,040,470,768.49
Accounts receivable			3,922,555,099.49		3,922,555,099.49
Other receivables			4,985,438,713.24		4,985,438,713.24
Other current assets			10,962,578.15		10,962,578.15
Available-for-sale financial assets				1,033,500,000.00	1,033,500,000.00
Total			9,959,427,159.37	1,033,500,000.00	10,992,927,159.37

Item	Classification of financial liabilities		
	Financial liabilities measured at fair value and changes are recorded into the current profits and losses	Other financial liabilities	Total

Item	Classification of financial liabilities		
	Financial liabilities measured at fair value and changes are recorded into the current profits and losses	Other financial liabilities	Total
Measured at cost or amortized cost:			
Short-term borrowings			
Accounts payable		34,076,959.50	34,076,959.50
Interests payable		90,149,022.22	90,149,022.22
Other payables		616,636,029.18	616,636,029.18
Non-current liabilities due within 1 year		1,533,738,095.24	1,533,738,095.24
Other current liabilities		19,729,436.95	19,729,436.95
Long-term borrowings		8,138,779,754.28	8,138,779,754.28
Bonds payable		2,570,631,751.08	2,570,631,751.08
Other non-current liabilities		523,000,000.00	523,000,000.00
Total		13,526,741,048.45	13,526,741,048.45

Opening balance:

Item	Classification of financial assets				
	Financial assets measured at fair value and changes are recorded into the current profits and losses	Held-to-maturity investment	Loans and receivables	Available-for-sale financial assets	Total
Measured at cost or amortized cost:					
Cash and cash equivalents			1,209,633,916.35		1,209,633,916.35
Accounts receivable			3,260,622,112.48		3,260,622,112.48
Other receivables			4,956,669,713.24		4,956,669,713.24
Other current assets			2,449,378.04		2,449,378.04
Available-for-sale financial assets				1,033,500,000.00	1,033,500,000.00

Item	Classification of financial assets				
	Financial assets measured at fair value and changes are recorded into the current profits and losses	Held-to-maturity investment	Loans and receivables	Available-for-sale financial assets	Total
Total			9,429,375,120.11	1,033,500,000.00	10,462,875,120.11

Item	Classification of financial liabilities		
	Financial liabilities measured at fair value and changes are recorded into the current profits and losses	Other financial liabilities	Total
Measured at cost or amortized cost:			
Short-term borrowings		80,000,000.00	80,000,000.00
Accounts payable		100,119,709.48	100,119,709.48
Interests payable		92,754,577.78	92,754,577.78
Other payables		909,999,675.39	909,999,675.39
Non-current liabilities due within 1 year		1,531,967,973.98	1,531,967,973.98
Other current liabilities		10,382,589.95	10,382,589.95
Long-term borrowings		4,518,774,404.76	4,518,774,404.76
Bonds payable		2,779,609,170.85	2,779,609,170.85
Other non-current liabilities		2,877,500,000.00	2,877,500,000.00
Total		12,901,108,102.19	12,901,108,102.19

2. Credit risk

Credit risk refers to the risk of financial loss of the Company due to default of contract obligation by the transaction counterparty. The Company's credit risk is mainly caused by receivables. The management will continue to monitor the exposure of these credit risks.

The Company's monetary funds other than cash are mainly deposited in creditworthy financial institutions. The management believes that there is no significant credit risk and expects that there is no significant loss due to default by counterparties.

For receivables, the major customer of the Company is People's Government of Banan District. In general, the Company will not require customers to provide collateral.

In order to monitor credit risk, the Company analyzes customers' information according to factors such as ageing and due date, etc.

The credit risk of the Company is mainly affected by the characteristics of each customer. The concentration of significant credit risk is mainly due to the significant receivables from individual customers. The closing balances of the accounts receivable of the Company's major customer, People's Government of Banan District, accounted for 99.11% and 99.94% of the total amounts respectively as at 31 December 2017 and 31 December 2016.

The Company's maximum credit risk exposure is the carrying amount of each financial asset at the balance sheet date.

3. Liquidity risk

Liquidity risk refers to risk of capital shortage caused when a company executes obligations of settlement in cash or by other financial assets. The Company manages its liquidity risk by leveraging bank loans and debts to maintain a balance between capital continuity and flexibility. The Company aims to balance the sustainability and flexibility of financing with bank borrowing as the financing instrument.

The maturity analysis of the Company's financial liabilities based on undiscounted contractual cash flows is as follows:

Closing balance:

Item	Financial liabilities				
	Within 1 month (including 1 month)	1-3 months (including 3 months)	3 months-1 year (including 1 year)	1-5 years (including 5 years), over 5 years	Total
Short-term borrowings					
Accounts payable				34,076,959.50	34,076,959.50
Interests payable				90,149,022.22	90,149,022.22
Other payables				616,636,029.18	616,636,029.18

Item	Financial liabilities				
	Within 1 month (including 1 month)	1-3 months (including 3 months)	3 months-1 year (including 1 year)	1-5 years (including 5 years), over 5 years	Total
Short-term borrowings					
Accounts payable				34,076,959.50	34,076,959.50
Interests payable				90,149,022.22	90,149,022.22
Other payables				616,636,029.18	616,636,029.18
Non-current liabilities due within 1 year			1,533,738,095.24		1,533,738,095.24
Other current liabilities				19,729,436.95	19,729,436.95
Long-term borrowings				8,138,779,754.28	8,138,779,754.28
Bond payable				2,570,631,751.08	2,570,631,751.08
Other non-current liabilities				523,000,000.00	523,000,000.00
Total			1,533,738,095.24	11,993,002,953.21	13,526,741,048.45

Opening balance:

Item	Financial liabilities				
	Within1 month (including 1 month)	1-3 months (including 3 months)	3 months-1 year (including 1 year)	1-5 years (including 5 years); over 5 years	Total
Short-term borrowings			80,000,000.00		80,000,000.00
Accounts payable				100,119,709.48	100,119,709.48
Interests payable				92,754,577.78	92,754,577.78
Other payables				909,999,675.39	909,999,675.39
Non-current liabilities due within 1 year			1,531,967,973.98		1,531,967,973.98
Other current liabilities				10,382,589.95	10,382,589.95
Long-term borrowings				4,518,774,404.76	4,518,774,404.76
Bond payable				2,779,609,170.85	2,779,609,170.85

Item	Financial liabilities				
	Within1 month (including 1 month)	1-3 months (including 3 months)	3 months-1 year (including 1 year)	1-5 years (including 5 years); over 5 years	Total
Other non-current liabilities				2,877,500,000.00	2,877,500,000.00
Total			1,611,967,973.98	11,289,140,128.21	12,901,108,102.19

4. Market risk

Market risk refers to the risk of fluctuation of fair value or future cash flow of financial instruments caused by the fluctuation of the market price, including exchange rate risk, interest rate risk and other price risks.

A. Exchange rate risk

Exchange rate risk refers to the risk of fluctuation of fair value or future cash flows of financial instruments caused by changes in exchange rates.

The Company's exchange gains and losses arising from monetary financial assets are included in current profit and loss and the exchange gains and losses arising from monetary financial liabilities have been fully capitalized. Since the Company's monetary financial assets are only USD 627.78, the impact of exchange rate changes on net profit and equity is negligible. The conversion rate of monetary financial liabilities is the forward delivery rate agreed upon in the contract, so the exchange rate changes have no impact on the Company.

B. Interest rate risk

Interest rate risk refers to the risk of fluctuation of fair value or future cash flows of financial instruments caused by the changes in interest rate.

The Company's interest expenses have been fully capitalized, thus changes of interest rate will not directly affect net profit and equity, but will affect inventories and total assets.

The Company's interest rate risk arises from interest-bearing debts including bank borrowings and bonds payable and other financial institutions' borrowings. Financial liabilities with floating interest rate expose the Company to cash flow interest rate risk. Financial liabilities with fixed interest rate expose the Company to fair value interest rate risk. The Company determines the relative proportion of fixed rate and floating rate contracts based on the market environment at the time. As of 31 December

2017, the Company’s interest-bearing debts were mainly RMB-denominated floating rate loan contracts with a total amount of RMB 3,990,000,000.00 (31 December 2016: RMB 1,462,061,904.76), and RMB-denominated fixed rate loan contracts with a total amount of RMB 8,776,149,600.60 (31 December 2016: RMB 6,304,894,725.00).

If the interest rate of floating-rate financial liabilities rises or falls by 25 basis points, while other factors remain unchanged, the Company’s inventories will increase or decrease by approximately RMB 3,106,881.55 (31 December 2016: approximately RMB 3,106,881.55), and total assets will increase or decrease by approximately RMB 3,106,881.55 (31 December 2016: approximately RMB 3,106,881.55).

C. Other price risks.

Other price risks refer to the risk of fluctuations in market prices other than exchange rate risk and interest rate risk, no matter these changes are due to factors related to individual financial instruments or their issuers, or due to factors related to all similar financial instruments traded in the market.

There were no other price risks during the reporting period.

X Related party relationships and transactions

1. The parent company of the Company

Name	Registration	Nature of business	Registered Capital	The parent company’s shareholding (%)	The parent company’s voting right (%)
Finance Bureau of Banan District, Chongqing	Banan District, Chongqing	Government department		100	100

Information of subsidiaries of the Company refers to Note VIII 1.

2. Information of joint ventures and associates of the Company

Information of joint ventures and associates of the Company refers to Note VIII 2.

3. Information of other related parties

Name of other related parties	Relationship
Chongqing Banan Xingnong Financing Guarantee Co., Ltd.	Shareholding company of the Company

Name of other related parties	Relationship
Chongqing Shikeyun Technology Co., Ltd.	Shareholding company of the Company
Chongqing Lujiao Zutuan Development Investment Co., Ltd.	Shareholding company of the Company
Chongqing HKC Optoelectronics Technology Co., Ltd.	Shareholding company of the Company

4. Related party transactions

During the reporting period, the Company has no related party transactions and no related guarantees or related leasing.

5. Amount due from/to related parties

(1) Amounts due from related parties

Item	Name of related parties	Closing balance		Opening balance	
		Booking balance	Bad debts provisions	Booking balance	Bad debts provisions
Other receivables	Finance Bureau of Banan District, Chongqing			1,750,345,200.00	
	Chongqing Xinjiedian Real Estate Co., Ltd.	68,093,929.43		72,581,393.80	
	Chongqing Shikeyun Technology Co., Ltd.	84,000.00		84,000.00	

(2) Amounts due to related parties

Item	Name of related parties	Closing balance	Opening balance
Other payables	Finance Bureau of Banan District, Chongqing		25,000,000.00
	Chongqing Banan Economic Park Investment Industrial Co., Ltd.	49,115,402.02	49,265,402.02
	Chongqing HKC Optoelectronics Technology Co., Ltd.	6,133,885.51	131,691,364.64
	Chongqing Xinjiedian Real Estate Co., Ltd.	5,166,600.00	

XI Commitments and contingencies

1. Significant commitments

As of 31December 2017, there were no significant commitments that need to be disclosed.

2. Contingencies

As of 31 December 2017, there were no other contingencies such as external guarantees and pending litigations shall be disclosed during the reporting period.

XII Events after the balance sheet date

As of the approval date of this report, there are no events that need to be disclosed after the balance sheet date.

XIII Other significant events

Correction of previous accounting errors

Correction of accounting errors	Handling procedures	Affected item	Cumulative effects
State-owned Assets Management Office of Banan District returned the state-owned assets use fees paid in 2015 and 2016	Adjusted the opening balance of 2016 and 2017	Opening balance of retained earnings	+28,769,000.00
		Opening balance of other receivables	+28,769,000.00

XIV Notes to the financial statements of the parent company

1. Other receivables

(1) Disclosure of other receivables:

Category	Closing balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Other receivables that are individually significant in amount and provided for bad debts separately	2,100,000,000.00	42.12	21,000,000.00	1.00	2,079,000,000.00
Other receivables provided for bad debt according to the credit risk characteristics					
Portfolio 1	221,413,056.97	4.44	27,442,942.66	12.39	193,970,114.31

Category	Closing balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Portfolio 2	2,664,372,720.48	53.44			2,664,372,720.48
Sub-total	2,885,785,777.45	57.88	27,442,942.66	0.95	2,858,342,834.79
Other receivables that individually insignificant in amount but provided for bad debt separately					
Total	4,985,785,777.45	100.00	48,442,942.66	0.97	4,937,342,834.79

Category	Opening balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Other receivables that are individually significant in amount and provided for bad debts separately					
Other receivables provided for bad debt according to the credit risk characteristics					
Portfolio 1	2,588,068,411.20	49.09	33,231,166.23	1.28	2,554,837,244.97
Portfolio 2	2,684,524,969.43	50.91			2,684,524,969.43
Sub-total	5,272,593,380.63	100.00	33,231,166.23	0.63	5,239,362,214.40
Other receivables that individually insignificant in amount but provided for bad debt separately					
Total	5,272,593,380.63	100.00	33,231,166.23	0.63	5,239,362,214.40

Other receivables that individually significant in amount and provided for bad debt separately

Name	Closing balance			
	Balance	Provision for bad debts	Proportion (%)	Reason
Huike Electronics (Shenzhen) Co., Ltd.	2,100,000,000.00	21,000,000.00	1.00	Shareholder of the associate company Chongqing HKC Optoelectronics Technology Co., Ltd., and has collateral

Name	Closing balance			
	Balance	Provision for bad debts	Proportion (%)	Reason
Total	2,100,000,000.00	21,000,000.00	1.00	

In portfolio 1, other receivables adopting ageing analysis method to provide for bad debts:

Ageing	Closing balance		
	Balance	Provision for bad debts	Proportion (%)
Within 1 year (including 1 year)	84,071,548.05	414,417.53	0.50
1 year to 2 years (including 2 years)	93,383,500.00	2,801,505.00	3.00
2 years to 3 years (including 3 years)	15,060,000.28	1,506,000.03	10.00
3 years to 4 years (including 4 years)	1,840,000.13	368,000.03	20.00
4 years to 5 years (including 5 years)	9,409,976.89	4,704,988.45	50.00
Over 5 years	17,648,031.62	17,648,031.62	100.00
Total	221,413,056.97	27,442,942.66	

(Continued)

Ageing	Opening balance		
	Balance	Provision for bad debts	Proportion (%)
Within 1 year (including 1 year)	2,534,901,652.28	12,674,508.26	0.50
1 year to 2 years (including 2 years)	23,431,200.28	702,936.01	3.00
2 years to 3 years (including 3 years)	2,104,000.13	210,400.01	10.00
3 years to 4 years (including 4 years)	9,983,526.89	1,996,705.38	20.00
4 years to 5 years (including 5 years)	2,830.11	1,415.06	50.00
Over 5 years	17,645,201.51	17,645,201.51	100.00
Total	2,588,068,411.20	33,231,166.23	

In portfolio 2, other receivables with no provisions for bad debts:

Portfolio name/company name	Relationship	Closing balance	Proportion (%)
Chongqing Banan District Economic Zone Development and Construction Management Committee	Non-related party	322,187,750.62	12.09

Portfolio name/company name	Relationship	Closing balance	Proportion (%)
Land and Resources Management Branch of Banan District, Chongqing	Non-related party	1,274,441.00	0.05
Finance Bureau of Banan District, Chongqing	Parent company	1,750,345,200.00	65.69
Government of Jieshi Town, Banan District	Non-related party	67,752,964.24	2.54
Village Committee of Guihua Village, Jieshi Town, Banan District	Non-related party	44,517,400.00	1.67
Public Security Fire Detachment of Banan District, Chongqing	Non-related party	22,660,000.00	0.85
Chongqing Banan District Land Consolidation and Reserve Center	Non-related party	50,000,000.00	1.88
Education Committee of Banan District, Chongqing	Non-related party	2,000,000.00	0.08
Village Committee of Wuxin Village, Jieshi Town, Banan District, Chongqing	Non-related party	600,000.00	0.02
People's Government of Banan District, Chongqing	Related party	59,723,090.85	2.24
Chongqing Xinjiedian Real Estate Co., Ltd.	Associate	68,093,929.43	2.56
Chongqing Shikeyun Technology Co., Ltd.	Investment company	84,000.00	
Chongqing Yingjinyuan Industrial Development Co., Ltd.	Subsidiary	56,524,152.00	2.12
Chongqing Xingjie Real Estate Co., Ltd.	Subsidiary	216,415,208.00	8.12
State-owned Assets Management Office of Banan District, Chongqing	Non-related party	131,600.00	0.01
Chongqing Banan Feichuang Construction Co., Ltd.	Subsidiary	153,902.16	0.01
Employee borrowing	Non-related party	1,282,199.00	0.05
Major repair fund	Non-related party	626,883.18	0.02
Total		2,664,372,720.48	100.00

(2) Bad debt provisions provided, collected or reversed in the reporting period

In the reporting period, the provision for bad debts of other receivables is RMB 15,211,776.43. There is no collected or reversed amount of provision for bad debts of other receivables.

(3) Classification of other receivables by nature

Nature	Closing balance	Opening balance
Petty cash	1,282,199.00	1,221,005.43
Major repair fund	626,883.18	626,883.18
Receivables from subsidiaries	273,093,262.16	261,003,501.16
Receivables from joint ventures, associates and shareholding companies	68,177,929.43	72,665,393.80
Receivables from government departments	569,881,746.71	598,662,985.86
Receivables from parent company	1,750,345,200.00	1,750,345,200.00
Receivables from non-related parties	2,322,378,556.97	2,588,068,411.20
Total	4,985,785,777.45	5,272,593,380.63

(4) Information of top 5 other receivables

Company name	Nature	Closing balance	Ageing	Proportion (%)	Closing balance for provision for bad debts
Huike Electronics (Shenzhen) Co., Ltd.	Incomings and outgoings	2,100,000,000.00	1-2 years	42.12	21,000,000.00
Finance Bureau of Banan District, Chongqing	Incomings and outgoings	1,750,345,200.00	1-4 years, over 5 years	35.11	
Chongqing Banan District Economic Zone Development and Construction Management Committee	Incomings and outgoings	322,187,750.62	0-3 years	6.46	
Chongqing Xingjie Real Estate Co., Ltd.	Incomings and outgoings	216,415,208.00	0-3 years	4.34	
Chongqing Xinjiedian Real Estate Co., Ltd.	Incomings and outgoings	68,093,929.43	0-4 years	1.36	
Total		4,457,042,088.05		89.39	21,000,000.00

2. Long-term equity investment

Item	Closing balance			Opening balance		
	Balance	Impairment provision	Net value	Balance	Impairment provision	Net value
Investments in subsidiaries	402,310,000.00		402,310,000.00	402,310,000.00		402,310,000.00

Item	Closing balance			Opening balance		
	Balance	Impairment provision	Net value	Balance	Impairment provision	Net value
Investments in associates and joint ventures	49,982,641.08		49,982,641.08	49,983,117.14		49,983,117.14
Total	452,292,641.08		452,292,641.08	452,293,117.14		452,293,117.14

(1) Investment in subsidiaries

The investees	Opening balance	Increase	Decrease	Closing balance	Impairment provisions	Closing balance for impairment provisions
Chongqing Yingjinyuan Industrial Development Co., Ltd.	109,530,000.00			109,530,000.00		
Chongqing Xingjie Real Estate Co., Ltd.	282,780,000.00			282,780,000.00		
Chongqing Banan Feichuang Construction Co., Ltd.	10,000,000.00			10,000,000.00		
Total	402,310,000.00			402,310,000.00		

(2) Investment in associates and joint ventures

The investees	Closing balance			Opening balance		
	Balance	Impairment provision	Net value	Balance	Impairment provision	Net value
Associates:						
Chongqing Banan Economic Park Investment Industrial Co., Ltd.	49,982,641.08		49,982,641.08	49,983,117.14		49,983,117.14
Total	49,982,641.08		49,982,641.08	49,983,117.14		49,983,117.14

(Continued)

The investees	Increase / decrease in the current period							
	Increase	Decrease	Investment losses recognized under the equity method	Adjustment of other comprehensive income	Other changes in equity	Declared cash dividends or profits	Provision for impairment	Other
Associates:								

The investees	Increase / decrease in the current period							
	Increase	Decrease	Investment losses recognized under the equity method	Adjustment of other comprehensive income	Other changes in equity	Declared cash dividends or profits	Provision for impairment	Other
Chongqing Xinjiedian Real Estate Co., Ltd.								
Chongqing Banan Economic Park Investment Industrial Co., Ltd.			-476.06					
Total			-476.06					

Chongqing Banan Economic Park Development & Construction Co., Ltd.

27 April 2018

Legal Representative: Chief Financial Officer: Chief Accountant:

中 审 众 环 会 计 师 事 务 所 （特 殊 普 通 合 伙）

Mazars Certified Public Accountants LLP

CHONGQING BANAN ECONOMIC PARK DEVELOPMENT & CONSTRUCTION CO., LTD.

REVIEW REPORT

30 June 2018

REVIEW REPORT

ZHYZ (2018) No. 180002

To the shareholders of Chongqing Banan Economic Park Development & Construction Co., Ltd.

We have reviewed the accompanying financial statements of Chongqing Banan Economic Park Development & Construction Co., Ltd. (hereinafter referred to as “the Company”), which comprise the consolidated and parent company balance sheets as at 30 June 2018, and the consolidated and parent company income statements, the consolidated and parent company statements of cash flows for January to June of the year of 2018, the consolidated and parent company statements of changes in equity and notes to the financial statements. The management of the Company is responsible for the preparation of these financial statements, and our responsibility is to issue a review report on these financial statements based on our review work.

We conducted our review in accordance with Chinese Certified Public Accountants Review Standards No. 2101 – Financial Statements Review. Those Standards require that we plan and perform the review to obtain limited assurance about whether the financial statements are free from material misstatement. The review was mainly limited to inquire the relevant employees of the Company and perform the analytical procedures for financial data which provided less assurance than auditing. Since we did not conduct an audit, we shall not issue an audit opinion.

In accordance with our review, we have not noticed any events to make us believe that the accompanying financial statements did not present fairly, in all material respects, the consolidated and parent company’s financial position of Chongqing Banan Economic Park Development & Construction Co., Ltd. as at 30 June 2018, and the consolidated and parent company’s financial performance and cash flows for January to June of the year of 2018, in conformity with Accounting Standard for Business Enterprises (generally accepted accounting principles in the People’s Republic of

China).

Mazars Certified Public Accountants LLP Certified Public Accountant

Certified Public Accountant

Wuhan, the People's Republic of China 10 November 2018

Consolidated Balance Sheet (Assets)

Consol. No. 1

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Assets	Note	30 Jun. 2018	31 Dec. 2017
Current assets:			
Cash and cash equivalents	VII 1	223,976,187.34	1,040,470,768.49
Financial assets measured at fair value and changes are recorded into the current profits and losses			
Derivative financial assets			
Notes receivable&Accounts receivable	VII 2	3,763,556,293.13	3,922,555,099.49
Prepayment	VII 3	81,576,071.21	82,802,374.12
Other receivables	VII 4	4,617,367,449.68	4,664,279,572.63
Inventory	VII 5	9,280,471,476.75	8,886,491,480.83
Assets divided into held-for-sale			
Non-current assets due within 1 year			
Other current assets	VII 6	14,859,345.92	10,958,962.54
Total current assets		17,981,806,824.03	18,607,558,258.10
Non-current assets:			
Available-for-sale financial assets	VII 7	1,033,500,000.00	1,033,500,000.00
Held-to-maturity investment			
Long-term receivables			
Long-term equity investment	VII 8	54,791,919.10	54,791,919.10
Investment property□	VII 9	938,797,166.61	915,147,081.32
Fixed assets□	VII 10	8,544,268.66	9,000,445.58
Construction in progress□	VII 11	58,046,359.83	58,046,359.83
Construction materials□			
Disposal of fixed assets□			
Bearer biological assets			
Oil and gas assets			
Intangible assets			
Development expenditure			
Goodwill			
Long-term deferred expenses			
Deferred tax assets	VII 12	12,949,354.35	11,258,014.17
Other non-current assets	VII 13	1,737,473,320.00	1,737,473,320.00
Total non-current assets		3,844,102,388.55	3,819,217,140.00
Total assets		21,825,909,212.58	22,426,775,398.10

Legal Representative: Chief Financial Officer: Chief Accountant:

Consolidated Balance Sheet (Liabilities and Equity)

Consol. No. 1

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. RMB

Liabilities and equity	Note	30 Jun. 2018	31 Dec. 2017
Current liabilities:			
Short-term borrowings	VII 15	148,000,000.00	
Financial liabilities measured at fair value and changes are recorded into the current profits and losses			
Derivative financial liabilities			
Notes payable&Accounts payable	VII 16	36,153,779.19	34,076,959.50
Advance from customers	VII 17	183,456,400.00	180,326,400.00
Payroll payable	VII 18	327,900.00	328,695.00
Taxes payable	VII 19	191,656,120.03	187,048,525.96
Other payables	VII 20	1,002,973,996.10	706,785,051.40
Liabilities divided into held-for-sale			
Non-current liabilities due within 1 year	VII 21	693,038,095.24	1,533,738,095.24
Other current liabilities	VII 22	19,729,436.95	19,729,436.95
Total current liabilities		2,275,335,727.51	2,662,033,164.05
Non-current liabilities:			
Long-term borrowings	VII 23	7,996,360,706.66	8,138,779,754.28
Bonds payable	VII 24	2,457,762,559.83	2,570,631,751.08
Long-term payables			
Long-term payroll payable			
Contingent liabilities			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities	VII 25	550,000,000.00	523,000,000.00
Total non-current liabilities		11,004,123,266.49	11,232,411,505.36
Total liabilities		13,279,458,994.00	13,894,444,669.41
Equity:			
Paid-in capital	VII 26	537,552,100.00	537,552,100.00
Other equity instruments			
Capital reserve	VII 27	6,345,481,842.63	6,345,481,842.63
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve	VII 28	97,190,338.04	95,550,822.08
Retained earnings	VII 29	866,226,047.16	853,746,315.41
Total equity attributable to owners of the parent company		7,846,450,327.83	7,832,331,080.12
Minority interests		699,999,890.75	699,999,648.57
Total equity		8,546,450,218.58	8,532,330,728.69
Total liabilities & equity		21,825,909,212.58	22,426,775,398.10

Legal Representative: Chief Financial Officer: Chief Accountant:

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Consolidated Income Statement

Consol. No. 2

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Item	Note	Jan.- Jun. 2018	Jan.- Jun. 2017
I. Total operating revenue		45,756,833.88	94,309,262.45
Including: Sales revenue	VII 30	45,756,833.88	94,309,262.45
II. Total operating costs		58,781,669.77	80,680,913.51
Including: Cost of sales	VII 30	14,040,738.87	31,493,154.34
Taxes and surcharges	VII 31	5,004,335.73	4,807,042.91
Selling expenses			
Administrative expenses	VII 32	10,397,575.63	12,355,852.40
R&D expenses			
Financial costs	VII 33	18,063,418.33	24,434,781.75
Including: Interest expenses		18,064,511.94	24,062,103.26
Interest income		23,703.69	50,664.33
Impairment loss on assets	VII 34	11,275,601.21	7,590,082.11
Add: Other income ("-" means loss)	VII 35	50,615,100.00	50,000,000.00
Investment income ("-" means loss)			
Including: income from investment on associates and joint ventures			
Gains/(losses) from changes in fair value ("-" means loss)			
Gains from disposal of assets ("-"means loss)			
III. Operating profit ("-" means loss)		37,590,264.11	63,628,348.94
Add: Non-operating income			
Less: Non-operating expenses	VII 36	20,577,491.11	44,637,902.18
IV. Total profit ("-" means losses)		17,012,773.00	18,990,446.76
Less: Income tax expenses	VII 37	2,893,283.11	3,092,868.58
V. Net profit ("-" means losses)		14,119,489.89	15,897,578.18
(I) Classification in accordance with going concern			
1. Net profit from continuing operations ("-" means loss)		14,119,489.89	15,897,578.18
2. Net profit from discontinued operations ("-" means loss)			
(II) Classification in accordance with attribution			
1. Minority interest ("-" means net loss)		242.18	-258.44
2. Attributable to equity holders of the parent company ("-" means net loss)		14,119,247.71	15,897,836.62
Minority interest			
VI. Other comprehensive income after tax			
Attributable to equity holders of the parent company			
A. Not reclassified subsequently to profit or loss			
1. Changes in net liabilities or assets by remeasurement of defined benefit plans			
2. Not reclassified to profit or loss for the invested entity under the equity method			
B. Reclassified subsequently to profit or loss□			
1. Reclassified subsequently to profit or loss for the invested entity under the equity method			
2. Gains or losses from changes in fair value of available-for-sale financial assets			
3. Profit or loss from reclassification held-to-maturity investment to available-for-sale financial assets			
Attributable to minority shareholders			
VII. Total comprehensive income attributable to:		14,119,489.89	15,897,578.18
Attributable to equity holders of the parent company		14,119,247.71	15,897,836.62
Attributable to minority shareholders		242.18	-258.44
VIII. Earnings per share			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Legal Representative: Chief Financial Officer: Chief Accountant:

Consolidated Statement of Cash Flows

Consol. No. 3

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Item	Note	Jan.- Jun. 2018	Jan.- Jun. 2017
I. Cash flows from operating activities:			
Cash received from sales and services		171,371,299.96	63,026,183.92
Tax refunds		50,615,100.00	50,000,000.00
Other cash receipts relating to operating activities	VII 38	76,789,896.92	177,013,197.88
Sub-total cash inflows from operating activities		298,776,296.88	290,039,381.80
Cash paid for goods and services		69,405,288.26	377,827,679.53
Cash paid to and on behalf of employees		6,730,654.93	7,384,774.09
Payment of taxes and surcharges		5,520,700.07	5,305,133.78
Other cash payments relating to operating activities	VII 38	22,857,371.94	77,875,705.28
Sub-total cash outflows from operating activities		104,514,015.20	468,393,292.68
Net cash flows from operating activities		194,262,281.68	-178,353,910.88
II. Cash flows from investing activities:			
Cash receipts from withdraw of investments			
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities	VII 38	610,000,000.00	94,000,000.00
Sub-total cash inflows from investing activities		610,000,000.00	94,000,000.00
Cash paid for fixed assets, intangible assets and other long-term assets		34,875,290.28	14,567,452.67
Cash payments for investments			
Net cash paid for acquiring subsidiaries and other business units			
Other cash payments relating to investing activities	VII 38	50,000,000.00	
Sub-total cash outflows from investing activities		84,875,290.28	14,567,452.67
Net cash flows from investing activities		525,124,709.72	79,432,547.33
III. Cash flows from financing activities:			
Cash proceeds from investments by others			
Including: Cash received by subsidiaries from minority shareholders' investments			
Cash received from borrowings		218,000,000.00	4,130,000,000.00
Other cash receipts relating to financing activities	VII 38	320,000,000.00	
Sub-total cash inflows from financing activities		538,000,000.00	4,130,000,000.00
Cash repayments for debts		477,619,047.62	1,733,909,047.62
Cash payments for distribution of dividends, profit and interest expenses		315,073,736.60	319,924,092.24
Including: Dividends or profit paid by subsidiaries to minority shareholders			
Other cash payments relating to financing activities	VII 38	721,188,269.01	819,147,467.40
Sub-total cash outflows from financing activities		1,513,881,053.23	2,872,980,607.26
Net cash flows from financing activities		-975,881,053.23	1,257,019,392.74
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-519.32	-80.15
V. Net increase in cash and cash equivalents		-256,494,581.15	1,158,097,949.04
Add: Opening balance of cash and cash equivalents		430,470,768.49	505,633,916.35
VI. Closing balance of cash and cash equivalents		173,976,187.34	1,663,731,865.39

Legal Representative: Chief Financial Officer: Chief Accountant:

-50,000,000.00 623,261,096.90

Consolidated Statement of Changes in Equity

Consol. No. 4

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Item	Jan.-Jun. 2018							
	Equity attributable to the parent company						Minority interests	Total equity
	Paid-in capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings		
I. Balance at the end of the previous year	537,552,100.00	6,345,481,842.63			95,550,822.08	853,746,315.41	699,999,648.57	8,532,330,728.69
Plus: Change in accounting policies								
Correction of errors in previous period								
Business combination under common control								
Others								
II. Balance at the beginning of the year	537,552,100.00	6,345,481,842.63			95,550,822.08	853,746,315.41	699,999,648.57	8,532,330,728.69
III. Increase/decrease during the financial year ("-" means decrease)					1,639,515.96	12,479,731.75	242.18	14,119,489.89
(I) Total comprehensive income						14,119,247.71	242.18	14,119,489.89
(II) Contributions and decrease of capital								
1. Ordinary shares contributed by owners								
2. Capital paid in by holders of other equity instruments								
3. Equity settled share-based payment								
4. Others								
(III) Profit distribution					1,639,515.96	-1,639,515.96		
1. Surplus reserve accrued					1,639,515.96	-1,639,515.96		
2. Appropriations to general risk provisions								
3. Distribution to owners								
4. Others								
(IV) Transfer within equity								
1. Capital reserve transferred to capital								
2. Surplus reserve transferred to capital								
3. Surplus reserve offsetting losses								
4. Others								
(V) Special reserve fund								
1. Provision for the year								
2. Use for the year								
(VI) Others								
IV. Closing balance	537,552,100.00	6,345,481,842.63			97,190,338.04	866,226,047.16	699,999,890.75	8,546,450,218.58

Legal Representative: Chief Financial Officer: Chief Accountant:

Consolidated Statement of Changes in Equity

Consol. No. 4

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □

RMB

Item	Jan.- Jun. 2017							
	Equity attributable to the parent company						Minority interests	Total equity
	Paid-in capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings		
I. Balance at the end of the previous year	537,552,100.00	6,601,647,642.63			85,577,899.20	768,081,753.99	699,999,571.13	8,692,858,966.95
Plus: Change in accounting policies								
Correction of errors in previous period								
Others								
II. Balance at the beginning of the year	537,552,100.00	6,601,647,642.63			85,577,899.20	768,081,753.99	699,999,571.13	8,692,858,966.95
III. Increase/decrease during the financial year ("-" means decrease)					1,752,625.53	14,145,211.09	-258.44	15,897,578.18
(I) Total comprehensive income						15,897,836.62	-258.44	15,897,578.18
(II) Contributions and decrease of capital								
1. Ordinary shares contributed by owners								
2. Capital paid in by holders of other equity instruments								
3. Equity settled share-based payment								
4. Others								
(III) Profit distribution					1,752,625.53	-1,752,625.53		
1. Surplus reserve accrued					1,752,625.53	-1,752,625.53		
2. Appropriations to general risk provisions								
3. Distribution to owners								
4. Others								
(IV) Transfer within equity								
1. Capital reserve transferred to capital								
2. Surplus reserve transferred to capital								
3. Surplus reserve offsetting losses								
4. Others								
(V) Special reserve fund								
1. Provision for the year								
2. Use for the year								
(VI) Others								
IV. Closing balance	537,552,100.00	6,601,647,642.63			87,330,524.73	782,226,965.07	699,999,312.69	8,708,756,545.12

Legal Representative: Chief Financial Officer: Chief Accountant:

Balance Sheet (Assets)

No. 1

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Assets	Note	30 Jun. 2018	31 Dec. 2017
Current assets:			
Cash and cash equivalents		221,784,065.40	1,035,395,103.04
Financial assets measured at fair value and changes are recorded into the current profits and losses			
Notes receivable&Accounts receivable		3,763,556,293.13	3,922,555,099.49
Prepayment		81,451,978.21	82,754,623.12
Other receivables	XV 1	4,891,418,945.84	4,937,342,834.79
Inventory		8,627,200,454.96	8,234,573,069.14
Assets divided into held-for-sale			
Non-current assets due within 1 year			
Other current assets		14,432,972.84	10,613,343.29
Total current assets		17,599,844,710.38	18,223,234,072.87
Non-current assets:			
Available-for-sale financial assets		1,033,500,000.00	1,033,500,000.00
Held-to-maturity investment			
Long-term receivables			
Long-term equity investment	XV 2	452,292,641.08	452,292,641.08
Investment property□		938,797,166.61	915,147,081.32
Fixed assets		8,544,268.66	9,000,445.58
Construction in progress□		58,046,359.83	58,046,359.83
Construction materials□			
Disposal of fixed assets□			
Bearer biological assets			
Oil and gas assets			
Intangible assets			
Development expenditure			
Goodwill			
Long-term deferred expenses			
Deferred tax assets		12,949,354.35	11,258,014.17
Other non-current assets		1,737,473,320.00	1,737,473,320.00
Total non-current assets		4,241,603,110.53	4,216,717,861.98
Total assets		21,841,447,820.91	22,439,951,934.85

Legal Representative: Chief Financial Officer: Chief Accountant:

Balance Sheet (Liabilities and Equity)

No. 1

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Liabilities and equity	Note	30 Jun. 2018	31 Dec. 2017
Current liabilities:			
Short-term borrowings		148,000,000.00	
Financial liabilities measured at fair value and changes are recorded into the current profits and losses			
Derivative financial liabilities			
Notes payable&Accounts payable		36,153,779.19	34,076,959.50
Advance from customers		183,456,400.00	180,326,400.00
Payroll payable		327,900.00	327,900.00
Taxes payable		191,656,120.03	187,048,525.96
Other payables		1,000,025,500.10	703,750,948.58
Liabilities divided into held-for-sale			
Non-current liabilities due within 1 year		693,038,095.24	1,533,738,095.24
Other current liabilities		19,729,436.95	19,729,436.95
Total current liabilities		2,272,387,231.51	2,658,998,266.23
Non-current liabilities:			
Long-term borrowings		7,996,360,706.66	8,138,779,754.28
Bonds payable		2,457,762,559.83	2,570,631,751.08
Long-term payables		710,000,000.00	710,000,000.00
Long-term payroll payable			
Special payables			
Contingent liabilities			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities		550,000,000.00	523,000,000.00
Total non-current liabilities		11,714,123,266.49	11,942,411,505.36
Total liabilities		13,986,510,498.00	14,601,409,771.59
Equity:			
Paid-in capital		537,552,100.00	537,552,100.00
Other equity instruments			
Capital reserve		6,345,481,842.63	6,345,481,842.63
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve		97,190,338.04	95,550,822.08
Retained earnings		874,713,042.24	859,957,398.55
Total equity		7,854,937,322.91	7,838,542,163.26
Total liabilities & equity		21,841,447,820.91	22,439,951,934.85

Legal Representative: Chief Financial Officer: Chief Accountant:

Income Statement

No. 2

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Item	Note	Jan.- Jun. 2018	Jan.- Jun. 2017
I. Total operating revenue		45,756,833.88	94,309,262.45
Including: Sales revenue		45,756,833.88	94,309,262.45
II. Total operating costs		56,506,019.65	79,052,236.43
Including: Cost of sales		14,040,738.87	31,493,154.34
Taxes and surcharges		3,041,330.73	3,237,032.91
Selling expenses			
Administrative expenses		10,072,248.01	12,248,681.69
R&D expenses			
Financial costs		18,076,100.83	24,483,285.38
Including: Interest expenses		18,064,511.94	24,062,103.26
Interest income		6,938.79	
Impairment loss on assets		11,275,601.21	7,590,082.11
Add: Other income ("-" means loss)		50,615,100.00	50,000,000.00
Investment income ("-" means loss)			
Including: income from investment on associates and joint ventures			
Gains/(losses) from changes in fair value ("-" means loss)			
Gains from disposal of assets ("-"means loss)			
III.Operating profit ("-" means loss)		39,865,914.23	65,257,026.02
Add: Non-operating income			
Less: Non-operating expense		20,577,491.11	44,637,902.18
IV. Total profit ("-" for losses)		19,288,423.12	20,619,123.84
Less: Income tax expense		2,893,263.47	3,092,868.58
V. Net profit ("-" for losses)		16,395,159.65	17,526,255.26
(I) Classification in accordance with going concern		16,395,159.65	17,526,255.26
(II) Classification in accordance with attribution			
VI. Other comprehensive income after tax			
A. Not reclassified subsequently to profit or loss			
1. Changes in net liabilities or assets by remeasurement of defined benefit plans			
2. Not reclassified to profit or loss for the invested entity under the equity method			
B. Reclassified subsequently to profit or loss□			
1. Reclassified subsequently to profit or loss for the invested entity under the equity method			
2. Gains or losses from changes in fair value of available-for-sale financial assets			
3. Profit or loss from reclassification held-to-maturity investment to available-for-sale financial assets			
VI. Total comprehensive income		16,395,159.65	17,526,255.26
VII. Earnings per share			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Legal Representative: Chief Financial Officer: Chief Accountant:

Statement of Cash Flows

No. 3

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Item	Note	Jan.- Jun. 2018	Jan.- Jun. 2017
I. Cash flows from operating activities:			
Cash received from sales and services		171,371,299.96	63,026,183.92
Tax refunds		50,615,100.00	50,000,000.00
Other cash receipts relating to operating activities		76,773,132.02	176,812,422.31
Sub-total cash inflows from operating activities		298,759,531.98	289,838,606.23
Cash paid for goods and services		67,844,078.33	370,888,514.10
Cash paid to and on behalf of employees		6,463,532.31	7,297,682.64
Payment of taxes and surcharges		3,557,675.43	3,735,123.78
Other cash payments relating to operating activities		23,748,420.72	88,673,639.01
Sub-total cash outflows from operating activities		101,613,706.79	470,594,959.53
Net cash flows from operating activities		197,145,825.19	-180,756,353.30
II. Cash flows from investing activities:			
Cash receipts from withdraw of investments			
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities		610,000,000.00	94,000,000.00
Sub-total cash inflows from investing activities		610,000,000.00	94,000,000.00
Cash paid for fixed assets, intangible assets and other long-term assets		34,875,290.28	14,567,452.67
Cash payments for investments			
Net cash paid for acquiring subsidiaries and other business units			
Other cash payments relating to investing activities		50,000,000.00	
Sub-total cash outflows from investing activities		84,875,290.28	14,567,452.67
Net cash flows from investing activities		525,124,709.72	79,432,547.33
III. Cash flows from financing activities:			
Cash proceeds from investments by others			
Cash received from borrowings		218,000,000.00	4,130,000,000.00
Cash received from issuing bonds			
Other cash receipts relating to financing activities		320,000,000.00	
Sub-total cash inflows from financing activities		538,000,000.00	4,130,000,000.00
Cash repayments for debts		477,619,047.62	1,733,909,047.62
Cash payments for distribution of dividends, profit and interest expenses		315,073,736.60	319,924,092.24
Other cash payments relating to financing activities		721,188,269.01	819,147,467.40
Sub-total cash outflows from financing activities		1,513,881,053.23	2,872,980,607.26
Net cash flows from financing activities		-975,881,053.23	1,257,019,392.74
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-519.32	-80.15
V. Net increase in cash and cash equivalents		-253,611,037.64	1,155,695,506.62
Add: Opening balance of cash and cash equivalents		425,395,103.04	503,852,715.31
VI. Closing balance of cash and cash equivalents		171,784,065.40	1,659,548,221.93

Legal Representative: Chief Financial Officer: Chief Accountant:

Statement of Changes in Equity

No. 4

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Item	Jan.-Jun. 2018								
	Paid-in capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Retained earnings	Total equity
I. Balance at the end of the previous year	537,552,100.00		6,345,481,842.63				95,550,822.08	859,957,398.55	7,838,542,163.26
Plus: Change in accounting policies									
Correction of errors in previous period									
Others									
II. Balance at the beginning of the year	537,552,100.00		6,345,481,842.63				95,550,822.08	859,957,398.55	7,838,542,163.26
III. Increase/decrease during the financial year ("-" means decrease)							1,639,515.96	14,755,643.69	16,395,159.65
(I) Total comprehensive income								16,395,159.65	16,395,159.65
(II) Contributions and decrease of capital									
1. Ordinary shares contributed by owners									
2. Capital paid in by holders of other equity instruments									
3. Equity settled share-based payment									
4. Others									
(III) Profit distribution							1,639,515.96	-1,639,515.96	
1. Surplus reserve accrued							1,639,515.96	-1,639,515.96	
2. Distribution to owners									
3. Others									
(IV) Transfer within equity									
1. Capital reserve transferred to capital									
2. Surplus reserve transferred to capital									
3. Surplus reserve offsetting losses									
4. Others									
(V) Special reserve fund									
1. Provision for the year									
2. Use for the year									
(VI) Others									
IV. Closing balance	537,552,100.00		6,345,481,842.63				97,190,338.04	874,713,042.24	7,854,937,322.91

Legal Representative: Chief Financial Officer: Chief Accountant:

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Statement of Changes in Equity

No. 4

Prepared by Chongqing Banan Economic Park Development & Construction Co., Ltd. □ RMB

Item	Jan.-Jun. 2017								
	Paid-in capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Retained earnings	Total equity
I. Balance at the end of the previous year	537,552,100.00		6,601,647,642.63				85,577,899.20	770,201,092.61	7,994,978,734.44
Plus: Change in accounting policies									
Correction of errors in previous period									
Others									
II. Balance at the beginning of the year	537,552,100.00		6,601,647,642.63				85,577,899.20	770,201,092.61	7,994,978,734.44
III. Increase/decrease during the financial year ("-" means decrease)							1,752,625.53	15,773,629.73	17,526,255.26
(I) Total comprehensive income								17,526,255.26	17,526,255.26
(II) Contributions and decrease of capital									
1. Ordinary shares contributed by owners									
2. Capital paid in by holders of other equity instruments									
3. Equity settled share-based payment									
4. Others									
(III) Profit distribution							1,752,625.53	-1,752,625.53	
1. Surplus reserve accrued							1,752,625.53	-1,752,625.53	
2. Distribution to owners									
3. Others									
(IV) Transfer within equity									
1. Capital reserve transferred to capital									
2. Surplus reserve transferred to capital									
3. Surplus reserve offsetting losses									
4. Others									
(V) Special reserve fund									
1. Provision for the year									
2. Use for the year									
(VI) Others									
IV. Closing balance	537,552,100.00		6,601,647,642.63				87,330,524.73	785,974,722.34	8,012,504,989.70

Legal Representative: Chief Financial Officer: Chief Accountant:

	-		256,165,800.00				-8,220,297.35	-73,982,676.21	173,962,826.44

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

(All amounts in RMB unless otherwise stated)

Important Notes:
This report is prepared in Chinese and English. In the event of any discrepancy between two versions, the Chinese version shall prevail.

I Company profile

Chongqing Banan Economic Park Development & Construction Co., Ltd. (hereinafter referred to as "the Company") is a wholly state-owned company incorporated on 4 September 2007 which was funded by Finance Bureau of Banan District, Chongqing. Legal representative of the Company: Hu Ji; The registration number / unified social credit code: 915001136664095746.

As of 30 June 2018, the registered capital of the Company is RMB 537,552,100.00, and the paid-in capital of the Company is RMB 537,552,100.00. Details of paid-in capital are set out in Note VII 26.

1. Registration address, type of organization

Type of organization of the Company: Wholly state-owned limited company

Registration address: No. 88 Fucheng Road, Jieshi Town, Banan District, Chongqing.

2. The nature of the business and the main business scope

The nature of the business for the Company is infrastructure construction.

Business scope: Investments in park construction projects by using self-owned funds; Investment information consultation; Land consolidation and reserve; Plant leasing; Property management (operating with qualification certificates); Secondary real estate development; Municipal and road infrastructure development and construction; Sales of construction materials (except dangerous chemicals) and hardware.

3. The name of the Company's shareholder

The shareholder of the Company is Finance Bureau of Banan District, Chongqing.

II The scope of the consolidation

As at the end of reporting period, there are 3 subsidiaries included in the scope of consolidated financial statements (details refer to Note VIII 1).

There is no change in the scope of consolidated financial statements for the reporting period.

III Basis of preparation

The actual events and transactions have been recognized and measured, and the financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance and their application guidelines, interpretations and other relevant requirements (collectively, "Accounting Standards for Business Enterprises") as well as the following important accounting policies and accounting estimates.

IV Representation of compliance with the Accounting Standards for Business Enterprises

The financial statements are in accordance with the requirements of the Accounting Standards for Business Enterprises, which have truly and completely presented the financial positions of the Company and its operating results and cash flows and other relevant information.

V Significant accounting policies and accounting estimates

1. Accounting period

Accounting year starts on 1 January and ends on 31 December.

2. Functional currency

The Company adopts Renminbi (RMB) as the functional currency.

3. Operating cycle

The normal operating cycle starts from the purchase of the assets used for processing to the realization of the cash and cash equivalents. The normal operating cycle is shorter than one year. For business cycle that is less than one year, the assets and liabilities are classified as current assets and current liabilities when the assets are converted and the liabilities are settled within one year after the balance sheet date.

4. Preparation of consolidated financial statements

(1) The scope of consolidated financial statements

The scope of consolidated financial statements shall be determined on the basis of control, including the annual financial statement of the Company and all subsidiaries as of 30 June 2018. A subsidiary is an entity that is controlled by the Company (such as enterprises, deemed separate entities, and structured entities controlled by the enterprises). Control exists when the investor has all the following: power over the investee; exposure, or rights to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns.

(2) Preparation of consolidated financial statements

The consolidated financial statements are prepared by the Company, based on the financial statements of the Company and its subsidiaries, according to other relevant information.

Considering the Group as one accounting entity, the Company prepares the consolidated financial statements to reflect the financial position, the operating results and the cash flows of the entire Group in accordance with the unified accounting policy, as well as the recognition, measurement and presentation requirements of the relevant accounting standards.

For any difference in accounting policies and accounting periods between the Company and its subsidiaries, necessary adjustments shall be made based on accounting policies and periods of the Company when preparing consolidated financial statements. Financial statements of subsidiaries shall be adjusted based on the fair value of recognizable net assets defined on the purchasing date for the subsidiaries acquired not under the same control.

(3) Presentation of minority interests and profits or losses

The portion of a subsidiary's equity that is not attributable to the parent is treated as minority interests and presented in the consolidated balance sheet within equity.

The portion of net profit or loss of subsidiaries for the period attributable to minority interests shall be presented in the consolidated income statement below the —net profit line item as —minority interests.

(4) Excess losses

When the amount of loss for the current period attributable to the minority shareholders' portion exceeds the opening balance of owners' equity of the subsidiary attributable to the minority shareholders' portion, the excess shall be allocated against the minority interests in the consolidated financial statement.

(5) Increase or decrease of the subsidiaries

For any subsidiary acquired during the reporting period by the Company through business combination under the same control, the opening balances of the consolidated balance sheet should be adjusted when compiling the consolidated financial statements; while any subsidiary acquired by the Company through business combination not under the same control, the Company makes no adjustment for the opening balances in the consolidated balance sheet. When disposing subsidiaries during the reporting period, no adjustment is made for the opening balances in the consolidated balance sheet.

For any subsidiary acquired by the Company through business combination under the same control, the sales revenue, expense and profit for the period from the beginning to the end of the reporting period are included in the consolidated income statement. While for any subsidiary acquired during the reporting period by the Company through business combination not under the same control, the sales revenue, expense and profit for the period from acquisition date to the end of the reporting period are included in the consolidated income statement, the cash flows of the subsidiary from the acquisition date to the end of the reporting period are included in the consolidated statement of cash flow. When disposing subsidiary during the reporting period, the sales revenue, expense and profit of the subsidiary from the beginning of the period to the disposal date are included in the consolidated income statement, and the cash flows of the subsidiary from the beginning of the period to the disposal date are included in the consolidated statement of cash flows.

When the Company loses control over a former subsidiary due to disposing part of equity investment or other reasons, the remaining part of the equity investment should be re-measured at fair value at the date when losing control over the investee; The cash received on disposal of the equity investment and the fair value of remaining part of the equity investment, deducting net assets proportion calculated by original share percentage since the acquisition date should be recorded in profit or loss for current period of investment gain and the goodwill related to the subsidiary shall also be de-recognized; other comprehensive income related to the equity investment in subsidiaries before disposal date shall be transferred to profit or loss for the current period of investment gain when losing control over the investee.

The difference between the newly obtained long-term equity investment due to the Company’s acquisition of minority interests and the Company’s share of identifiable net assets in the subsidiary calculated by the newly increased shareholding, or the difference between the disposal income due to the Company's disposing part of equity investment in a subsidiary without losing the control over the subsidiary and the Company's share of net assets in the subsidiary calculated by the disposed long-term equity investment, should be adjusted to the stock premium under capital reserve in the consolidated balance sheet. If the stock premium under capital reserve is not sufficient to offset the difference, the retained profit shall make up the balance.

(6) Disposing equity investment until losing control step by step

When various transactions to dispose the equity investment of a subsidiary by the parent company till losing control over the subsidiary are a package deal, they should be accounted for as one transaction for disposal of the equity investment which results in the loss of control. However, before the control is lost, the difference between each disposal income and the corresponding share of net assets of the subsidiary should be recognized as other comprehensive income in the consolidated financial statement, and then the difference should be accounted for in profit and loss when the control is lost. If the transactions are not a package deal, they should be accounted for in accordance with the above procedure when the parent company disposes the equity investment with or without losing control over its subsidiary.

When the parent company disposes the equity investment of its subsidiary and the trade terms, conditions and economic impact satisfy one or more of the following conditions, multiple transactions should be accounted for as a package deal:

a) These deals are concluded at the same time or under the conditions of considering the impact on each other;

b) These transactions should be bundled as a whole to achieve a complete business result;

c) The occurrence of a deal depends on at least one another transaction;

d) A deal is not economically feasible on its own but economically feasible when combined with other deals.

As for individual financial statements, the transactions to dispose the equity investment step by step till losing control should be accounted for according to the accounting policies that applied for the transactions to dispose the long-term equity investment.

5. Recognition of cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposits that can be readily drawn on demand,

and the short-term (normally matured within three months after purchase date), highly-liquid investment which is readily convertible into known amounts of cash, subject to an insignificant risk of fluctuation in value.

6. Recognition and measurement of financial instrument

(1) Recognition of financial instrument

The Company recognizes a financial asset or financial liability on its balance sheet when, and only when, the Company becomes a contractual party of financial instrument

(2) Classification and measurement of financial assets

a) For the purpose of risks management, investment strategies and objective of holding the financial assets and for other reasons, the Company classifies the financial assets into the following four categories: i) financial assets at fair value through profit or loss; ii) held-to-maturity investments; iii) loans and receivables; and iv) available-for-sale financial assets.

① Financial asset at fair value through profit or loss ("FVTPL" financial assets) includes financial assets held for trading and financial assets designated by the Company as at fair value through profit or loss. Trading financial assets refer to the financial assets meeting one of the following conditions: the purpose of acquiring the financial assets is to sell in the near future; belonging to a part of identifiable combination of financial instruments for centralized management, and there is objective evidence that the enterprise has managed the portfolio by way of short-term profit in the near future. Belonging to the derivative, with exception of derivatives designated as effective hedging instruments and derivatives, derivatives belonging to financial guarantee contracts, and derivatives are not quoted in an active market and the fair value cannot be reliably measured and settled by delivering the equity instrument.

Only the financial assets meeting any of the following requirements when they are initially recognized can be designated as at financial assets measured at fair value and changes are recorded into the current profits and losses: The designation is able to eliminate or significantly reduce the inconsistencies in recognition or measurement of related gains and losses due to the different financial instruments measurement basis; Stated clearly in the formal written document of risk management or investment strategies that the portfolio of financial instruments shall be managed at fair value, evaluation and report to the key management personnel; Including combined instruments which consist of one or various embedded derivatives, unless embedded derivatives have no major impact on cash flow of combined instruments or it is obvious that embedded derivatives should not be separated from related combined instrument; Including combined instruments which consist of embedded derivatives, which need to separated but unable to be measured individually at the acquiring date or subsequent balance sheet date.

Equity investment instruments not quoted in an active market and the fair value cannot be reliably measured shall not be designated as financial assets at fair value through profit or loss ("FVTPL" financial assets).

② Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intention and ability to hold to maturity.

③ Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

④ Available-for-sale financial assets (AFS financial assets) are those non-derivative financial assets that are designated as available for sale and those financial assets other than those mentioned above.

Once the initial recognition of a certain financial asset has been classified as ("FVTPL" financial assets) by the Company, it shall not be re-classified as other financial assets; other financial assets could not be re-classified as "FVTPL" financial assets.

b) The financial assets are initially recognized at fair value. In the case of financial assets at fair value through profit or loss ("FVTPL" financial assets), the related transaction costs are recognized in profit or loss for the current period. For other financial assets, transaction costs that are attributable to the acquisition of the financial assets are included in the initial recognition amounts.

c) Subsequently measurement

① Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition as at fair value through profit or loss. This kind of financial assets are subsequently measured at fair value, all realized and unrealized gains and losses arising from a change in the fair value of a financial asset are recognized in profit or loss for the current period.

② Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method; gains and losses arising from de-recognition, impairment or amortization is recognized in profit or loss for the current period.

③ Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from de-recognition, impairment or amortization are recognized in profit or loss for the current period.

④ AFS financial assets are subsequently measured at fair value. The gains and losses arising from changes in fair value of AFS financial assets are recognized as other comprehensive income, until the financial assets are derecognized, are transferred to profit or loss for the current period. Interest income and dividends related to the AFS financial assets are recognized as profit or loss for the current period.

Equity instrument investment with no quoted price in active markets and with not reliably measured fair value, and derivative financial assets for the equity instrument and settled by paying the equity instrument are measured at cost.

d) Impairment of financial assets

① The Company assesses the carrying amount of the financial assets except the financial asset at fair value through profit or loss at each balance sheet date, if there is any objective evidence that a financial asset or group of financial assets is impaired, the Company shall recognize impairment loss.

② The objective evidences that the Company uses to determine the impairment are as follows.

i. Significant financial difficulty of the issuer or obligor;

ii. A breach of contract, such as a default or delinquency in interest or principal payments;

iii. The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

iv. It becoming probable that the borrower will enter bankruptcy or other financial reorganization;

v. The disappearance of an active market for that financial asset because of financial difficulties;

vi. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including: (I) Adverse changes in the payment status of borrowers in the group or (ii) an increase in the unemployment rate in the geographical area of the borrowers, a decrease in property prices for mortgages in the relevant area, or adverse changes in industry conditions that affect the borrowers.

vii. Significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the borrower operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

viii. A significant or non-temporary decrease in fair value of equity investment instruments;

ix. Other objective evidences showing the impairment of the financial assets.

③ Measurement of impairment loss of financial assets

i. Held-to-maturity investments, loans and receivables

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the loss is recognized in profit or loss of the current period.

The Company assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

Once the Company recognizes the impairment loss of financial assets measured at the amortized cost, if there is objective evidence that the value of financial assets has been recovered which is objectively related to events after the loss, the previously recognized impairment losses shall be reversed and charged in the current profits and losses.

ii. Available-for-sale financial assets

The Company takes the individual investment of impairment test for available-for-sale financial assets. On the balance sheet date, it could judge whether the fair value of available-for-sale financial assets is seriously or non-temporary decline. The impairment loss shall be recognized at the amount of the difference between cost and fair value if the fair value of individual available-for-sale financial asset decreases more than 20% of the cost, or continually decreases more than one year. The closing cost of available-for-sale financial assets shall be initially measured at investment cost when assets are acquired and amortized cost by using weighted average method when assets are sold.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity, the cumulative loss that had been recognized directly in equity is removed from equity and recognized in profit or loss even though the financial asset has not been derecognized.

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are recognized in the profit or loss of the current period.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed, with the amount of the reversal recognized in profit or loss of the current period.

Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss. For impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the impairment loss is not reversed through profit or loss.

(3) Classification and measurement of financial liabilities

a) The Company’s financial liabilities are classified as: financial liabilities at fair value through profit or loss (FVTPL) or other financial liabilities.

Financial liabilities at FVTPL include trading financial liabilities and financial liabilities designated as at fair value through profit or loss in the initial recognition.

Trading financial liabilities refer to the financial liabilities meeting one of the following conditions: the purpose of undertaking the financial liabilities is to repurchase in the near future; belonging to a part of identifiable combination of financial instruments for centralized management, and there is objective evidence that the enterprise has managed the portfolio by way of short-term profit in the near future; belonging to the derivative, with exception of derivatives designated as effective hedging instruments, derivatives belonging to financial guarantee contracts, and derivative financial liabilities which are linked to equity instrument that is not quoted in an active market and its fair value cannot be reliably measured and settled by delivering the equity instrument.

Only the financial liabilities meeting any of the following requirements when they are initially recognized can be designated as at financial liabilities measured at fair value and changes are recorded into the current profits and losses: The designation is able to eliminate or significantly reduce the inconsistencies in recognition and measurement of related gains and losses due to the different financial instruments measurement basis; Stated clearly in the formal written document of risk management or investment strategies that the portfolio of financial instruments shall be managed at fair value, evaluated and reported to the management, evaluation and report to the key management personnel; Hybrid instruments contain one or more embedded derivatives, unless the embedded derivatives results no significant change in the cash flow of hybrid instruments, or the embedded derivatives obviously should not be split from the relevant hybrid instruments; Including the hybrid instruments containing the embedded derivatives which need to be split but cannot measured separately at the date of acquisition or follow-up balance sheet date.

Once the initial recognition of a certain financial liability has been classified as FVTPL by the Company, it shall not be re-classified as other financial liabilities; other financial liabilities could not be re-classified as FVTPL.

b) Financial liabilities are initially measured at fair value. For the financial liability at fair value through profit or loss at its fair value, relevant transaction costs are recognized as expense when it incurred. For the other financial liabilities, relevant transaction costs are recognized as costs.

c) Subsequent measurement of financial liabilities

① Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial assets designated by the Company as at fair value through profit or loss. The Company recognizes a financial liability at fair value through profit or loss at its fair value. A gain or loss of change in fair value is recognized in the profit or loss of the current period.

② Other financial liabilities are measured by amortized cost using effective interest rate.

(4) Transfer of financial assets

The Company derecognizes financial assets when the Company transfers substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset in its entirety, the difference between the follows is recognized in profit or loss of the current period.

a) The carrying amount of transferring financial assets;

b) The sum of the consideration received and any cumulative gain or loss that had been recognized directly in other comprehensive income.

If the transferred asset is part of a financial asset and the part transferred qualifies for de-recognition in its entirety, the previous carrying amount of the financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the follows is recognized in profit or loss of the current period.

a) The carrying amount allocated to the part derecognized;

b) The sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized directly in equity (including financial assets transferred to available for sale category).

A cumulative gain or loss that had been recognized in equity is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts.

If a transfer does not qualify for de-recognition, the Company continues to recognize the transferred asset in its entirety and shall recognize a financial liability for the consideration received.

When the Company continues to recognize a financial asset to the extent of its continuing involvement, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained

(5) Termination of recognition of financial liabilities

Only when the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly. Where the Company enters into an agreement with a creditor so as to substitute the existing financial liabilities by way of any new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, it shall terminate the recognition of the existing financial liability, and shall at the same time recognize the new financial liability.

Where the recognition of a financial liability is totally or partially terminated, the Company concerned shall include into the profits and losses of the current period the gap between the carrying amount which has been terminated from recognition and the considerations it has paid (including the non-cash assets it has transferred out and the new financial liabilities it has assumed).

(6) Offset between financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet, not offsetting each other. But if the following conditions are satisfied at the same time, the net balance after offsetting each other shall be presented within the balance sheet: The Company has legal rights to offset the recognized amount, and this kind of legal rights is currently executable; the Company plans to settle in net amount, or realize the financial assets and settle the financial liabilities. If the financial asset transfer does not satisfy the conditions, the transferor shall not offset the transferred financial assets and related liabilities.

7. Recognition and measurement of bad debt provision for receivables

(1) Bad debt provision for individually significant receivables

Basis or monetary standards of provision for bad debts of the individually significant receivables	The receivables with significant amounts refer to the top 5 of accounts receivable or other receivables, the individual amount of which is over 10% (including 10%) of the total amount of accounts receivable (or other receivables) or the ones, the individual amount of which is over RMB 1 million (including RMB 1 million).
Method of provision for bad debts of the individually significant receivables	On balance sheet date, the impairment test is carried on individually for the individually significant receivables; if there are substantive evidences showing that a receivable has been impaired, a provision should be made for bad debts. If a receivable is found not to be individually impaired, it should be included in a group of receivables with similar credit risk characteristics, which is tested collectively for the impairment.

(2) Receivables for which bad debt provisions are made on the portfolio basis

Basis of recognition:

Portfolio 1	Except receivables which have been provided for impairment individually and receivables in portfolio 2, the Company determines the proportion of provision for bad debt based on the actual loss rate of the same or similar receivables portfolio in the prior periods which are classified by ageing and have similar credit risk characteristics, combined with an analysis of current situation.
Portfolio 2	Receivables from the government departments, related parties, employee borrowings and deposits.

Measurement of bad debt provision for portfolios of receivables (ageing analysis method, balance percentage method, other methods):

Portfolio 1	Ageing analysis method
Portfolio 2	Other methods

In portfolio 1, to adopt the ageing analysis method to make provisions for bad debts:

Ageing of receivables	Percentage of accounts receivable (%)	Percentage of other receivables (%)
Within 1 year (including 1 year)	0.50	0.50
1-2 years (including 2 years)	3.00	3.00
2-3 years (including 3 years)	10.00	10.00
3-4 years (including 4 years)	20.00	20.00
4-5 years (including 5 years)	50.00	50.00
Over 5 years	100.00	100.00

In portfolio 2, the provisions for bad debts of receivables from related parties and relevant government departments, receivables with mortgages and guarantees, and receivables for employee reserve funds and housing maintenance funds, etc., which have conclusive evidences that there are significant differences in collectability, shall be determined by using the individual recognition method.

(3) Receivables which are not significant, but individually provided for bad debts

Receivables with insignificant amount shall be classified as several portfolios with receivables which were not found to be individually impaired, and the Company determines the bad debt provisions for those portfolios on the basis of a certain proportion of the balance on the balance sheet date.

8. Inventory

(1) Classification of inventory:

The Company's inventories include finished goods or products that are held-for-sale in the ordinary course of business, products in progress, and goods that will be used or consumed in the production of goods or rendering of service. They are mainly divided into the following categories: low-value consumables and land consolidation costs.

(2) Recognition of inventory:

The Company recognizes inventories when the following conditions are satisfied:

a) It is probable that future economic benefits associated with the inventories will flow to the Company;

b) The cost of the inventories can be measured reliably.

(3) Pricing method for obtaining and sending out inventories:

The Company adopts the cost as initial recognition and recognizes the sending out cost by using weighted average method for low-value consumables. The land development of the Company is rectified into pieces, and the initial measurement is carried out according to the cost. When the carry-over is carried out, the land cost is determined according to the weighted average cost measured by the relevant land compensation standard of the current year.

(4) Amortization method of low-value consumables and packages:

Low-value consumables and packages are fully amortized when they are required and delivered.

(5) Inventories shall be measured at the lower of cost and net realizable value at the balance sheet date. Where the net realizable value is lower than the cost, the difference shall be recognized as provision for impairment of inventories and charged to profit or loss.

(6) The Company adopts perpetual inventory system for the inventory taking of low-value consumables.

9. Long-term equity investment

The long-term equity investment of the Company mainly includes the investments in the subsidiaries, associated enterprises and joint ventures

(1) Initial measurement

The Company initially measures long-term equity investments under two conditions:

a) For long-term equity investment arising from business combination, the initial cost is recognized under the following principles.

① If the business combination is under the same control and the acquirer obtains long-term equity investment in the consideration of cash, non-monetary asset exchange or bearing acquiree's liabilities, the initial cost is the carrying amount of the proportion of the acquiree's owner's equity at the acquisition date. The difference between cash paid, the carrying amount of the non-monetary asset exchanged and the acquiree's liabilities beard and the initial cost of the long-term equity investment should be adjusted to capital surplus. If the capital surplus is not sufficient for adjustment, retained earnings are adjusted respectively. The business combination costs that are directly attributable to the combination, such as audit fees, valuation fees, and legal service fees and so on are recognized in profit or loss during the current period when they occurred.

If the acquirer issuing equity securities as consideration, the initial cost is the carrying amount of the proportion of the acquiree's owner's equity at the acquisition date. Amount of share capital equal to the par value of the shares issued. The difference between initial cost of the long-term equity investment and the par value of shares issued is adjusted to capital surplus. If the capital surplus is not sufficient for adjustment, retained earnings are adjusted respectively. The costs of issuing equity securities occurred in business combination such as charges of security issuing and commissions are deducted from the premium of equity securities. If the premium is not sufficient for deducting, retained earnings are adjusted respectively.

② If the business combination is not under the same control, the acquirer recognizes the initial cost of combination under the following principles.

I. When business combination is achieved through a single exchange transaction, the cost of a business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree;

II. For the business combination involved more than one exchange transaction, the cost of the combination is the aggregate cost of the individual transactions;

III. The business combination costs that are directly attributable to the combination, such as audit fees, valuation fees, legal service fees and so on are recognized in profit or loss during the current period when they occurred; commissions and other expenses for the issuance of equity or debt securities for the business combination, shall be recognized as the initial recognition amounts of equity or debt securities.

IV. Where a business combination contract or agreement provides for a future event which may adjust the cost of combination, the Company shall include the amount of the adjustment in the cost of the combination at the acquisition date if the future event leading to the adjustment is probable and the amount of the adjustment can be measured reliably.

b) For long-term equity investment obtained in any method other than business combination, the initial cost is recognized under the following principles.

① If the long-term equity investment is acquired in cash consideration, the initial cost is the actual payment which includes direct expenses paid to acquire the long-term equity investment, taxes and other necessary expense.

② If the long-term equity investment is acquired by issuing equity securities, the initial cost is the fair value of the equity securities issued. However, cash dividends or profits that are declared but unpaid shall not be included in the initial cost. Direct costs attributed to issue equity securities such as handling charges and commissions paid to securities underwriting agencies are deducted from premium of equity securities. If the premium is not sufficient for deduction, reserved fund and retained earnings is adjusted respectively.

③ For the long-term equity investment acquired through non-monetary asset exchange, the initial cost is recognized according to “Accounting Standards for Business Enterprises No. 7-Non-monetary transactions”.

④ For the long-term equity investment acquired through debt restructuring, the initial cost is recognized according to “Accounting Standards for Business Enterprises No. 12-Debt restructuring”.

c) If there are cash dividends or profits that are declared but unpaid included in the consideration paid, the cash dividends or profits declared but unpaid shall be recognized as receivables separately rather than as part of initial cost of long-term equity instruments no matter through which method the long-term equity investment is acquired.

(2) Subsequent measurement

The equity method is used when the Company has joint control or significant influence over the investee enterprise. The cost method is used when the Company has control or does not have joint control or significant influence over the investee enterprise and there is no quoted price in active market or there is no reliable fair value.

a) For the long-term equity investment under cost method, and except from cash dividends or profits distributed are declared but unpaid included in the consideration paid, the other declared cash dividends or profits are normally recognized as investment income for the current period when it incurred.

b) For the long-term equity investment under the equity method ,when the initial cost of long term equity investments exceeds the Company’s interest in the fair value of identifiable net assets of the investee, the initial cost of the long-term equity investment shall not be adjusted; while the initial cost of long term equity investments is less than the share of the fair value of identifiable net assets of the investee, the difference is charged to profit or loss for the current period and the cost of the long-term equity investment shall be adjusted accordingly.

After a long-term equity investment is acquired, the Company shall recognize its share of the investee’s net profit or losses, as well as its share of the investee’s other comprehensive income, as investment income or losses and other comprehensive income, and adjust the carrying amount of the investment accordingly. The Company reduces carrying amount of the long-term investment regarding declared cash dividend or profit distribution. The investee's shareholders' equity changes other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, shall be recognized in the Company's equity, and the carrying amount of the long-term equity investment shall be adjusted accordingly. The share of the investee's net profit or loss for the current period is recognized after adjusting the investee's net profit in accordance with the Company's accounting policies and accounting period based on the fair value of the identifiable assets at investment date. When the accounting policies adopted by the investee are different from those adopted by the Company, the financial statements of the investee shall be adjusted and the investment income and other comprehensive income shall be recognized according to the Company's accounting policies. The net loss incurred by the investee shall be recognized based on the book value of the long-term investment and other investments essentially constituting the long-term equity of the investee till the carrying amount is reduced to zero, except the Company has the obligation to undertake extra losses. Once the investee realizes net profit, the Company starts recognizing its share of profits after the share of previously unrealized losses has been recovered.

In calculating the Company's share of net profit or loss in the investee, the investment income in proportion attributable to the Company shall be recognized after offsetting the unrealized profit and loss of internal transactions between joint ventures and associated enterprises. When the unrealized loss of inter-company transactions between the Company and the investee is an asset impairment loss, it shall be fully recognized.

c) On disposal of an equity investment, the difference between the carrying amount of the investment and the sale proceeds actually received is recognized as an investment gain or loss for the current period. When the equity method is adopted, change in equity of the investee other than profit or loss is recorded in equity. On disposal of the equity investment, amount of change which is recorded in other comprehensive income previously is transferred to profit or loss for the current period regarding to the proportion of disposal.

d) If the shareholding of the Company in a subsidiary decreases due to the capital increase by investment parties to its subsidiaries, which results in the loss of control, but the Company can exercise joint control or exert significant influence, the measurement of long-term equity investment shall be changed from the cost method to the equity method in an individual financial statements. First of all, the share of the increase in net assets due to the capital increase and share increase of the original subsidiary, which is attributable to the Company, based on the new shareholding ratio shall be confirmed. Firstly, the difference between the share of the increase and the original book value of the long-term equity investment corresponding to the decline in the proportion of shares that should be carried forward shall be recorded in the current profits and losses. Then, the investment shall be adjusted under the equity method according to the new shareholding ratio from the moment it is acquired.

(3) Basis for recognition of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities refer to those have significant influence on the return of an arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

(4) Impairment test and method of provision for impairment loss

The impairment test is conducted and impairment loss is provided in accordance with the accounting policy “Impairment of assets” of the Company.

10. Recognition and measurement of investment property

(1) The term “Investment Property” refers to the properties held for generating rent and/or capital appreciation or both. Including:

a) A land use right that is leased out;

b) A land use right held and ready to transfer after appreciation;

c) A building that is leased out.

(2) An investment property shall be initially recognized when the following conditions are satisfied:

a) It is probable that future economic benefits associated with the assets will flow into the Company;

b) The cost of the assets can be measured reliably.

(3) Initial measurement

The initial measurement of the investment property shall be made at its cost.

a) The cost of an investment property by acquisition consists of the acquisition price, relevant taxes, and other expenses directly relegated to the asset.

b) The cost of a self-constructed investment property composes of the necessary expenses for constructing the property to the usable condition.

c) The cost of an investment property obtained by other means shall be recognized in accordance with the relevant accounting standards.

(4) Subsequent measurement

The Company shall use the cost model for subsequent measurement of the investment property, which shall be depreciated or amortized in the same way as intangible assets and fixed assets.

When the Company has conclusive evidence that the use of properties has changed either from self-use properties or inventories to investment properties or from investment properties to self-use properties, the book value before the conversion shall be the recording value of the property after the conversion.

At the end of an accounting period, the investment property shall be measured at the lower of the net realized value and the carrying value. If the net realized value is lower than the carrying value, the difference shall be recognized as an impairment loss. Once the impairment loss of the investment property is recognized, it shall not be reversed in the future accounting periods.

11. Recognition and measurement of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and have useful life more than one year.

(1) A fixed asset shall be initially recognized at cost when the following condition are satisfied:

a) It is probable that future economic benefits associated with the assets will flow to the Company;

b) The cost of the assets can be measured reliably.

(2) Depreciation

Subsequent expenditure relating to a fixed asset shall be added to the carrying amount of the asset when the expenditure qualifies for capitalization. Subsequent expenditure that does not qualify for capitalization shall be recognized as an expense for the current period.

The depreciation method adopted by the Company is straight-line method.

The estimated useful lives, residual value and annual depreciation rate of fixed assets are shown as follows:

Category	Estimated useful lives (years)	Residual value rate (%)	Annual depreciation rate (%)

Category	Estimated useful lives (years)	Residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	20	5	4.75
Transportation equipment	5	5	19.00
Office equipment	5	5	19.00
Machinery equipment	10	5	9.50
General equipment	5	5	19.00
Other equipment	5	5	19.00

The Company reviews the useful life, estimated residual value and depreciation method of a fixed asset at the end of each financial year. If expectations are significantly different from previous estimates, the useful life shall be revised accordingly. If expectations are significantly different from previous estimates, the estimated residual value also shall be revised accordingly. If there has been a significant change in the expected realization pattern of economic benefits from those assets, the depreciation method shall be changed accordingly. The changes in useful life, estimated residual value and depreciation method shall be treated as change in accounting estimates.

(3) Impairment of fixed asset refers to the accounting policy "Impairment of assets" of the Company.

12. Construction in progress

(1) Construction in progress is recorded at actual costs incurred. It also includes borrowing costs eligible for capitalization and gain or loss of exchange difference.

(2) The Company transfers construction in progress to fixed assets when the project is available for use. For the construction in progress which is capable of operating in the manner intended by management without the final account for completed project, an estimated value is recognized as fixed assets and the depreciation amount is based on the estimated value. When the final account for completed project is obtained, cost of the asset should be adjusted to the actual cost. However, there is no need to adjust depreciation of the asset in prior period.

(3) Impairment of construction in progress refers to accounting policy "Impairment of assets" of the Company.

13. Borrowing costs

(1) Recognition principle and period of capitalization of borrowing costs

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalized and recorded into the costs of relevant assets. The borrowing costs shall not be capitalized unless they simultaneously meet the following requirements:

a) The asset disbursements have already incurred;

b) The borrowing costs have already incurred;

c) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

Other borrowing costs shall be recognized as expenses on the basis of the actual amount incurred, and shall be recorded into the current profits and losses.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. The borrowing costs incurred during such period shall be recognized as expenses, and shall be recorded into the profits and losses of the current period, till the acquisition and construction or production of the asset restarts. If the interruption is a necessary step for making the qualified asset under acquisition and construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue.

When the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased. The borrowing costs incurred after that shall be recognized as expenses.

Assets eligible for transferring to the fixed assets refer to assets such as fixed assets, investment real estate, inventories and other assets which need to go through the acquisition and construction or production activities for quite a long time to reach the intended use or status for sale.

(2) Calculation method of capitalized amount of borrowing costs

As for specifically borrowed loans for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests shall be determined in light of the actual cost incurred of the specially borrowed loan at the present period minus the income of interests earned on the unused borrowing loans as a deposit in the bank or as a temporary investment.

Where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the enterprise shall calculate and determine the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

During the capitalization period, exchange differences of the special foreign currency borrowings shall all be capitalized, while the exchange differences of the general borrowing shall be included in the current profit or loss.

14. Recognition and measurement of long-term deferred expenses

Long-term deferred expenses are defined as expenses incurred on the improvement of the fixed assets, etc. which should be recorded in this year and subsequent periods with an amortization period of more than one year. The amortization period is determined in accordance with the period of expected benefit. The Company adopts straight-line method to amortize within the amortization period.

15. Impairment of long-term assets

It suggests that an asset may be impaired if there is any of the following indication:

(1) During the period, an asset's market value has declined significantly more than it would be expected as a result of the passage of time or normal use during the current period;

(2) Significant changes with an adverse effect on the Company have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Company operates or in the market to which an asset is dedicated;

(3) Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially;

(4) Evidence is available of obsolescence or damage of an asset;

(5) The asset becomes idle, or the Company plans to discontinue or to dispose of an asset before the previously expected date;

(6) Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected, for example, the net cash flow generated from assets or the operating profit (or loss) realized by assets is lower (higher) than the excepted amount, etc.; and

(7) Other evidence indicates that assets may be impaired.

The Company assesses long-term equity investment, fixed assets, construction materials, constructions in progress and intangible assets (except for those with uncertain useful life) that apply Accounting Standard for Business Enterprises No. 8 - Impairment of assets at the balance sheet date. If there is any indication that an asset may be impaired, the Company should assess the asset for impairment and estimate the recoverable amount of the impaired asset.

Recoverable amount is measured as the higher of an asset's fair value less costs to sell and the present value of estimated future cash flows from continuing use of the asset. If carrying amount of an asset is higher than its recoverable amount, the carrying amount of this asset should be written down to its recoverable amount with the difference recognized as impairment loss and charged to profit or loss accordingly. Simultaneously a provision for impairment loss should be made.

There is any indication that an asset may be impaired, the Company usually estimates its recoverable amount on an individual item basis. However, if it's not possible to estimate recoverable amount of the individual asset, the Company should determine the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's cash-generating unit is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Identification of cash-generating unit is based on whether the cash inflows generated by the cash-generating unit are largely independent of the cash inflows from other assets or groups of assets.

The Company assesses goodwill acquired in a business combination and intangible assets with uncertain useful life for impairment each year no matter whether indication that an asset may be impaired exists or not. Impairment assessment of goodwill is carried together with the impairment assessment of related cash-generating unit or group of cash-generating units.

Once impairment loss is recognized, it cannot be reversed in the subsequent financial period.

16. Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to the employees' spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits

(1) Short-term employee benefits

The actual short-term employee benefits shall be recognized as the debt during the accounting period when the employees provide service and included in current profits and losses or related asset costs according to the benefit object.

(2) Post-employment benefits

Post-employment benefits plan includes defined contribution plans and defined benefit plans. Post-employment benefit refers to the agreement regarding the post-employment benefits between the Company and employees, or the regulations or rules on post-employment benefits stipulated by the Company. Defined contribution plans are post-employment benefit plans under which an enterprise pays fixed contributions into a separate fund and will have no obligation to pay further contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The Company has not performed defined benefit plans or other long-term employee benefits which meet the requirements of defined benefit plans.

(3) Termination benefits

When termination benefits provided by the Company to the employees satisfied the conditions that which one earlier recognized the payroll payable generated from the termination in the following two situations: (1) the Company is unable to unilaterally withdraw the termination benefits provided by terminating the labor relationships plans and the layoff proposals; (2) the Company recognize the costs or expenses relating to the payments for termination benefits by restructuring, and then recorded into the current profits and losses.

(4) Other long-term employee benefits

When other long-term employee benefits provided by the Company to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits shall be accounted for in accordance with the above requirements relating to defined contribution plan, but the movement of net liabilities or assets in the investee’s re-measurement defined benefit plan in the cost of relevant employee benefits shall be recognized in profit or loss for the current period or the relevant cost of assets.

17. Revenue

The Company's revenue consists of land consolidation, agent construction and revenue arising from the use by others of the Company's assets

(1) Land consolidation revenue

The Company recognizes revenue from land consolidation when all the following conditions have been satisfied:

a) The Company has completed the consolidation of the land and returned it to the local government for unified bidding;

b) The relevant amount of revenue and costs can be measured reliably; and

c) The economic benefits associated with the transaction will flow to the Company.

(2) Agent construction revenue

The Company recognizes revenue from agent construction on the basis of the bills from both parties when all the following conditions have been satisfied:

a) The relevant amount of revenue and costs can be measured reliably; and

b) The economic benefits associated with the transaction will flow to the Company.

(3) Revenue arising from the use by others of the Company's assets

Revenue arising from the use by others of the Company's assets includes the rental revenue.

The revenue arising from the use by others of the Company's assets is recognized when i) the amount of revenue can be measured reliably; ii) the economic benefit associated with the transaction will flow to the Company.

18. Government grants

Government grants comprise government grants related to income and government grants related to an asset. A government grant related to an asset is a grant obtained by the Company used for purchase or construction, or forming the long-term assets by other ways. Otherwise, the government grant is treated as a government grant related to income. A government grant related to an asset value that the government document does not specify the grantee and can form the long-term asset is treated as a government grant related to an asset. Otherwise, the government grant is treated as a government grant related to income.

(1) Recognition of government grants

The Company receives monetary or non-monetary assets which are free of charges from the government. A government grant is recognized only when the following conditions are met simultaneously:

a) The Company is able to meet the requirements for the government subsidies; and

b) The enterprise can receive the government subsidies.

(2) Measurement of government grants

a) If a government subsidy is a monetary asset, it shall be measured in the light of the received or receivable amount; if a government subsidy is a non-monetary asset, it shall be measured at its fair value. If the fair value cannot be obtained in a reliable way, it shall be measured at its nominal amount.

b) The government subsidies pertinent to assets shall be recognized as deferred income, equally distributed within the useful lives of the relevant assets, and included in the current profits and losses. If the relevant assets are sold, transferred, obsolete or destroyed before useful lives end, undistributed deferred income shall be recognized as the current profits and losses of disposal of assets.

The government subsidies pertinent to incomes shall be treated respectively in accordance with the circumstances as follows.

① Those subsidies used for compensating the related future expenses or losses of the enterprise shall be recognized as deferred income and shall include in the current profits and losses during the period when the relevant expenses are recognized; Or

② Those subsidies used for compensating the related expenses or losses incurred to the enterprise shall be directly included in the current profits and losses.

c) If it is necessary to refund any government subsidy which has been recognized, it shall be treated respectively in accordance with the circumstances as follows.

① If there is the deferred income concerned, the book balance of the deferred income shall be offset against, but the excessive part shall be included in the current profits and losses; And

② If there is no deferred income concerned to the government subsidy, it shall be directly included in the current profits and losses.

19. Income tax

The Company adopts the balance sheet liability method for corporate income taxes.

(1) Deferred tax asset

a) Where there are deductible temporary differences between the carrying amount of assets or liabilities in the balance sheet and their tax bases, a deferred tax asset shall be recognized for all those deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax assets should be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

b) At the balance sheet date, where there is strong evidence showing that sufficient taxable profit will be available against which the deductible temporary difference can be utilized, the deferred tax asset unrecognized in prior period shall be recognized.

c) The Company assesses the carrying amount of deferred tax asset at the balance sheet date. If it's probable that sufficient taxable profit will not be available against which the deductible temporary difference can be utilized, the Company shall write down the carrying amount of deferred tax asset, or reverse the amount written down later when it's probable that sufficient taxable profit will be available.

(2) Deferred tax liability

A deferred tax liability shall be recognized for all taxable temporary differences, which are differences between the carrying amount of an asset or liability in the balance sheet and its tax base, and measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

20. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

There are no changes in significant accounting policies for the reporting period.

(2) Changes in accounting estimate

There are no changes in accounting estimates for the reporting period.

VI Taxation

1. Main tax categories and tax rates

(1) The value-added output tax rates are 3% (for agent construction business), 5% (for rental business) and 11% (for others).

(2) Urban maintenance and construction tax is 7% of turnover tax payable.

(3) Educational surcharge is 3% of turnover tax payable.

(4) Local educational surcharge is 2% of turnover tax payable.

(5) The corporate income tax rates are 15% (for the parent company) and 25% (for the subsidiaries).

2. Tax preference

According to the “Confirmation of National Encouragement Industry” issued by Chongqing Municipal Development and Reform Commission in January 2013, the industry engaged by the parent company of the Company is in line with the Provision 8 in Article 37 of the other service industry in Article 4 of the facility in Article 22 of “The Guidance Catalogue of Industrial Structure Adjustment (2011)” which stipulates that the Company is a domestic enterprise engaged in the state encouraged industries. Therefore, the Company (excluding subsidiaries) implements the tax incentives for the development of the western region, that is, the corporate income tax is reduced at a preferential rate of 15%.

VII Notes to the consolidated financial statements

(With respect to the following data disclosed in the Financial Statements, unless otherwise stated, “Closing balance” refers to the balance on 30 June 2018; “Opening balance” refers to the balance on 31 December 2017; All amounts are denominated in RMB unless otherwise stated.)

1. Cash and cash equivalents

Item	Closing Balance	Opening balance
Cash on hand	10,138.00	1,546.85
Bank deposits	223,966,049.34	1,040,469,221.64
Total	223,976,187.34	1,040,470,768.49

Note 1: As of 30 June 2018, the amount of RMB 50,000,000.00 as the certificate of deposit in bank deposits was pledged for the loan of RMB 480,000,000.00 from Guangdong Development Bank Co., Ltd., Chongqing Branch.

2. Accounts receivable

(1) Accounts receivable disclosed by category

Category	Closing balance

	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Receivables that are individually significant in amount and provided for bad debt separately					
Receivables provided for bad debt according to the credit risk characteristics					
Portfolio 1	30,774,312.00	0.81	26,583,210.50	86.38	4,191,101.50
Portfolio 2	3,759,365,191.63	99.19			3,759,365,191.63
Sub-total	3,790,139,503.63	100.00	26,583,210.50	0.70	3,763,556,293.13
Receivables that are individually insignificant in amount but provided for bad debt separately					
Total	3,790,139,503.63	100.00	26,583,210.50	0.70	3,763,556,293.13

Category	Opening balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Receivables that are individually significant in amount and provided for bad debt separately					
Receivables provided for bad debt according to the credit risk characteristics					
Portfolio 1	32,111,990.00	0.81	26,610,485.00	82.87	5,501,505.00
Portfolio 2	3,917,053,594.49	99.19			3,917,053,594.49
Sub-total	3,949,165,584.49	100.00	26,610,485.00	0.67	3,922,555,099.49
Receivables that are individually insignificant in amount but provided for bad debt separately					
Total	3,949,165,584.49	100.00	26,610,485.00	0.67	3,922,555,099.49

In portfolio 1, accounts receivable adopting ageing analysis method to provide for bad debts:

Ageing	Closing balance

	Amount	Provision for bad debts	Provision (%)
3-4 years (including 4 years)	3,800,250.00	760,050.00	20.00
4-5 years (including 5 years)	2,301,803.00	1,150,901.50	50.00
Over 5 years	24,672,259.00	24,672,259.00	100.00
Total	30,774,312.00	26,583,210.50	

Ageing	Opening balance		
	Amount	Provision for bad debts	Provision (%)
2-3 years (including 3 years)	3,800,250.00	380,025.00	10.00
3-4 years (including 4 years)	2,601,600.00	520,320.00	20.00
Over 5 years	25,710,140.00	25,710,140.00	100.00
Total	32,111,990.00	26,610,485.00	

In portfolio 2, accounts receivable with no provisions for bad debts:

Name	Relationship	Closing balance	Proportion in the portfolio 2 (%)
Chongqing Banan District Land Consolidation and Reserve Center	Non-related party	2,760,000.00	0.07
People’s Government of Banan District, Chongqing	Related party	3,756,605,191.63	99.93
Total		3,759,365,191.63	100.00

(2) Bad debt provisions provided, collected or reversed in the reporting period

In the reporting period, the reversed provision for bad debts is RMB 27,274.50.

(3) The top 5 of accounts receivable based on the closing balance

Name	Closing balance	Proportion (%)	Closing balance of provision for bad debts
People’s Government of Banan District, Chongqing	3,756,605,191.63	99.12	
Chongqing Chuanyu Jinggong Machinery Development Co., Ltd	4,760,309.00	0.13	4,760,309.00
China Kangchao Group Co., Ltd.	4,694,500.00	0.12	4,694,500.00
Chongqing Haitao Housing Leasing Co., Ltd.	4,136,000.00	0.11	4,136,000.00

Name	Closing balance	Proportion (%)	Closing balance of provision for bad debts
Chongqing Haoli Plastic Co., Ltd.	3,800,250.00	0.10	760,050.00
Total	3,773,996,250.63	99.58	14,350,859.00

3. Prepayment

(1) Prepayment categorized by ageing

Ageing	Closing balance		Opening balance	
	Amount	%	Amount	%
Within 1 year (including 1 year)	335,204.00	0.41	1,056,878.14	1.28
1-2 years (including 2 years)	909,127.14	1.11	4,749,161.72	5.73
2-3 years (including 2 years)	3,977,580.81	4.88	6,275,037.04	7.58
3-4 years (including 2 years)	5,632,862.04	6.91		
4-5 years (including 3 years)			70,523,729.22	85.17
Over 5 years	70,721,297.22	86.69	197,568.00	0.24
Total	81,576,071.21	100.00	82,802,374.12	100.00

Including: Significant prepayments with ageing over 1 year

Creditor	Debtor	Closing balance	Including: Prepayments with ageing over 1 year	Unsettled reason
Chongqing Banan Economic Zone Construction Industrial Co., Ltd.	Chongqing Banan Construction (Group) Co., Ltd.	500,000.00	500,000.00	To be settled
	Chongqing Huaxi Construction (Group) Co., Ltd.	8,474,197.86	8,474,197.86	To be settled
	Chongqing Youyou Textile Trading Co., Ltd.	180,190.00	180,190.00	To be settled
	Chongqing Banan Highway Construction Co., Ltd.	70,000,000.00	70,000,000.00	To be settled
	Audit Bureau of Banan District, Chongqing	457,924.60	457,924.60	To be settled
	State Grid Chongqing Electric Power Co., Ltd., Nan'an Branch	674,408.24	674,408.24	To be settled

Creditor	Debtor	Closing balance	Including: Prepayments with ageing over 1 year	Unsettled reason
	Chongqing Banan District Property Management Service Center	100,729.50	100,729.50	To be settled
	Chongqing Kangda Construction Installation Engineering Co., Ltd.	500,000.00	500,000.00	To be settled
Total		80,887,450.20	80,887,450.20	

(2) The top 5 of prepayments based on the closing balance

Name	Closing balance	Proportion (%)
Chongqing Banan Highway Construction Co., Ltd.	70,000,000.00	85.81
Chongqing Huaxi Construction (Group) Co., Ltd.	8,474,197.86	10.39
State Grid Chongqing Electric Power Co., Ltd., Nan'an Branch	674,408.24	0.83
Chongqing Banan Construction (Group) Co., Ltd.	500,000.00	0.61
Chongqing Kanga Construction Installation Engineering Co., Ltd.	500,000.00	0.61
Total	80,148,606.10	98.25

4. Other receivables

(1) Other receivables disclosed by category:

Category	Closing balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Other receivables that are individually significant in amount and provided for bad debts separately	2,100,000,000.00	44.90	21,000,000.00	1.00	2,079,000,000.00
Other receivables provided for bad debt according to the credit risk characteristics					
Portfolio 1	185,239,153.53	3.96	38,745,818.37	20.92	146,493,335.16
Portfolio 2	2,391,874,114.52	51.14			2,391,874,114.52
Sub-total	2,577,113,268.05	55.10	38,745,818.37	1.50	2,538,367,449.68

Category	Closing balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Other receivables that individually insignificant in amount but provided for bad debt separately					
Total	4,677,113,268.05	100.00	59,745,818.37	1.28	4,617,367,449.68

Category	Opening balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Other receivables that are individually significant in amount and provided for bad debts separately	2,100,000,000.00	44.56	21,000,000.00	1.00	2,079,000,000.00
Other receivables provided for bad debt according to the credit risk characteristics					
Portfolio 1	221,413,056.97	4.70	27,442,942.66	12.39	193,970,114.31
Portfolio 2	2,391,309,458.32	50.74			2,391,309,458.32
Sub-total	2,612,722,515.29	55.44	27,442,942.66	1.05	2,585,279,572.63
Other receivables that individually insignificant in amount but provided for bad debt separately					
Total	4,712,722,515.29	100.00	48,442,942.66	1.03	4,664,279,572.63

Other receivables that are individually significant in amount and provided for bad debt separately:

Name	Closing balance			
	Balance	Provision for bad debts	Provision (%)	Reason
Heike Electronics (Shenzhen) Co., Ltd.	2,100,000,000.00	21,000,000.00	1.00	Shareholder of the associate company Chongqing HKC Optoelectronics Technology Co., Ltd., and has collateral
Total	2,100,000,000.00	21,000,000.00	1.00	

In portfolio 1, other receivables adopting ageing analysis method to provide for bad debts:

Ageing	Closing balance		
	Balance	Provision for bad debts	Provision (%)
Within 1 year (including 1 year)	18,778,783.81	93,893.91	0.50
1-2 years (including 2 years)	44,118,860.80	1,323,565.82	3.00
2-3 years (including 3 years)	93,383,500.00	9,338,350.00	10.00
3-4 years (including 4 years)	60,000.28	12,000.06	20.00
4-5 years (including 5 years)	1,840,000.13	920,000.07	50.00
Over 5 years	27,058,008.51	27,058,008.51	100.00
Total	185,239,153.53	38,745,818.37	

Ageing	Opening balance		
	Balance	Provision for bad debts	Provision (%)
Within 1 year (including 1 year)	84,071,548.05	414,417.53	0.50
1-2 years (including 2 years)	93,383,500.00	2,801,505.00	3.00
2-3 years (including 3 years)	15,060,000.28	1,506,000.03	10.00
3-4 years (including 4 years)	1,840,000.13	368,000.03	20.00
4-5 years (including 5 years)	9,409,976.89	4,704,988.45	50.00
Over 5 years	17,648,031.62	17,648,031.62	100.00
Total	221,413,056.97	27,442,942.66	

In portfolio 2, other receivables with no provisions for bad debts:

Name	Relationship	Closing balance	Proportion (%)
Chongqing Banan District Economic Zone Development and Construction Management Committee	Non-related party	322,187,750.62	13.47
Land Resources and Housing Management Bureau of Banan District, Chongqing	Non-related party	1,274,441.00	0.05
Finance Bureau of Banan District, Chongqing	Shareholder	1,640,345,200.00	68.58

Name	Relationship	Closing balance	Proportion (%)
People's Government of Jieshi Town, Banan District, Chongqing	Non-related party	68,130,627.00	2.85
Village Committee of Guihua Village, Jieshi Town, Banan District, Chongqing	Non-related party	44,517,400.00	1.86
Public Security Fire Detachment of Banan District, Chongqing	Non-related party	22,660,000.00	0.95
Chongqing Banan District Land Consolidation and Reserve Center	Non-related party	50,000,000.00	2.09
Education Committee of Banan District, Chongqing	Non-related party	2,000,000.00	0.08
Village Committee of Wuxin Village, Jieshi Town, Banan District, Chongqing	Non-related party	600,000.00	0.03
People's Government of Banan District, Chongqing	Related party	59,723,090.85	2.50
Chongqing Xinjiedian Real Estate Co., Ltd.	Associate	68,093,929.43	2.85
Chongqing Shikeyun Technology Co., Ltd.	Shareholding company	84,000.00	0.00
State-owned Assets Management Office of Banan District, Chongqing	Non-related party	110,131,600.00	4.60
Guihua Community Residents Committee, Jieshi Town, Banan District, Chongqing City	Non-related party	2,312.68	0.00
Chongqing Banan Economic Park Investment Industrial Co., Ltd.	Associate	30,000.00	0.00
Employee borrowings	Non-related party	1,466,789.76	0.06
Withholding employee union funds	Non-related party	90.00	0.00
Major repair fund	Non-related party	626,883.18	0.03
Total		2,391,874,114.52	100.00

(2) Bad debt provisions provided, collected or reversed in the reporting period

In the reporting period, the provision for bad debts is RMB 11,302,875.71. There is no collected or reversed amount of provision for bad debts of other receivables.

(3) Other payables classified by nature

Nature	Closing balance	Opening balance

Nature	Closing balance	Opening balance
Petty cash	1,466,789.76	1,282,199.00
Major repair fund	626,883.18	626,883.18
Incomings and outgoing	4,675,019,595.11	4,710,813,433.11
Total	4,677,113,268.05	4,712,722,515.29

(4) Information of top 5 other receivables

Debtors	Nature	Closing balance	Ageing	Proportion (%)	Closing balance of provision for bad debts
Huike Electronics (Shenzhen) Co., Ltd.	Incomings and outgoings	2,100,000,000.00	2-3 years	44.90	21,000,000.00
Finance Bureau of Banan District, Chongqing	Incomings and outgoings	1,640,345,200.00	2-5 years and over 5 years	35.07	
Chongqing Banan District Economic Zone Development and Construction Management Committee	Incomings and outgoings	322,187,750.62	1-4 years	6.89	
State-owned Assets Management Office of Banan District, Chongqing	Incomings and outgoings	110,131,600.00	0-2 years	2.35	
People’s Government of Jieshi Town, Banan District, Chongqing	Incomings and outgoings	68,130,627.00	1-5 years and over 5 years	1.46	
Total		4,240,795,177.62		90.67	21,000,000.00

5. Inventory

(1) Inventory disclosed by categories:

Item	Closing balance		
	Balance	Impairment provision	Net amount
Land development cost	9,280,467,873.35		9,280,467,873.35
Low-value consumables	3,603.40		3,603.40
Total	9,280,471,476.75		9,280,471,476.75

(Continued)

Item	Opening balance		
	Balance	Impairment provision	Net amount
Land development cost	8,886,487,877.43		8,941,067,877.43
Low-value consumables	3,603.40		3,603.40
Total	8,886,491,480.83		8,941,071,480.83

(2) Provision for diminution in value

There are no signs of impairment of inventories in the reporting period, and no provisions for impairment of inventories.

(3) For details of restricted inventories, refer to Note VII 24 for long-term borrowings (3 and 11).

(4) At the end of the reporting period, the capitalized interest amount is RMB 342,606,923.18.

6. Other current assets

Item	Closing balance	Opening balance
Allowance for VAT input tax	14,859,345.92	10,958,962.54
Total	14,859,345.92	10,958,962.54

7. Available-for-sale financial assets

(1) Available-for-sale financial assets by category

Item	Closing balance		
	Balance	Impairment provision	Net value
Available-for-sale equity instruments	1,033,500,000.00		1,033,500,000.00

Item	Closing balance		
	Balance	Impairment provision	Net value
Including: Equity instruments measured at cost	1,033,500,000.00		1,033,500,000.00
Total	1,033,500,000.00		1,033,500,000.00

(Continued)

Item	Opening balance		
	Balance	Impairment provision	Net value
Available-for-sale equity instruments	1,033,500,000.00		1,033,500,000.00
Including: Equity instruments measured at cost	1,033,500,000.00		1,033,500,000.00
Total	1,033,500,000.00		1,033,500,000.00

(2) Available-for-sale financial assets measured at cost at the end of the reporting period

The equity investment, for which there is no quoted price in the active market, whose fair value cannot be reliably measured and shall not be disposed in the foreseeable future, is measured at cost by the Company. At the end of the reporting period, the equity instruments measured at cost are as follows:

Name of the investee	Balance				Shareholding of the investee (%)
	Opening balance	Increase	Decrease	Closing balance	
Chongqing Banan Xingnong Financing Guarantee Co., Ltd.	10,000,000.00			10,000,000.00	10.00
Chongqing Shikeyun Technology Co., Ltd.	500,000.00			500,000.00	5.00
Chongqing Lujiao Zutuan Development Investment Co., Ltd.	3,000,000.00			3,000,000.00	3.00
Chongqing HKC Optoelectronics Technology Co., Ltd.	1,020,000,000.00			1,020,000,000.00	17.00
Total	1,033,500,000.00			1,033,500,000.00	

(Continued)

Name of the investee	Impairment provision				Current cash dividend
	Opening balance	Increase	Decrease	Closing balance	

Name of the investee	Impairment provision				Current cash dividend
	Opening balance	Increase	Decrease	Closing balance	
Chongqing Banan Xingnong Financing Guarantee Co., Ltd.					
Chongqing Shikeyun Technology Co., Ltd.					
Chongqing Lujiao Zutuan Development Investment Co., Ltd.					
Chongqing HKC Optoelectronics Technology Co., Ltd.					
Total					

Note: At the end of the reporting period, there are no restricted available-for-sale financial assets.

8. Long-term equity investment

Investee	Closing balance			Opening balance		
	Balance	Impairment provision	Net value	Balance	Impairment provision	Net value
Associates:						
Chongqing Xinjiedian Real Estate Co., Ltd.						
Chongqing Banan Economic Park Investment Industrial Co., Ltd.	49,982,641.08		49,982,641.08	49,982,641.08		49,982,641.08
Chongqing Fito Medical Devices Co., Ltd.	4,809,278.02		4,809,278.02	4,809,278.02		4,809,278.02
Total	54,791,919.10		54,791,919.10	54,791,919.10		54,791,919.10

(Continued)

Investee	Increase / Decrease							
	Increase of investment	Decrease of investment	Investment gain / loss under equity method	Adjustments of other comprehensive income	Changes in other equity	Declaration of cash dividends and profits to be paid	Impairment provision	Others
Associates:								
Chongqing Xinjiedian Real Estate Co., Ltd.								

Investee	Increase / Decrease							
	Increase of investment	Decrease of investment	Investment gain / loss under equity method	Adjustments of other comprehensive income	Changes in other equity	Declaration of cash dividends and profits to be paid	Impairment provision	Others
Chongqing Banan Economic Park Investment Industrial Co., Ltd.								
Chongqing Fito Medical Devices Co., Ltd.								
Total								

Note: The Company's investment cost for Chongqing Xinjiedian Real Estate Co., Ltd. is RMB 4,000,000.00, with a shareholding ratio of 40%. As of 30 June 2018, the net asset of Chongqing Xinjiedian Real Estate Co., Ltd. was RMB -10,037,922.70. The recognized accumulative investment income by the Company from Chongqing Xinjiedian Real Estate Co., Ltd. was RMB -4,000,000.00, and the unrecognized investment income was RMB -4,015,169.08.

9. Investment property

(1) Investment property subsequently measured at cost

Item	Houses and buildings	Total
I. Cost		
1. Opening balance	960,645,331.81	960,645,331.81
2. Increase	33,378,288.18	33,378,288.18
3. Decrease		
4. Closing balance	994,023,619.99	994,023,619.99
II. Accumulated depreciation and amortization		
1. Opening balance	45,498,250.49	45,498,250.49
2. Increase	9,728,202.89	9,728,202.89
(1) Withdrawal or amortization	9,728,202.89	9,728,202.89
3. Decrease		

Item	Houses and buildings	Total
4. Closing balance	55,226,453.38	55,226,453.38
III. Impairment provision		
1.Opening balance		
2. Increase		
3. Decrease		
4. Closing balance		
IV. Book value		
1. Closing balance	938,797,166.61	938,797,166.61
2. Opening balance	915,147,081.32	915,147,081.32

(2) The increases of investment property in the reporting period are mainly due to the new purchase of Chuangshijie Standard Factory with RMB 29,940,069.90 and the adjustment to increase the value of the original standard factory building by RMB 3,438,218.28.

(3) There are no investment properties with uncompleted property ownership certificate.

(4) For details of the restricted investment property, refer to Note VII 24 for Long-term borrowings (11).

10. Fixed assets

(1) Fixed assets disclosed by category

Item	Opening balance	Increase	Decrease	Closing balance
I. Total book value:	20,251,836.45			20,251,836.45
Including: 1. Houses and buildings	12,482,587.75			12,482,587.75
2. Machinery equipment	210,000.00			210,000.00
3. Transportation equipment	4,691,157.72			4,691,157.72
4. Office equipment	2,517,208.98			2,517,208.98
5. General equipment	276,882.00			276,882.00
6. Others	74,000.00			74,000.00
II. Total accumulated depreciation:	11,251,390.87	456,176.92		11,707,567.79
Including: 1. Houses and buildings	4,354,793.78	296,461.47		4,651,255.25

Item	Opening balance	Increase	Decrease	Closing balance
2. Machinery equipment	182,875.00	9,975.00		192,850.00
3. Transportation equipment	4,346,110.18	74,993.17		4,421,103.35
4. Office equipment	2,055,174.01	68,097.28		2,123,271.29
5. General equipment	263,037.90	-		263,037.90
6. Others	49,400.00	6,650.00		56,050.00
III. Total net book value of fixed assets:	9,000,445.58			8,544,268.66
Including: 1. Houses and buildings	8,127,793.97			7,831,332.50
2. Machinery equipment	27,125.00			17,150.00
3. Transportation equipment	345,047.54			270,054.37
4. Office equipment	462,034.97			393,937.69
5. General equipment	13,844.10			13,844.10
6. Others	24,600.00			17,950.00
IV. Total impairment provision				
Including: 1. Houses and buildings				
2. Machinery equipment				
3. Transportation equipment				
4. Office equipment				
5. General equipment				
6. Others				
V. Total book value of fixed assets	9,000,445.58			8,544,268.66
Including: 1. Houses and buildings	8,127,793.97			7,831,332.50
2. Machinery equipment	27,125.00			17,150.00
3. Transportation equipment	345,047.54			270,054.37
4. Office equipment	462,034.97			393,937.69
5. General equipment	13,844.10			13,844.10
6. Others	24,600.00			17,950.00

(2) There are no fixed assets with uncompleted property ownership certificates.

11. Construction in progress

(1) Details of construction in progress

Item	Closing balance		
	Balance	Impairment provision	Net book value
Business Building in Jieshi Park	58,046,359.83		58,046,359.83
Total	58,046,359.83		58,046,359.83

Item	Opening balance		
	Balance	Impairment provision	Net book value
Business Building in Jieshi Park	58,046,359.83		58,046,359.83
Total	58,046,359.83		58,046,359.83

(2) Details of significant changes in construction in progress

Item	Opening balance	Increase	Transferred into fixed assets	Other decrease	Closing balance	Current period interest capitalization rate (%)
Business Building in Jieshi Park	58,046,359.83				58,046,359.83	
Total	58,046,359.83				58,046,359.83	

(Continued)

Item	Budget	Sources of funds	The proportion of accumulated investment in the project to the budget	Project progress	Accumulated amount of interest capitalization	Including: The amount of interest capitalization in the current period
Standard Factory		Self-financing				
Business Building in Jieshi Park		Loan from financial institutions		In progress	10,735,808.72	
Total					10,735,808.72	

Note: The project of Business Building in Jieshi Park has been suspended since the beginning of the year, and there is no apportionment of financing costs.

12. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets recognized

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment on assets	86,329,028.87	12,949,354.35	75,053,427.66	11,258,014.17
Total	86,329,028.87	12,949,354.35	75,053,427.66	11,258,014.17

(2) There are no deferred tax liabilities recognized.

(3) Details of deductible temporary differences of recognized deferred tax assets:

Item	Closing balance	Opening balance
Provision for bad debts of accounts receivable	26,583,210.50	26,610,485.00
Provision for bad debts of other receivables	59,745,818.37	48,442,942.66
Total	86,329,028.87	75,053,427.66

13. Other non-current assets

Item	Closing balance	Opening balance
Reservoir	164,781,500.00	164,781,500.00
Pipe network	1,572,691,820.00	1,572,691,820.00
Total	1,737,473,320.00	1,737,473,320.00

Note 1: 10 reservoirs were purchased by the Company in 2009. According to the “Asset Repurchase Agreement” signed between the Company and Finance Bureau of Banan District, Finance Bureau of Banan District shall repurchase 10 reservoirs before 31 December 2015. As of 30 June 2018, the repurchase has not yet been implemented.

Note 2: In accordance with “Reply on the Approval about Allocation of Parts of Pipe Network Assets within the Boundaries of Jieshi Town, etc.” issued by State-owned Assets Management Office of

Banan District, Chongqing, the network assets valued RMB 560,136,320.00 were freely transferred into Jieshi Town, and the book value was based on the evaluation report issued by Sichuan Gongchengxin Assets Appraisal Co., Ltd. (Chuan Gong Zi Ping Bao Zi (2015) No. 165).

Note 3: In accordance with "Reply on the Approval about Allocation of Parts of Pipe Network Assets within the Boundaries of Nanquan Street, etc." (Ba Guo Zi Fa (2016) No.88) issued by State-owned Assets Management Office of Banan District in Chongqing on 17 May 2016, the network assets valued RMB 1,012,555,500.00 were freely transferred into Nanquan Street, and the book value was based on the evaluation report issued by Sichuan Gongchengxin Assets Appraisal Co., Ltd. (Chuan Gong Zi Ping Bao Zi (2016) No. 78).

14. Assets with restricted ownership or use rights

Item	Closing balance	Reasons
Cash and cash equivalents	50,000,000.00	Loan pledge
Accounts receivable	1,766,921,000.00	Loan pledge
Inventory	1,038,073,927.00	Loan pledge
Fixed assets	7,831,332.50	Loan pledge
Investment property	461,369,000.18	Loan pledge
Total	3,324,195,259.68	

Note: For details of the relevant restrictions, refer to Notes for Cash and cash equivalents, Long-term borrowings, Short-term borrowings and Other non-current liabilities.

15. Short-term borrowings

Condition	Closing balance	Opening balance
Guaranteed loan	100,000,000.00	
Pledged loan	48,000,000.00	
Total	148,000,000.00	

Note 1: In 2018, the Company, Chongqing Three Gorges Guarantee Group Co., Ltd. and Hua Xia Bank Co., Ltd., Chongqing Daping Sub-branch signed an entrusted loan contract of RMB 100,000,000.00 with the receivables of RMB 320,000,000.00 from Chongqing Banan District

Economic Zone Development and Construction Management Committee as the pledge.

Note 2: In 2018, the Company and Guangdong Development Bank Co., Ltd., Chongqing Branch signed a short-term loan contract of RMB 48,000,000.00 with the bank deposit of RMB 50,000,000.00 in Guangdong Development Bank Co., Ltd., Chongqing Jiangbei Sub-branch as the pledge.

16. Accounts payable

(1) Details of accounts payable

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	8,619,929.52	27,946,227.63
1-2 years (including 2 years)	23,199,297.76	905,847.44
2-3 years (including 3 years)	673,182.33	2,754,637.64
3-4 years (including 4 years)	1,191,122.79	1,797,440.75
4-5 years (including 5 years)	1,797,440.75	379,496.12
Over 5 years	672,806.04	293,309.92
Total	36,153,779.19	34,076,959.50

(2) Details of significant accounts payable with ageing over 1 year:

Name	Closing balance	Reason
T.Y.Lin International Engineering Consulting (China) Co., Ltd.	400,020.00	Project uncompleted
Chongqing Yuantai Construction Installation Engineering Co., Ltd.	512,555.75	Project uncompleted
Anhui Sanjian Engineering Co., Ltd.	20,000,000.00	Project uncompleted
Chongqing Hengbin Construction (Group) Co., Ltd.	500,000.00	Project uncompleted
Chongqing Qianjiang District Yuansheng Construction Engineering Co., Ltd.	1,609,333.31	Project uncompleted
Chongqing First Construction Group Co., Ltd.	789,751.75	Project uncompleted
Total	23,811,660.81	

(3) The top 5 of accounts payable at the end of the reporting period

Item	Relationship	Closing balance	Proportion (%)
Anhui Sanjian Engineering Co., Ltd.	Non-related party	20,000,000.00	55.32
Chongqing Construction Group Fourth Construction Co., Ltd.	Non-related party	5,649,414.09	15.63

Item	Relationship	Closing balance	Proportion (%)
Chongqing Qianjiang District Yuansheng Construction Engineering Co., Ltd.	Non-related party	1,609,333.31	4.45
Chongqing Banan District Xinwu Primary School	Non-related party	950,169.44	2.63
Chongqing First Construction Group Co., Ltd.	Non-related party	789,751.75	2.18
Total		28,998,668.59	80.21

17. Advance from customers

(1) Details of advances from customers

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	3,130,000.00	
1-2 years (including 2 years)		680,000.00
2-3 years (including 3 years)	680,000.00	76,500,000.00
3-4 years (including 4 years)	76,500,000.00	100,500,000.00
4-5 years (including 5 years)	100,500,000.00	5,400.00
Over 5 years	2,646,400.00	2,641,000.00
Total	183,456,400.00	180,326,400.00

(2) Significant advance from customers with ageing over 1 year

Name	Closing balance	Including: Advance from customers with ageing over 1 year	Reason
Chongqing Construction Investment (Group) Co., Ltd.	100,000,000.00	100,000,000.00	Contract uncompleted
Chongqing Sheng Feng Real Estate Development Co., Ltd.	75,000,000.00	75,000,000.00	Contract uncompleted
Chongqing Boshun Electric Co., Ltd.	5,724,000.00	2,600,000.00	Contract uncompleted
Chongqing Depu Electric Co., Ltd.	2,500,000.00	2,500,000.00	Contract uncompleted
Chongqing Waijian Yongchang Building Materials Co., Ltd.	141,000.00	141,000.00	Contract uncompleted
Total	183,365,000.00	180,241,000.00	

(3) The top 5 of advance from customers at the end of the reporting period

Name	Relationship	Closing balance	Proportion (%)
Chongqing Construction Investment (Group) Co., Ltd.	Non-related party	100,000,000.00	54.51
Chongqing Sheng Feng Real Estate Development Co., Ltd.	Non-related party	75,000,000.00	40.88
Chongqing Boshun Electric Co., Ltd.	Non-related party	5,724,000.00	3.12
Chongqing Depu Electric Co., Ltd.	Non-related party	2,500,000.00	1.36
Chongqing Waijian Yongchang Building Materials Co., Ltd.	Non-related party	141,000.00	0.08
Total		183,365,000.00	99.95

18. Payroll payable

(1) The classification of payroll payable

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term employee benefits	328,695.00	6,191,782.86	6,192,577.86	327,900.00
2. Post-employment benefits-defined contribution plans		538,889.20	538,889.20	
3. Termination benefits				
Total	328,695.00	6,730,672.06	6,731,467.06	327,900.00

(2) Short-term employee benefits

Item	Opening balance	Increase	Decrease	Closing balance
1. Salary, bonus, allowance, and subsidy	327,900.00	5,007,490.12	5,007,490.12	327,900.00
2. Employee welfare		163,832.75	163,832.75	
3. Social insurance		291,139.37	291,139.37	
Including: 1) Medical insurance premiums		266,156.07	266,156.07	
2) Work-related injury insurance		24,983.30	24,983.30	
3) Maternity insurance				
4. Housing fund		405,102.00	405,102.00	

Item	Opening balance	Increase	Decrease	Closing balance
5. Union funds	795.00	324,218.62	325,013.62	
Total	328,695.00	6,191,782.86	6,192,577.86	327,900.00

(3) Defined contribution plans

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic endowment insurance		525,268.30	525,268.30	
2. Unemployment insurance		13,620.90	13,620.90	
Total		538,889.20	538,889.20	

19. Taxes payable

Item	Closing balance	Opening balance
Value-added tax	20,442.30	14,041.02
Business tax	5,504,396.43	5,504,396.43
Urban maintenance and construction tax	386,667.30	386,219.21
Corporate income tax	185,392,891.94	180,808,288.29
Individual income tax	40,580.66	40,122.75
Property tax	49,061.47	33,698.40
Educational surcharge	166,070.52	165,878.48
Local educational surcharge	96,009.41	95,881.38
Total	191,656,120.03	187,048,525.96

20. Other payables

(1) Other payables categorized by nature

Item	Closing balance	Opening balance
Deposit	22,162,000.76	23,241,929.11
Receipts and payments on behalf	387,336,337.82	390,654,852.72
Incomings and outgoings	515,576,527.45	200,977,921.02
Bond interest	76,262,488.89	90,149,022.22
Others	1,636,641.18	1,761,326.33

Item	Closing balance	Opening balance
Total	1,002,973,996.10	706,785,051.40

(2) Other payables categorized by ageing

Ageing	Closing balance	Opening balance
Within 1 year (including 1 year)	428,223,299.00	194,415,838.14
1-2 years (including 2 years)	99,796,705.83	109,719,471.42
2-3 years (including 3 years)	108,448,037.26	106,107,609.49
3-4 years (including 4 years)	106,011,838.69	33,250,836.51
4-5 years (including 5 years)	33,250,836.51	177,599,577.16
Over 5 years	227,243,278.81	85,691,718.68
Total	1,002,973,996.10	706,785,051.40

(3) Significant other payables with ageing over 1 year

Name	Closing balance	Including: Other payables with ageing over 1 year	Reason
Chongqing Banan District Land Consolidation and Reserve Center	240,000,000.00	20,000,000.00	Unsettled
Limited price placement fund of Jieshi	109,175,479.96	108,980,049.16	Unsettled
Chongqing Sibel Real Estate Co., Ltd.	63,214,230.88	63,196,648.00	Unsettled
Chongqing Yunqun Industrial Co., Ltd.	60,060,000.00	60,060,000.00	Unsettled
Chongqing Banan Economic Park Investment Industrial Co., Ltd.	49,115,402.02	49,115,402.02	Unsettled
Blue Moon (Chongqing) Co., Ltd.	42,827,945.04	42,827,945.04	Unsettled
Chongqing Yuxing Asset Operation Co., Ltd.	42,226,727.23	42,226,727.23	Unsettled
Chongqing HKC Optoelectronics Technology Co., Ltd.	38,249,701.03	8,139,607.75	Unsettled
Shengmei Precision Industrial (Chongqing) Co., Ltd.	30,248,882.00	30,248,882.00	Unsettled
Deposit for limited price placement of Jieshi	16,470,000.00	16,470,000.00	Unsettled
Chongqing Banan District Economic Zone Development and Construction Management Committee	15,668,873.50	15,668,873.50	Unsettled
Finance Bureau of Banan District, Chongqing	11,805,400.00	11,805,400.00	Unsettled

Name	Closing balance	Including: Other payables with ageing over 1 year	Reason
Chongqing Huike Jinyang Technology Co., Ltd	10,011,421.24	10,011,421.24	Unsettled
Chongqing Chang'an Suzuki Automobile Co., Ltd.	8,669,365.15	8,669,365.15	Unsettled
Chongqing Tianpei Energy-Saving Building Material Co., Ltd.	7,302,254.00	7,302,254.00	Unsettled
Chongqing Maliu Yanjiang Development Investment Co., Ltd.	6,000,000.00	6,000,000.00	Unsettled
Chongqing Xinjiedian Real Estate Co., Ltd.	5,166,600.00	5,166,600.00	Unsettled
Chongqing Hua Show Industrial Co., Ltd.	5,063,000.00	5,063,000.00	Unsettled
Office of Nanquan Development and Construction Management Committee, Banan District, Chongqing	5,000,000.00	5,000,000.00	Unsettled
Total	766,275,282.05	515,952,175.09	

(4) Top 5 of other payables at the end of the reporting period

Item	Relationship	Closing balance	Proportion (%)
Chongqing Banan District Land Consolidation and Reserve Center	Non-related party	240,000,000.00	25.90
Limited price placement fund of Jieshi	Non-related party	109,175,479.96	11.78
State-owned Assets Management Office of Banan District, Chongqing	Non-related party	100,000,000.00	10.79
Chongqing Sibel Real Estate Co., Ltd.	Settled enterprise	63,214,230.88	6.82
Chongqing Yunqun Industrial Co., Ltd.	Settled enterprise	60,060,000.00	6.48
Total		572,449,710.84	61.77

21. Non-current liabilities due within 1 year

(1) Details of non-current liabilities due within 1 year

Category	Closing balance	Opening balance
Long-term borrowings due within 1 year	275,038,095.24	420,238,095.24
Other non-current liabilities due within 1 year	198,000,000.00	220,000,000.00
Bonds payable due within 1 year	220,000,000.00	893,500,000.00

Category	Closing balance	Opening balance
Total	693,038,095.24	1,533,738,095.24

(2) Non-current liabilities due within 1 year classified by financial institutions

Financial institution	Borrowing conditions	Closing balance	Opening balance	Note
Xiamen International Bank Co., Ltd., Xiamen Siming Sub-branch	Guarantee		68,000,000.00	
Ceic Asset Management (Shanghai) Co., Ltd.	Guarantee	148,000,000.00	148,500,000.00	Note 1
CQRC Financial Leasing Co., Ltd.	Guarantee	95,238,095.24	95,238,095.24	Note 2
Corporate Bonds	Credit	220,000,000.00	220,000,000.00	Note 3
Chang'an International Trust Co., Ltd.	Credit	35,000,000.00	10,000,000.00	Note 4
Shanxi International Trust Co., Ltd.	Credit		300,000,000.00	
Bank of Chongqing Co., Ltd., Banan Sub-branch	Credit	35,000,000.00	15,000,000.00	Note 5
China Great Wall Securities Co., Ltd.	Pledge		600,000,000.00	
Finance Bureau of Banan District, Chongqing	Credit	50,000,000.00	77,000,000.00	Note 6
CCB, Banan Sub-branch	Mortgage	2,000,000.00		Note 7
Shanghai International Trust Co., Ltd.	Guarantee	100,800,000.00		Note 8
Guangdong Development Bank Co., Ltd., Chongqing Branch	Guarantee	7,000,000.00		Note 9
Total		693,038,095.24	1,533,738,095.24	

Note 1: In 2016, the Company signed an entrusted credit investment agreement of RMB 150,000,000.00 with Ceic Asset Management (Shanghai) Co., Ltd. and Evergrowing Bank Co., Ltd., Chongqing Branch. Ceic Asset Management (Shanghai) Co., Ltd. entrusted Chongqing Branch of Evergrowing Bank Co., Ltd. to make a debt investment in the Company, which was guaranteed by Chongqing Banan Highway Construction Co., Ltd. As of 30 June 2018, the total amount of RMB 2,000,000.00 has been repaid, and the Company plans to repay the rest within 1 year.

Note 2: Details refer to Note VII 23 for Long-term borrowings (6).

Note 3: Details refer to Note VII 24 for Bonds payable (1).

Note 4: Details refer to Note VII 23 for Long-term borrowings (1).

Note 5: Details refer to Note VII 23 for Long-term borrowings (9).

Note 6: Details refer to Note VII 25 for Other non-current liabilities.

Note 7: Details refer to Note VII 23 for Long-term borrowings (2).

Note 8: Details refer to Note VII 23 for Long-term borrowings (10).

Note 7: Details refer to Note VII 23 for Long-term borrowings (15).

22. Other current liabilities

Item	Closing balance	Opening balance
Pending output VAT	19,729,436.95	19,729,436.95
Total	19,729,436.95	19,729,436.95

23. Long-term borrowings

(1) Long-term borrowings listed by categories

Item	Closing balance	Opening balance
Guaranteed loan	4,266,166,666.66	4,406,585,714.28
Mortgage loan	640,194,040.00	642,194,040.00
Pledged loan	880,000,000.00	880,000,000.00
Credit loan	2,210,000,000.00	2,210,000,000.00
Total	7,996,360,706.66	8,138,779,754.28

(2) Long-term borrowings listed by financial institutions

Financial institutions	Date of borrowing	Date of repayment	Closing balance	Opening balance	Note
Chang'an International Trust Co., Ltd.	2016-8-19	2021-8-18	360,000,000.00	390,000,000.00	Note 1
CCB, Banan Sub-branch	2012-9-19	2020-9-18	118,000,000.00	120,000,000.00	Note 2, Note3
Chongqing Commercial Bank Co., Ltd., Banan Sub-branch	2016-8-31	2031-8-30	847,300,000.00	847,300,000.00	Note 4
Huafu Securities Co., Ltd.	2017-5-19	2027-5-18	1,250,000,000.00	1,250,000,000.00	Note 5
CQRC Financial Leasing Co., Ltd.	2016-1-29	2021-1-28	166,666,666.66	214,285,714.28	Note 6

Financial institutions	Date of borrowing	Date of repayment	Closing balance	Opening balance	Note
China Merchants Bank Co., Ltd., Guanyingqiao Sub-branch	2017-2-24	2032-2-23	960,000,000.00	960,000,000.00	Note 7
Industrial Bank Co., Ltd., Banan Sub-branch	2017-1-16	2027-1-15	200,000,000.00	200,000,000.00	Note 8
Bank of Chongqing Co., Ltd., Banan Sub-branch	2017-11-27	2020-11-26	260,000,000.00	285,000,000.00	Note 9
Shanghai International Trust Co., Ltd.	2016-5-23	2021-5-22	1,269,200,000.00	1,370,000,000.00	Note 10
ICBC, Dubai Branch	2016-10-28	2021-10-28	522,194,040.00	522,194,040.00	Note 11
BOC, Chongqing Longzhou Sub-branch	2017-4-11	2032-4-10	680,000,000.00	680,000,000.00	Note 12
China Everbright Bank Co., Ltd., Chongqing Banan Sub-branch	2017-4-18	2032-4-18	900,000,000.00	900,000,000.00	Note 13
Guotong Trust Co. Ltd. (China Bohai Bank Co., Ltd., Chongqinh Branch)	2017-8-31	2022-8-31	400,000,000.00	400,000,000.00	Note 14
Guangdong Development Bank Co., Ltd., Chongqing Branch	2018-01-05	2020-01-04	63,000,000.00		Note 15
Total			7,996,360,706.66	8,138,779,754.28	

Note 1: In 2016, the Company signed a trust loan contract of RMB 400,000,000.00 with Chang'an International Trust Co., Ltd., which was guaranteed by Chongqing Maliu Yanjiang Development Investment Co., Ltd., and the Company did not provide counter guarantee. The Company has repaid RMB 5,000,000.00, and plans to repay RMB 35,000,000.00 within 1 year.

Note 2: In 2013, the Company signed a fixed-asset loan contract of RMB 270,000,000.00 with China Construction Bank Corporation ("CCB"), Banan Sub-branch for the infrastructure construction project of the first phase of Tianming Automobile & Motorcycle Industrial Park with 37 houses which are located at No. 16 Shigui Avenue, Jieshi Town, Banan District and valued RMB 514,478,300.00 as collateral. As of 30 June 2018, a total amount of RMB 200,000,000.00 has been repaid, and it is expected to repay RMB 2,000,000.00 within 1 year.

Note 3: In 2012, the Company signed a loan contract of RMB 200,000,000.00 with CCB, Banan Sub-branch for the infrastructure construction project of the first phase of Tianming Automobile & Motorcycle Industrial Park with property certificates of 202 (2012) No. 02379 and 202 (2012) No.

02381 as collaterals. The total value of the collaterals was RMB 417,505,000.00. As of 30 June 2018, the total amount of RMB 150,000,000.00 has been repaid.

Note 4: In 2016, the Company signed a fixed-asset loan contract of RMB 1 billion with Chongqing Rural Commercial Bank Co., Ltd., Banan Sub-branch, which was guaranteed by Chongqing Babin Construction Co., Ltd., and the Company did not provide counter guarantee. As of 30 June 2018, a total amount of RMB 847.30 million has been received.

Note 5: In 2017, the Company signed an entrusted loan contract of RMB 1,250,000,000.00 with Huafu Securities Co., Ltd. and Industrial Bank Co., Ltd., Chongqing Branch for the infrastructure construction project of the second phase of Tianming Automobile & Motorcycle Industrial Park and the fifth phase of Jieshi Data Industry Park Zone B with the method of credit.

Note 6: In 2016, the Company signed a financial leasing contract with CQRC Financial Leasing Co., Ltd. with a pipe network valued at RMB 560,136,320.00 as a lease item, and obtained the sale price of the leased item at RMB 500,000,000.00, which was guaranteed by Chongqing Yuxing Asset Operation Co., Ltd. and the Company did not provide the counter guarantee. As of 30 June 2018, the total amount of RMB 238,095,238.10 has been repaid, and the Company plans to repay RMB 95,238,095.24 in 2018.

Note 7: In 2017, the Company signed an entrusted loan contract of RMB 960,000,000.00 with China Merchants Bank Co., Ltd., Chongqing Guanyinqiao Sub-branch for the land consolidation construction project of parts of Tianming Village, Yudong Street, Banan District. with the method of credit.

Note 8: In 2017, the Company signed a trust loan contract of RMB 600,000,000.00 with China Industrial International Trust Limited, for the infrastructure construction project of the fourth phase of Jieshi Digital Industrial Park with pledge of accounts receivable. As of 30 June 2018, a total amount of RMB 200,000,000.00 has been received.

Note 9: In 2017, the Company signed a loan contract of RMB 300,000,000.00 with Bank of Chongqing Co., Ltd. which was guaranteed by Chongqing Maliu Yanjiang Development Investment Co., Ltd. and the Company did not provide the counter guarantee. A total amount of RMB 5,000,000.00 has been repaid, and the Company plans to repay RMB 35,000,000.00 within 1 year.

Note 10: In 2016, the Company and Shanghai International Trust Co., Ltd. signed a trust loan contract with an upper-limit of RMB 1.37 billion, among which RMB 712 million was guaranteed by Chongqing Highway Logistics Base Construction Co., Ltd. and the Company did not provide the counter guarantee. As of 30 June 2018, a total amount of RMB 1.37 billion has been received, and the Company plans to repay RMB 100,800,000.00 within 1 year.

Note 11: In 2016, the Company and Industrial and Commercial Bank of China ("ICBC"), Dubai International Financial Center signed a loan agreement with a total amount of USD 75 million with property certificates of 202D (2015) No.06017, No. 00674, No. 00675 and No. 00658, and 216 investment properties as collateral. The total value of the collateral is RMB 716,235,600.00. As of 30 June 2018, a total amount of USD 73.80 million has been received.

Note 12: In 2017, the Company and Bank of China ("BOC"), Chongqing Banan Sub-branch signed a fixed asset loan contract of RMB 680,000,000.00, with the pledge of accounts receivable of RMB 1,246,921,000.00.

Note 13: In 2017, the Company signed a fixed asset and project financing loan contract of RMB 900,000,000.00 with China Everbright Bank Co., Ltd., Chongqing Branch, which was guaranteed by Chongqing Maliu Yanjiang Development Investment Co., Ltd., and the Company did not provide counter guarantee.

Note 14: In 2017, the Company signed a trust loan contract of RMB 400,000,000.00 with Guotong Trust Co. Ltd., which was guaranteed by Chongqing Maliu Yanjiang Development Investment Co., Ltd., and the Company did not provide counter guarantee.

Note 15: In 2018, the Company signed a loan contract of RMB 70,000,000.00 with Guangdong Development Bank Co., Ltd. Chongqing Branch, which was guaranteed by Chongqing Highway Logistics Base Construction Co., Ltd., and the Company did not provide counter guarantee. The Company plans to repay RMB 7,000,000.00 within 1year.

24. Bonds payable

(1) Bonds payable by category:

Item	Closing balance	Opening balance
Corporate bonds	654,885,187.32	773,443,601.36
PPN001 (China Merchants Securities)	990,369,164.53	987,898,508.26
PPN002 (China Zheshang Bank Co., Ltd.)	812,508,207.98	809,289,641.46
Total	2,457,762,559.83	2,570,631,751.08

(2) Changes in bonds payable

Item	Par value	Issued date	Bond period	Issued amount	Opening balance
Corporate bonds	100.00	2014-08-20	7 years	1,100,000,000.00	773,443,601.36
PPN001 (China Merchants Securities)	100.00	2016-3-7	5 years	1,000,000,000.00	987,898,508.26
PPN002 (China Zheshang Bank Co., Ltd.)	100.00	2016-11-9	5 years	820,000,000.00	809,289,641.46
Total				2,920,000,000.00	2,570,631,751.08

(Continued)

Item	Issued amount in the current period	Interest accrued on par value	Amortization of premiums and discounts	Unamortized issuance fee at the end of period	Transferred to non-current liabilities due within 1 year	Closing balance
Corporate bonds		30,489,977.78	1,441,585.95	-5,114,812.68	220,000,000.00	654,885,187.31
PPN001 (China Merchants Securities)		26,948,888.89	2,470,656.27	-9,630,835.47		990,369,164.53
PPN002 (China Zheshang Bank Co., Ltd.)		19,294,600.00	3,218,566.52	-7,491,792.02		812,508,207.98
Total		76,733,466.67	7,130,808.74	-22,237,440.17	220,000,000.00	2,457,762,559.82

Note 1: The Corporate bonds pay principal and interest in installments. As of 30 June 2018, RMB 220 million has been repaid. The Company plans to repay the principal of RMB 220 million within 1 year.

Note 2: PPN001 and PPN002 pay interests in installments and the principal on due date. Details refer to Note VII 19 for the accrued interest expenses.

25. Other non-current liabilities

Item	Condition	Closing balance	Opening balance	Note
Finance Bureau of Banan District, Chongqing	Credit	550,000,000.00	523,000,000.00	Note
Total		550,000,000.00	523,000,000.00	

Note: The Company and Finance Bureau of Banan District, Chongqing signed loan agreements of RMB 77,000,000.00, RMB 200,000,000.00, RMB 38,000,000.00, RMB 39,000,000.00, RMB 50,000,000.00 and RMB 196,000,000.00 respectively, which totaled RMB 600,000,000.00, and it was used to replace the original debts of other financial institutions. As of 30 June 2018, the total amount of RMB 600,000,000.00 has been received and replaced. The Company originally plans to repay RMB 77,000,000.00 in 2018, and now it is adjusted to repay RMB 50,000,000.00 within 1 year.

26. Paid-in capital

Name of investor	Opening balance		Increase	Decrease	Closing balance	
	investment amount	Proportion (%)			investment amount	Proportion (%)
Finance Bureau of Banan District, Chongqing	537,552,100.00	100.00			537,552,100.00	100.00
Total	537,552,100.00	100.00			537,552,100.00	100.00

27. Capital reserve

Item	Opening balance	Increase	Decrease	Closing balance
Other capital reserve	6,345,481,842.63			6,345,481,842.63
Total	6,345,481,842.63			6,345,481,842.63

28. Surplus reserve

Item	Opening balance	Increase	Decrease	Closing balance
Statuary surplus reserve	95,550,822.08	1,639,515.96		97,190,338.04
Total	95,550,822.08	1,639,515.96		97,190,338.04

Note: The increase of surplus reserve in the reporting period is due to the withdrawal 10% of the net profit.

29. Retained earnings

Item	Amount	Proportion
Opening balance of retained earnings before adjustments	853,746,315.41	

Item	Amount	Proportion
Add: Total amounts of adjustments (increase "+", decrease "-")		
Opening balance of retained earnings after adjustments	853,746,315.41	
Add: Net profit for the current year attributable to owners of parent company	14,119,247.71	
Surplus reserve making up losses		
Less: Withdrawal of statuary surplus reserve for the current year	1,639,515.96	10%
Profits distributed to investors		
Closing balance of retained earnings	866,226,047.16	

30. Operating revenue and operating costs

Item	Jan.-Jun. 2018		Jan.-Jun. 2017	
	Revenue	Cost	Revenue	Cost
Main business	36,310,265.86	4,298,000.00	82,508,512.00	22,064,000.00
Other business	9,446,568.02	9,742,738.87	11,800,750.45	9,429,154.34
Total	45,756,833.88	14,040,738.87	94,309,262.45	31,493,154.34

(1) Main business revenue classified by geographical location

Location	Jan.-Jun. 2018		Jan.-Jun. 2017	
	Revenue	Cost	Revenue	Cost
Chongqing	36,310,265.86	4,298,000.00	82,508,512.00	22,064,000.00
Total	36,310,265.86	4,298,000.00	82,508,512.00	22,064,000.00

(2) Main business revenue classified by product

Item	Jan.-Jun. 2018		Jan.-Jun. 2017	
	Revenue	Cost	Revenue	Cost
Land consolidation	36,310,265.86	4,298,000.00	82,508,512.00	22,064,000.00
Total	36,310,265.86	4,298,000.00	82,508,512.00	22,064,000.00

(3) Details of operating revenue from top 5 clients:

Name	Operating revenue	Proportion of total operating revenue (%)

Name	Operating revenue	Proportion of total operating revenue (%)
People's Government of Banan District, Chongqing	36,310,265.86	79.35
Chongqing Hangar Electrical Co., Ltd.	2,992,580.65	6.54
Chongqing Huike Jinyang Technology Co., Ltd	2,568,982.27	5.61
Fuyu Molding & Tooling (Chongqing) Co., Ltd.	1,360,800.00	2.97
Hitachi Chemical Industry (Chongqing) Co., Ltd.	727,729.20	1.59
Total	43,960,357.98	96.06

31. Taxes and surcharges

Item	Jan.-Jun. 2018	Jan.-Jun. 2017
Urban maintenance and construction tax	33,062.99	41,302.64
Educational surcharge	14,169.86	17,701.14
Local educational surcharge	9,446.56	11,800.76
Stamp duty	15,718.50	43,500.00
Property tax	1,309,151.10	1,612,166.17
Land use tax	3,516,939.16	3,080,572.20
Environmental protection tax	105,847.56	
Total	5,004,335.73	4,807,042.91

32. Administrative expenses

Item	Jan.-Jun. 2018	Jan.-Jun. 2017
Employee salaries	6,729,859.93	7,705,344.26
Advertisement expenses	157,854.63	237,016.58
Entertainment expenses	18,296.00	89,799.00
Travel expenses	912,808.37	1,392,847.80
Office expenses	134,611.77	255,197.73
Agency fees	306,169.80	391,789.89
Legal costs	70,270.00	390,745.00
Training expenses	10,361.85	30,077.94

Item	Jan.-Jun. 2018	Jan.-Jun. 2017
Depreciation expenses	455,794.45	517,398.86
Vehicle fees	191,779.98	222,912.95
Welfare fees	791,879.78	488,842.62
Communication expenses	109,614.83	124,378.00
Party building fees	215,224.68	154,044.00
Others	293,049.56	355,457.77
Total	10,397,575.63	12,355,852.40

33. Financial costs

Item	Jan.-Jun. 2018	Jan.-Jun. 2017
Interest expenses	18,064,511.94	24,062,103.26
Less: Interest income	23,703.69	50,664.33
Exchange gains or losses ("-" means gains)	519.32	393,020.90
Commission fees	22,090.76	30,321.92
Total	18,063,418.33	24,434,781.75

34. Impairment loss on assets

Item	Jan.-Jun. 2018	Jan.-Jun. 2017
Bad debts provisions	11,275,601.21	7,590,082.11
Total	11,275,601.21	7,590,082.11

35. Other income

(1) Category

Item	Jan.-Jun. 2018	Jan.-Jun. 2017	Amount recorded in the current non-operating gains and losses
Government grants	50,615,100.00	50,000,000.00	50,615,100.00
Total	50,615,100.00	50,000,000.00	50,615,100.00

(2) Details of government grants recorded in the current non-operating gains and losses:

Item	Jan.-Jun. 2018	Jan.-Jun. 2017	Related to income
Industrial support policy funds	50,615,100.00		50,615,100.00
Tax refund from Tax Support for 4 Zones and 1 Base		50,000,000.00	50,000,000.00
Total	50,615,100.00	50,000,000.00	

36. Non-operating expenses

Item	Jan.-Jun. 2018	Jan.-Jun. 2017	Amount recorded in the current non-operating gains and losses
Support spending	300,000.00		300,000.00
Subsidy for the enterprises in Park	20,277,491.11	44,631,282.09	20,277,491.11
Penalties		1,000.00	
Overdue payments		5,620.09	
Total	20,577,491.11	44,637,902.18	20,577,491.11

37. Income tax expenses

Item	Jan.-Jun. 2018	Jan.-Jun. 2017
Current income tax	4,584,623.29	4,231,380.90
Deferred income tax (gains as “-”)	-1,691,340.18	-1,138,512.32
Total	2,893,283.11	3,092,868.58

38. Notes to statement of cash flows

(1) Other cash receipts relating to operating activities

Item	Jan.-Jun. 2018	Jan.-Jun. 2017
Interest income	13,481,053.66	17,052,234.00
Outgoings and incomings related to operating activities	63,308,843.26	159,960,963.88
Total	76,789,896.92	177,013,197.88

(2) Other cash payments relating to operating activities

Item	Jan.-Jun. 2018	Jan.-Jun. 2017
Cash payment	2,245,778.01	4,163,431.20
Non-operating expenses	20,577,491.11	44,637,902.18
Outgoings and incomings related to operating activities	34,102.82	29,074,371.90
Total	22,857,371.94	77,875,705.28

(3) Other cash receipts relating to investing activities

Item	Jan.-Jun. 2018	Jan.-Jun. 2017
Certificates of deposit lifted	610,000,000.00	94,000,000.00
Total	610,000,000.00	94,000,000.00

(4) Other cash payments relating to investment activities

Item	Jan.-Jun. 2018	Jan.-Jun. 2017
Certificates of deposit	50,000,000.00	
Total	50,000,000.00	

(5) Other cash receipts relating to financing activities

Item	Jan.-Jun. 2018	Jan.-Jun. 2017
Cash received from other borrowings	320,000,000.00	
Total	320,000,000.00	

(6) Other cash payments relating to financing activities

Item	Jan.-Jun. 2018	Jan.-Jun. 2017
Cash repaid for other borrowings and interests	720,992,668.38	817,217,343.89
Bank intermediary business fees	100,000.00	953,917.81
Financing service fees		770,000.00
Other financing fees	95,600.63	206,205.70
Total	721,188,269.01	819,147,467.40

39. Supplemental information of statement of cash flows

(1) Reconciliation between net profits and net cash flow generated from operations

Supplemental information	Jan.-Jun. 2018	Jan.-Jun. 2017
1. Reconciliation between net profit and net cash		

Supplemental information	Jan.-Jun. 2018	Jan.-Jun. 2017
flows generated from operations:		
Net profit	14,119,489.89	15,897,578.18
Add: Provision for assets impairments	11,275,601.21	7,590,082.11
Depreciation of fixed assets, depletion of oil & gas assets and productive biological assets	10,184,379.81	9,542,437.93
Amortization of intangible assets		
Amortization of long-term deferred expense		
Losses/gains from disposals of fixed assets, intangible asset and other long-term assets (gains: "-")		
Loss on scrapping of fixed assets ("-" for gain)		
Loss from changes of fair value ("-"for gain)		
Financial cost (income: "-")	18,064,511.94	24,062,103.26
Investment loss (gains: "-")		
Decrease in deferred tax assets (increase: "-")		
Increase in deferred tax liabilities (decrease: "-")		
Decrease in inventory (increase: "-")	-62,507,646.80	-336,467,211.42
Decrease in receivables from operating activities (increase: "-")	203,185,344.84	-16,613,931.01
Increase in payables from operating activities (decrease: "-")	-59,399.21	117,635,030.07
Net cash flows generated from operating activities	194,262,281.68	-178,353,910.88
2. Significant investing and financing activities without involvement of cash receipts and payments		
Debts converted to capital		
Convertible debts mature within one year		
Fixed assets acquired under finance leases		
3. Change of cash and cash equivalent:		
Closing balance of cash	173,976,187.34	1,663,731,865.39
Less: Opening balance of cash	430,470,768.49	505,633,916.35
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
The net increase in cash and cash equivalents	-256,494,581.15	1,158,097,949.04

(2) Composition of cash and cash equivalents

Item	Jan.-Jun. 2018	Jan.-Jun. 2017
I. Cash	173,976,187.34	1,663,731,865.39
Including: Cash on hand	10,138.00	15,678.27
Bank deposits available for immediate payments	173,966,049.34	1,663,716,187.12
II. Cash equivalents		
III. Closing balance of cash and cash equivalents	173,976,187.34	1,663,731,865.39

40. Foreign currency monetary items

Item	Closing balance in original currency	Exchange rate	Closing balance in RMB
Cash and cash equivalents	627.94	6.6171	4,155.14
Including: USD	627.94	6.6171	4,155.14
Long-term borrowings	73,800,000.00	7.0758	522,194,040.00
Including: USD	73,800,000.00	7.0758	522,194,040.00
Total	73,800, 627.94		522,198,195.14

Note: Cash and cash equivalents shall be converted according to the central parity of the RMB exchange rate in the inter-bank foreign exchange market on 30 June 2018. Long-term borrowings shall be converted at the settlement exchange rates as agreed in the "Confirmation for the Cooperation of Dealing with Forward Foreign Exchange Settlement and Sale Transactions" issued by Chongqing Commercial Bank Co., Ltd.

VIII Equity in other entities

1. Equity in subsidiaries

(1) Composition of the Group

Subsidiary	Operation address	Registration address	Business nature	Holdings (%)		Voting (%)	Acquiring method
				Direct	Indirect		
Chongqing Yingjinyuan Industrial Development Co., Ltd.	Jieshi Town	Jieshi Town	Real estate development	100		100	Set up
Chongqing Xingjie Real Estate Co., Ltd.	Jieshi Town	Jieshi Town	Real estate development	100		100	Set up

Subsidiary	Operation address	Registration address	Business nature	Holdings (%)		Voting (%)	Acquiring method
				Direct	Indirect		
Chongqing Banan Feichuang Construction Co., Ltd.	Jieshi Town	Jieshi Town	Infrastructure construction	1.41		100	Set up

(2) The Company and Wanjia Co-Win Asset Management Co., Ltd. jointly invested to establish Chongqing Banan Feichuang Construction Co., Ltd. The Company's capital contribution accounted for 1.41%. Wanjia Co-Win Asset Management Co., Ltd. only provided funds, and did not participate in the business decision-making and the management of Chongqing Banan Feichuang Construction Co., Ltd. The Company has the actual control over Chongqing Banan Feichuang Construction Co., Ltd., which shall be included in the scope of the Company's consolidation.

2. Equity in joint venture arrangements or associates

(1) Basic information of significant joint ventures and associates

Name of invested companies	Operation address	Registration address	Business nature	Holdings (%)		Accounting method
				Direct	Indirect	
Associates:						
Chongqing Banan Economic Park Investment Industrial Co., Ltd.	Jieshi Town	Jieshi Town	Investment	25		Equity method
Chongqing Xinjiedian Real Estate Co., Ltd.	Jieshi Town	Jieshi Town	Real estate development	40		Equity method
Chongqing Fito Medical Devices Co., Ltd.	Chongqing	Jieshi Town	Medical devices sales		30	Equity method

(2)Information of risks related to equity in joint ventures and associates

A. Excess loss

The Company's share of the excess losses incurred from the associates is as follows:

Name of invested companies	The portion of accumulated unrecognized loss in the previous period	The portion of accumulated unrecognized loss in the current period (or the portion of net profit realized in the current period)	The portion of accumulated unrecognized loss at the end of the period.
Associates:			

Name of invested companies	The portion of accumulated unrecognized loss in the previous period	The portion of accumulated unrecognized loss in the current period (or the portion of net profit realized in the current period)	The portion of accumulated unrecognized loss at the end of the period.
Chongqing Xinjiedian Real Estate Co., Ltd.	2,720,362.09	1,294,806.74	4,015,168.83
Total	2,720,362.09	1,294,806.74	4,015,168.83

B. Chongqing Banan Economic Park Investment Industrial Co., Ltd. and Chongqing Fito Medical Devices Co., Ltd. did not provide relevant information. According to the operating conditions of these two companies over the years, there were not significant changes in the first half of 2018. Therefore, the investment income of these two companies has not been recognized.

IX Financial instruments and relevant risks

The Company's major financial instruments include cash and cash equivalents, accounts receivable, other receivables, available-for-sale financial assets, accounts payable, borrowings, etc.

The Company's main risks caused by financial instruments are credit risk, liquidity risk and market risk.

1. Classification of financial instruments

The book values of financial instruments on the balance sheet date are as follows:

Closing balance:

Item	Classification of financial assets				
	Financial assets measured at fair value and changes are recorded into the current profits and losses	Held-to-maturity investment	Loans and receivables	Available-for-sale financial assets	Total
Measured at cost or amortized cost:					
Cash and cash equivalents			223,976,187.34		223,976,187.34
Accounts receivable			3,763,556,293.13		3,763,556,293.13

Item	Classification of financial assets				
	Financial assets measured at fair value and changes are recorded into the current profits and losses	Held-to-maturity investment	Loans and receivables	Available-for-sale financial assets	Total
Other receivables			4,617,367,449.68		4,617,367,449.68
Other current assets			14,859,345.92		14,859,345.92
Available-for-sale financial assets				1,033,500,000.00	1,033,500,000.00
Total			8,619,759,276.07	1,033,500,000.00	9,653,259,276.07

Item	Classification of financial liabilities		
	Financial liabilities measured at fair value and changes are recorded into the current profits and losses	Other financial liabilities	Total
Measured at cost or amortized cost:			
Short-term borrowings		148,000,000.00	148,000,000.00
Accounts payable		36,153,779.19	36,153,779.19
Interests payable		76,262,488.89	76,262,488.89
Other payables		926,763,011.21	926,763,011.21
Non-current liabilities due within 1 year		693,038,095.24	693,038,095.24
Other current liabilities		19,729,436.95	19,729,436.95
Long-term borrowings		7,996,360,706.66	7,996,360,706.66
Bonds payable		2,457,762,559.83	2,457,762,559.83
Other non-current liabilities		550,000,000.00	550,000,000.00
Total		12,904,070,077.97	12,904,070,077.97

Opening balance:

Item	Classification of financial assets

	Financial assets measured at fair value and changes are recorded into the current profits and losses	Held-to-maturity investment	Loans and receivables	Available-for-sale financial assets	Total
Measured at cost or amortized cost:					
Cash and cash equivalents			1,040,470,768.49		1,040,470,768.49
Accounts receivable			3,922,555,099.49		3,922,555,099.49
Other receivables			4,664,279,572.63		4,664,279,572.63
Other current assets			10,958,962.54		10,958,962.54
Available-for-sale financial assets				1,033,500,000.00	1,033,500,000.00
Total			9,638,264,403.15	1,033,500,000.00	10,671,764,403.15

Item	Classification of financial liabilities		
	Financial liabilities measured at fair value and changes are recorded into the current profits and losses	Other financial liabilities	Total
Measured at cost or amortized cost:			
Accounts payable		34,076,959.50	34,076,959.50
Interests payable		90,149,022.22	90,149,022.22
Other payables		616,636,029.18	616,636,029.18
Non-current liabilities due within 1 year		1,533,738,095.24	1,533,738,095.24
Other current liabilities		19,729,436.95	19,729,436.95
Long-term borrowings		8,138,779,754.28	8,138,779,754.28
Bonds payable		2,570,631,751.08	2,570,631,751.08
Other non-current liabilities		523,000,000.00	523,000,000.00
Total		13,526,741,048.45	13,526,741,048.45

2. Credit risk

Credit risk refers to the risk of financial loss of the Company due to default of contract obligation by the transaction counterparty. The Company's credit risk is mainly caused by receivables. The management will continue to monitor the exposure of these credit risks.

The Company's monetary funds other than cash are mainly deposited in creditworthy financial institutions. The management believes that there is no significant credit risk and expects that there is no significant loss due to default by counterparties.

For receivables, the major customer of the Company is People's Government of Banan District. In general, the Company will not require customers to provide collateral.

In order to monitor credit risk, the Company analyzes customers' information according to factors such as ageing and due date, etc.

The credit risk of the Company is mainly affected by the characteristics of each customer. The concentration of significant credit risk is mainly due to the significant receivables from individual customers. The closing balances of the accounts receivable of the Company's major customer, People's Government of Banan District, accounted for 99.12% and 98.95% of the total amounts respectively as at 30 June 2018 and 30 June 2017.

The Company's maximum credit risk exposure is the carrying amount of each financial asset at the balance sheet date.

3. Liquidity risk

Liquidity risk refers to risk of capital shortage caused when a company executes obligations of settlement in cash or by other financial assets. The Company manages its liquidity risk by leveraging bank loans and debts to maintain a balance between capital continuity and flexibility. The Company aims to balance the sustainability and flexibility of financing with bank borrowing as the financing instrument.

The maturity analysis of the Company's financial liabilities based on undiscounted contractual cash flows is as follows:

Closing balance:

Item	Financial liabilities

	Within 1 month (including 1 month)	1-3 months (including 3 months)	3 months-1 year (including 1 year)	1-5 years (including 5 years), over 5 years	Total
Short-term borrowings			148,000,000.00		148,000,000.00
Accounts payable				36,153,779.19	36,153,779.19
Interests payable				76,262,488.89	76,262,488.89
Other payables				926,763,011.21	926,763,011.21
Non-current liabilities due within 1 year			693,038,095.24		693,038,095.24
Other current liabilities				19,729,436.95	19,729,436.95
Long-term borrowings				7,996,360,706.66	7,996,360,706.66
Bonds payable				2,457,762,559.83	2,457,762,559.83
Other non-current liabilities				550,000,000.00	550,000,000.00
Total			841,038,095.24	12,063,031,982.73	12,904,070,077.97

Opening balance:

Item	Financial liabilities				
	Within 1 month (including 1 month)	1-3 months (including 3 months)	3 months-1 year (including 1 year)	1-5 years (including 5 years), over 5 years	Total
Accounts payable				34,076,959.50	34,076,959.50
Interests payable				90,149,022.22	90,149,022.22
Other payables				616,636,029.18	616,636,029.18
Non-current liabilities due within 1 year			1,533,738,095.24		1,533,738,095.24
Other current liabilities				19,729,436.95	19,729,436.95
Long-term borrowings				8,138,779,754.28	8,138,779,754.28
Bonds payable				2,570,631,751.08	2,570,631,751.08
Other non-current liabilities				523,000,000.00	523,000,000.00
Total			1,533,738,095.24	11,993,002,953.21	13,526,741,048.45

4. Market risk

Market risk refers to the risk of fluctuation of fair value or future cash flow of financial instruments caused by the fluctuation of the market price, including exchange rate risk, interest rate risk and other price risks.

A. Exchange rate risk

Exchange rate risk refers to the risk of fluctuation of fair value or future cash flows of financial instruments caused by changes in exchange rates.

As the Company's monetary financial assets are only USD 627.94, the impact of exchange rate changes on net profit and equity is negligible.

The conversion rate of monetary financial liabilities is the forward delivery rate agreed in the contract, so the exchange rate change has no effect on the Company.

B. Interest rate risk

Interest rate risk refers to the risk of fluctuation of fair value or future cash flows of financial instruments caused by the changes in interest rate.

The Company's interest expenses have been fully capitalized, thus changes of interest rate will not directly affect net profit and equity, but will affect inventories and total assets.

The Company's interest rate risk arises from interest-bearing debts including bank borrowings and bonds payable and other financial institutions' borrowings. Financial liabilities with floating interest rate expose the Company to cash flow interest rate risk. Financial liabilities with fixed interest rate expose the Company to fair value interest rate risk. The Company determines the relative proportion of fixed rate and floating rate contracts based on the market environment at the time. As of 30 June 2018, the Company's interest-bearing debts were mainly RMB-denominated floating rate loan contracts with a total amount of RMB 11,845,161,361.73 (31 December 2017: RMB 12,766,149,600.60),

C. Other price risks.

Other price risks refer to the risk of fluctuations in market prices other than exchange rate risk and interest rate risk, no matter these changes are due to factors related to individual financial instruments or their issuers, or due to factors related to all similar financial instruments traded in the market.

There were no other price risks during the reporting period.

X Related party relationships and transactions

1. The parent company of the Company

Name	Registration	Nature of business	Registered Capital	The parent company's shareholding (%)	The parent company's voting right (%)
Finance Bureau of Banan District, Chongqing	Banan District, Chongqing	Government department		100	100

Information of subsidiaries of the Company refers to Note VIII 1.

2. Information of joint ventures and associates of the Company

Information of joint ventures and associates of the Company refers to Note VIII 2.

3. Information of other related parties

Name of other related parties	Relationship
Chongqing Banan Xingnong Financing Guarantee Co., Ltd.	Shareholding company of the Company
Chongqing Shikeyun Technology Co., Ltd.	Shareholding company of the Company
Chongqing Lujiao Zutuan Development Investment Co., Ltd.	Shareholding company of the Company
Chongqing HKC Optoelectronics Technology Co., Ltd.	Shareholding company of the Company
People's Government of Banan District, Chongqing	Related party

4. Related party transactions

The Company provided a joint liability guarantee for the loan of RMB 500 million applied by the shareholding company Chongqing HKC Optoelectronics Technology Co., Ltd. to Chongqing Three Gorges Bank Co., Ltd., Beibei Sub-branch.

5. Amount due from/to related parties

(1) Amounts due from related parties

Item	Name of related parties	Closing balance	Opening balance
Accounts receivable	People's Government of Banan District, Chongqing	3,756,605,191.63	3,914,293,594.49

Item	Name of related parties	Closing balance	Opening balance
Other receivables	Finance Bureau of Banan District, Chongqing	1,640,345,200.00	1,750,345,200.00
	Chongqing Xinjiedian Real Estate Co., Ltd.	68,093,929.43	68,093,929.43
	Chongqing Shikeyun Technology Co., Ltd.	84,000.00	84,000.00
	Chongqing Banan Economic Park Investment Industrial Co., Ltd.	30,000.00	30,000.00
	People's Government of Banan District, Chongqing	59,723,090.85	59,723,090.85

(2) Amounts due to related parties

Item	Name of related parties	Closing balance	Opening balance
Other payables	Finance Bureau of Banan District, Chongqing	11,805,400.00	11,805,400.00
	Chongqing Banan Economic Park Investment Industrial Co., Ltd.	49,115,402.02	49,115,402.02
	Chongqing HKC Optoelectronics Technology Co., Ltd.	38,249,701.03	8,139,607.75
	Chongqing Xinjiedian Real Estate Co., Ltd.	5,166,600.00	5,166,600.00

XI Commitments and contingencies

1. Significant commitments

As of 30 June 2018, there are no significant commitments that need to be disclosed.

2. Contingencies

(1) The Company provided joint liability guarantee for the bank loan of RMB 200 million applied by Chongqing Ruizhou Construction Investment Co., Ltd. from China CITIC Bank Corporation Limited, Chongqing Branch, and the maturity date is 3 September 2018.

(2) The Company provided joint liability guarantee for the bank loan of RMB 150 million applied by Chongqing Highway Logistics Base Construction Co., Ltd. from Bank of Chongqing Co., Ltd., Banan Sub-branch, and the maturity date is 28 December 2020.

(3) The Company provided joint liability guarantee for the bank loan of RMB 100 million applied by

Chongqing Highway Logistics Base Construction Co., Ltd. from Bank of Chongqing Co., Ltd., Banan Sub-branch, and the maturity date is 18 January 2021.

(4) The Company provided joint liability guarantee for the bank loan of RMB 500 million applied by Chongqing HKC Optoelectronics Technology Co., Ltd. from Chongqing Three Gorges Bank, Beibei Sub-branch and the maturity date is 13 June 2022.

XII Events after the balance sheet date

As of the approval date of this report, there are no events that need to be disclosed after the balance sheet date.

XIII Other significant events

As of 30 June, 2018, there are no other significant events need to be disclosed.

XIV Notes to the financial statements of the parent company

1. Other receivables

(1) Disclosure of other receivables:

Category	Closing balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Other receivables that are individually significant in amount and provided for bad debts separately	2,100,000,000.00	42.41	21,000,000.00	1.00	2,079,000,000.00
Other receivables provided for bad debt according to the credit risk characteristics					
Portfolio 1	185,239,153.53	3.74	38,745,818.37	20.92	146,493,335.16
Portfolio 2	2,665,925,610.68	53.85			2,665,925,610.68
Sub-total	2,851,164,764.21	57.59	38,745,818.37	1.36	2,812,418,945.84
Other receivables that individually insignificant in amount but provided for bad debt separately					
Total	4,951,164,764.21	100.00	59,745,818.37	1.21	4,891,418,945.84

Category	Opening balance				
	Balance		Provision for bad debts		Net amount
	Amount	(%)	Amount	(%)	
Other receivables that are individually significant in amount and provided for bad debts separately	2,100,000,000.00	42.12	21,000,000.00	1.00	2,079,000,000.00
Other receivables provided for bad debt according to the credit risk characteristics					
Portfolio 1	221,413,056.97	4.44	27,442,942.66	12.39	193,970,114.31
Portfolio 2	2,664,372,720.48	53.44			2,664,372,720.48
Sub-total	2,885,785,777.45	57.88	27,442,942.66	0.95	2,858,342,834.79
Other receivables that individually insignificant in amount but provided for bad debt separately					
Total	4,985,785,777.45	100.00	48,442,942.66	0.97	4,937,342,834.79

Other receivables that individually significant in amount and provided for bad debt separately

Name	Closing balance			
	Balance	Provision for bad debts	Proportion (%)	Reason
Huike Electronics (Shenzhen) Co., Ltd.	2,100,000,000.00	21,000,000.00	1.00	Shareholder of the associate company Chongqing HKC Optoelectronics Technology Co., Ltd., and has collateral
Total	2,100,000,000.00	21,000,000.00	1.00	

In portfolio 1, other receivables adopting ageing analysis method to provide for bad debts:

Ageing	Closing balance		
	Balance	Provision for bad debts	Proportion (%)
Within 1 year (including 1 year)	18,778,783.81	93,893.91	0.50
1 year to 2 years (including 2 years)	44,118,860.80	1,323,565.82	3.00
2 years to 3 years (including 3 years)	93,383,500.00	9,338,350.00	10.00

Ageing	Closing balance		
	Balance	Provision for bad debts	Proportion (%)
3 years to 4 years (including 4 years)	60,000.28	12,000.06	20.00
4 years to 5 years (including 5 years)	1,840,000.13	920,000.07	50.00
Over 5 years	27,058,008.51	27,058,008.51	100.00
Total	185,239,153.53	38,745,818.37	

Ageing	Opening balance		
	Balance	Provision for bad debts	Proportion (%)
Within 1 year (including 1 year)	84,071,548.05	414,417.53	0.50
1 year to 2 years (including 2 years)	93,383,500.00	2,801,505.00	3.00
2 years to 3 years (including 3 years)	15,060,000.28	1,506,000.03	10.00
3 years to 4 years (including 4 years)	1,840,000.13	368,000.03	20.00
4 years to 5 years (including 5 years)	9,409,976.89	4,704,988.45	50.00
Over 5 years	17,648,031.62	17,648,031.62	100.00
Total	221,413,056.97	27,442,942.66	

In portfolio 2, other receivables with no provisions for bad debts:

Portfolio name/company name	Relationship	Closing balance	Proportion (%)
Chongqing Banan District Economic Zone Development and Construction Management Committee	Non-related party	322,187,750.62	12.08
Land Resources and Housing Manageme nt Bureau of Banan District, Chongqing	Non-related party	1,274,441.00	0.05
Finance Bureau of Banan District, Chon gqing	Parent company	1,640,345,200.00	61.53
People's Government of Jieshi Town, Banan District, Chongqing	Non-related party	68,130,627.00	2.56
Village Committee of Guihua Village, Jieshi Town, Banan District, Chongqing	Non-related party	44,517,400.00	1.67
Public Security Fire Detachment of Banan District, Chongqing	Non-related party	22,660,000.00	0.85

Portfolio name/company name	Relationship	Closing balance	Proportion (%)
Chongqing Banan District Land Consolidation and Reserve Center	Non-related party	50,000,000.00	1.88
Education Committee of Banan District, Chongqing	Non-related party	2,000,000.00	0.08
Village Committee of Wuxin Village, Jieshi Town, Banan District, Chongqing	Non-related party	600,000.00	0.02
People's Government of Banan District, Chongqing	Related party	59,723,090.85	2.24
Chongqing Xinjiedian Real Estate Co., Ltd.	Associate	68,093,929.43	2.55
Chongqing Shikeyun Technology Co., Ltd.	Shareholding company	84,000.00	0.00
State-owned Assets Management Office of Banan District, Chongqing	Non-related party	110,131,600.00	4.13
Guihua Community Residents Committee, Jieshi Town, Banan District, Chongqing City	Non-related party	2,312.68	0.00
Employee borrowings	Non-related party	1,466,789.76	0.06
Withholding employee union funds	Non-related party	90.00	0.00
Major repair fund	Non-related party	626,883.18	0.02
Chongqing Yingjinyuan Industrial Development Co., Ltd.	Subsidiary	56,524,152.00	2.12
Chongqing Xingjie Real Estate Co., Ltd.	Subsidiary	217,403,442.00	8.15
Chongqing Banan Feichuang Construction Co., Ltd.	Subsidiary	153,902.16	0.01
Total		2,665,925,610.68	100.00

(2) Bad debt provisions provided, collected or reversed in the reporting period

In the reporting period, the provision for bad debts of other receivables is RMB 11,302,875.71. There is no collected or reversed amount of provision for bad debts of other receivables.

(3) Classification of other receivables by nature

Nature	Closing balance	Opening balance
Petty cash	1,466,789.76	1,282,199.00
Major repair fund	626,883.18	626,883.18
Receivables from subsidiaries	274,081,496.16	273,093,262.16

Nature	Closing balance	Opening balance
Receivables from joint ventures, associates and shareholding companies	68,177,929.43	68,177,929.43
Receivables from government departments	570,261,722.15	569,881,746.71
Receivables from parent company	1,640,345,200.00	1,750,345,200.00
Receivables from non-related parties	2,396,204,743.53	2,322,378,556.97
Total	4,951,164,764.21	4,985,785,777.45

(4) Information of top 5 other receivables

Company name	Nature	Closing balance	Ageing	Proportion (%)	Closing balance for provision for bad debts
Huike Electronics (Shenzhen) Co., Ltd.	Incomings and outgoings	2,100,000,000.00	2-3 years	42.41	21,000,000.00
Finance Bureau of Banan D istrict, Chongqing	Incomings and outgoings	1,640,345,200.00	2-5 years and over 5 years	33.13	
Chongqing Banan District Economic Zone Development and Construction Management Committee	Incomings and outgoings	322,187,750.62	1-4 years	6.51	
Chongqing Xingjie Real Estate Co., Ltd.	Incomings and outgoings	217,403,442.00	0-4 years	4.39	
State-owned Assets Management Office of Banan District, Chongqing	Incomings and outgoings	110,131,600.00	0-2 years	2.22	
Total		4,390,067,992.62		88.66	21,000,000.00

2. Long-term equity investment

Item	Closing balance			Opening balance		
	Balance	Impairment provision	Net value	Balance	Impairment provision	Net value
Investments in subsidiaries	402,310,000.00		402,310,000.00	402,310,000.00		402,310,000.00
Investments in associates and joint ventures	49,982,641.08		49,982,641.08	49,982,641.08		49,982,641.08
Total	452,292,641.08		452,292,641.08	452,292,641.08		452,292,641.08

(1) Investment in subsidiaries

The investees	Opening balance	Increase	Decrease	Closing balance	Impairment provisions	Closing balance for impairment provisions
Chongqing Yingjinyuan Industrial Development Co., Ltd.	109,530,000.00			109,530,000.00		
Chongqing Xingjie Real Estate Co., Ltd.	282,780,000.00			282,780,000.00		
Chongqing Banan Feichuang Construction Co., Ltd.	10,000,000.00			10,000,000.00		
Total	402,310,000.00			402,310,000.00		

(2) Investment in associates and joint ventures

The investees	Closing balance			Opening balance		
	Balance	Impairment provision	Net value	Balance	Impairment provision	Net value
Associates:						
Chongqing Banan Economic Park Investment Industrial Co., Ltd.	49,982,641.08		49,982,641.08	49,982,641.08		49,982,641.08
Total	49,982,641.08		49,982,641.08	49,982,641.08		49,982,641.08

Chongqing Banan Economic Park Development & Construction Co., Ltd.

10 November 2018

Legal Representative: Chief Financial Officer: Chief Accountant:

APPENDIX – FORM OF IRREVOCABLE STANDBY LETTER OF CREDIT

FM: SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD., HONG KONG BRANCH (SWIFT: SPDBHKHH)

ADDRESS: 24/F., BANK OF AMERICA TOWER, 12 HARCOURT ROAD, CENTRAL, HONG KONG

ISSUE DATE: 1 FEBRUARY 2019

TO BENEFICIARY: CITICORP INTERNATIONAL LIMITED OF 39TH FLOOR, CHAMPION TOWER, THREE GARDEN ROAD, CENTRAL, HONG KONG (THE "BENEFICIARY" OR "YOU") IN ITS CAPACITY AS TRUSTEE FOR AND ON BEHALF OF THE HOLDERS (THE "BONDHOLDERS") OF THE SGD 150,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF 4.35 PER CENT. CREDIT ENHANCED BONDS DUE 2021 (THE "BONDS"), TO BE ISSUED BY CHONGQING BANAN ECONOMIC PARK DEVELOPMENT & CONSTRUCTION CO., LTD. (THE "BOND ISSUER") AND TO BE CONSTITUTED BY A TRUST DEED DATED 1 FEBRUARY 2019 (THE "BOND ISSUE DATE") BETWEEN THE BOND ISSUER AND THE BENEFICIARY, AS AMENDED OR SUPPLEMENTED FROM TIME TO TIME (THE "TRUST DEED").

DEAR SIRS,

RE: IRREVOCABLE STANDBY LETTER OF CREDIT NO. [•]

AT THE REQUEST OF BOTH HUA XIA BANK CO., LTD CHONGQING BRANCH AND CHONGQING RURAL COMMERCIAL BANK FOR THE ACCOUNT OF THE BOND ISSUER, WE, SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD., HONG KONG BRANCH (THE "ISSUING BANK" OR "WE") HEREBY ISSUE THIS IRREVOCABLE STANDBY LETTER OF CREDIT NO. [•] (THIS "L/C") IN FAVOUR OF THE BENEFICIARY IN CONNECTION WITH THE TERMS AND CONDITIONS OF THE BONDS SCHEDULED TO THE TRUST DEED (THE "CONDITIONS") AND THE TRUST DEED.

THIS L/C IS MADE AVAILABLE BY US FOR PAYMENT UPON OUR ACTUAL RECEIPT OF A DEMAND SUBSTANTIALLY IN THE FORM SET OUT IN APPENDIX A-1 (THE "DEMAND") PRESENTED IN ACCORDANCE WITH THIS L/C STATING THAT:

(a) THE BOND ISSUER HAS FAILED TO COMPLY WITH CONDITION 2(C) IN RELATION TO PRE-FUNDING (THE "PRE-FUNDING CONDITION") SPECIFIED IN THE CONDITIONS

FOR AN AMOUNT THAT IS REQUIRED TO BE PRE-FUNDED UNDER THE CONDITIONS AND/OR FAILED TO PROVIDE THE REQUIRED CONFIRMATIONS (AS DEFINED IN THE CONDITIONS) IN ACCORDANCE WITH THE PRE-FUNDING CONDITION; OR

(b) AN EVENT OF DEFAULT (AS DEFINED IN THE CONDITIONS) HAS OCCURRED AND THE BENEFICIARY HAS GIVEN NOTICE TO THE BOND ISSUER THAT THE BONDS ARE IMMEDIATELY DUE AND PAYABLE IN ACCORDANCE WITH THE CONDITIONS BUT THE BOND ISSUER HAS FAILED TO PAY; OR

(c) THE BOND ISSUER HAS OTHERWISE FAILED TO PAY THE FEES, EXPENSES AND OTHER AMOUNTS PAYABLE BY IT UNDER THE CONDITIONS OR IN CONNECTION WITH THE BONDS, THE TRUST DEED, THE AGENCY AGREEMENT (AS DEFINED IN THE CONDITIONS) AND/OR ANY OTHER TRANSACTION DOCUMENT RELATING TO THE BONDS WHEN DUE AND SUCH FAILURE HAS CONTINUED FOR A PERIOD OF SEVEN (7) DAYS FROM THE DATE THAT THE BENEFICIARY HAS DELIVERED ITS DEMAND THEREFOR TO THE BOND ISSUER.

SUBJECT TO THE TERMS OF THIS L/C, WE IRREVOCABLY UNDERTAKE TO YOU THAT, ON AND AFTER 1 FEBRUARY 2019 (THE "BOND ISSUE DATE") (I) IF WE RECEIVE YOUR DEMAND ON OR BEFORE 11:00 A.M. (HONG KONG TIME) ON A BANKING DAY, WE SHALL PAY TO YOU OR TO YOUR ORDER THE AMOUNT AS DEMANDED BY 11.00 A.M. (HONG KONG TIME) ON THE SEVENTH BANKING DAY FROM THE DATE WE ACTUALLY RECEIVE THE DEMAND; AND (II) IF WE RECEIVE YOUR DEMAND AFTER 11:00 A.M. (HONG KONG TIME) ON A BANKING DAY, WE SHALL PAY TO YOU OR TO YOUR ORDER THE AMOUNT AS DEMANDED BY 11:00 A.M. (HONG KONG TIME) ON THE EIGHTH BANKING DAY FROM THE DATE WE ACTUALLY RECEIVE THE DEMAND. "BANKING DAY" MEANS A DAY (OTHER THAN A SATURDAY OR A SUNDAY OR A PUBLIC HOLIDAY) ON WHICH BANKS ARE OPEN FOR BUSINESS IN ALL OF THE FOLLOWING PLACES: BEIJING, SINGAPORE, LONDON AND HONG KONG.

OUR LIABILITY UNDER THIS L/C SHALL BE PAYABLE IN SINGAPORE DOLLARS AND SHALL NOT IN ANY EVENT EXCEED SGD 154,262,500 (SINGAPORE DOLLARS ONE-HUNDRED FIFTY-FOUR MILLION TWO-HUNDRED SIXTY-TWO THOUSAND FIVE-HUNDRED) IN AGGREGATE, REPRESENTING ONLY (I) THE AGGREGATE PRINCIPAL AMOUNT OF THE BONDS PLUS INTEREST PAYABLE FOR ONE (1) INTEREST PERIOD (AS DEFINED IN THE CONDITIONS) IN ACCORDANCE WITH THE CONDITIONS AND (II) ANY FEES, EXPENSES AND OTHER AMOUNTS PAYABLE BY THE BOND ISSUER UNDER THE CONDITIONS OR IN CONNECTION WITH THE BONDS, THE TRUST DEED, THE AGENCY AGREEMENT AND/OR ANY OTHER TRANSACTION DOCUMENT RELATING TO THE BONDS.

OUR OBLIGATIONS AND LIABILITIES UNDER THIS L/C SHALL BE INDEPENDENT. EXCEPT AS EXPRESSLY STATED HEREIN, THIS L/C IS NOT SUBJECT TO ANY CONTRACT, AGREEMENT, CONDITION OR QUALIFICATION. WE SHALL NOT BE OBLIGATED TO VERIFY ANY STATEMENT CONTAINED IN YOUR DEMAND SENT TO US IN ACCORDANCE WITH THE TERMS OF THIS L/C AND SHALL ACCEPT THE DEMAND

THEREIN AS CONCLUSIVE EVIDENCE OF THE FACTS STATED.

THIS L/C TAKES EFFECT FROM THE DATE HEREOF AND SHALL EXPIRE AT 5:00 P.M. (HONG KONG TIME) ON 1 JANUARY 2022 (THE "EXPIRY DATE"). AFTER THE EXPIRY DATE, OUR LIABILITY UNDER THIS L/C WILL BE IMMEDIATELY DISCHARGED AND RELEASED.

PAYMENT WILL BE EFFECTED AFTER OUR ACTUAL RECEIPT OF A DEMAND PRESENTED BY YOU IN ACCORDANCE WITH THIS L/C, WHICH IS PRESENTED ON OR AFTER THE BOND ISSUE DATE AND AT OR BEFORE 5:00 P.M. (HONG KONG TIME) ON OR BEFORE THE EXPIRY DATE.

ANY DEMAND UNDER THIS L/C IS TO BE PRESENTED BY WAY OF AN AUTHENTICATED SWIFT PRESENTED TO US (OUR SWIFT: SPDBHKHH) WITHOUT THE NEED TO PHYSICALLY PRESENT AN ORIGINAL OF THAT DEMAND AT OUR COUNTER; *PROVIDED* THAT IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY REASON, YOU MAY INSTEAD ARRANGE FOR A WRITTEN DEMAND TO BE DELIVERED TO OUR ADDRESS (AS SPECIFIED ABOVE) AFTER THE BOND ISSUE DATE AND AT OR BEFORE 5:00 P.M. (HONG KONG TIME) ON THE EXPIRY DATE. SUCH DEMAND SHALL BE DULY SIGNED BY YOU AND ACTUALLY RECEIVED BY US AT OR BEFORE 5:00 P.M. (HONG KONG TIME) ON THE EXPIRY DATE.

NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS L/C, WHERE WE ARE CLOSED ON THE EXPIRY DATE DUE TO ACTS OF GOD, RIOTS, CIVIL COMMOTIONS, INSURRECTIONS, WARS, ACTS OF TERRORISM, OR BY ANY STRIKES OR LOCKOUTS OR ANY OTHER EVENTS BEYOND OUR CONTROL, WE AGREE THAT YOU CAN PRESENT THE DEMAND BY AUTHENTICATED SWIFT OR BY PRESENTING THE DEMAND IN PERSON AT

OUR COUNTER (ADDRESS AS SET OUT ABOVE) WITHIN TWO (2) BANKING DAYS AFTER THE DATE OF OUR RESUMPTION OF BUSINESS. IF WE ARE CLOSED DUE TO SUCH AN EVENT, WE WILL PROMPTLY NOTIFY YOU UPON OUR RESUMPTION OF BUSINESS.

ONLY ONE DRAWING UNDER THIS L/C IS PERMITTED.

ALL CHARGES ARE FOR THE ACCOUNT OF THE BOND ISSUER AND, FOR THE AVOIDANCE OF DOUBT, ARE NOT FOR THE ACCOUNT OF THE BENEFICIARY.

ALL PAYMENTS UNDER THIS L/C SHALL BE MADE IN SINGAPORE DOLLARS AND IN THE AMOUNT SPECIFIED IN THE DEMAND IN IMMEDIATELY AVAILABLE FUNDS WITHOUT ANY DEDUCTION OR WITHHOLDING ON ACCOUNT OF TAX, SET-OFF OR OTHERWISE. IN THE EVENT THAT ANY DEDUCTION OR WITHHOLDING IS REQUIRED, THE ISSUING BANK SHALL PAY SUCH ADDITIONAL AMOUNTS AS WILL RESULT IN RECEIPT BY THE BENEFICIARY FOR THE BONDHOLDERS OF SUCH AMOUNTS AS WOULD HAVE BEEN RECEIVED BY IT HAD NO SUCH DEDUCTION OR WITHHOLDING BEEN REQUIRED.

THE BENEFICIARY'S RIGHTS UNDER THIS L/C MAY BE TRANSFERRED IN WHOLE TO ANY ADDITIONAL OR REPLACEMENT TRUSTEE IN RESPECT OF THE BONDS WITH OUR PRIOR CONSENT IN WRITING, SUCH CONSENT NOT TO BE UNREASONABLY WITHHELD OR DELAYED. REQUEST FOR CONSENT TO A PROPOSED TRANSFER SPECIFYING THE NAME AND ADDRESS OF THE INTENDED TRANSFEREE SHALL BE GIVEN TO US BY YOU BY AUTHENTICATED SWIFT, OR IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY REASON BY COURIER TO US AT OUR ADDRESS (AS SPECIFIED ABOVE). WE SHALL PROVIDE OUR WRITTEN REPLY WITHIN FIFTEEN (15) BANKING DAYS UPON OUR ACTUAL RECEIPT OF SUCH REQUEST.

WE MAY NOT TRANSFER OR NOVATE ANY OF OUR OBLIGATIONS UNDER THIS L/C. ANY SETTLEMENT OR DISCHARGE BETWEEN US AS ISSUING BANK AND YOU AS TRUSTEE FOR THE BONDHOLDERS SHALL BE CONDITIONAL UPON NO PAYMENT TO YOU BY US OR ANY OTHER PERSON ON OUR BEHALF BEING AVOIDED (BY VIRTUE OF ANY LAWS RELATING TO BANKRUPTCY, INSOLVENCY, RECEIVERSHIP, LIQUIDATION OR SIMILAR LAWS OF GENERAL APPLICATION FOR THE TIME BEING IN FORCE) AND, IN THE EVENT OF ANY SUCH PAYMENT BEING SO AVOIDED, YOU SHALL BE ENTITLED TO RECOVER THE AMOUNT BY WHICH SUCH PAYMENT IS SO AVOIDED FROM US SUBSEQUENTLY AS IF SUCH SETTLEMENT OR DISCHARGE HAD NOT OCCURRED.

EXCEPT TO THE EXTENT IT IS INCONSISTENT WITH THE EXPRESS TERMS OF THIS L/C, THIS L/C IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (2007 REVISION), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 600 (UCP600).

THIS L/C, AND ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH IT, IS GOVERNED BY ENGLISH LAW. NO PERSON SHALL HAVE ANY RIGHT TO ENFORCE ANY TERM OF THIS L/C UNDER THE CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999. WE AGREE (A) THAT THE COURTS OF HONG KONG HAVE EXCLUSIVE JURISDICTION TO SETTLE ANY DISPUTE (A "DISPUTE") ARISING OUT OF OR IN CONNECTION WITH THIS L/C (INCLUDING ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH THIS L/C), AND (B) THAT THOSE COURTS ARE THE MOST APPROPRIATE AND CONVENIENT COURTS TO SETTLE ANY DISPUTE AND, ACCORDINGLY, THAT WE WILL NOT ARGUE THAT ANY OTHER COURTS ARE MORE APPROPRIATE OR CONVENIENT.

APPENDIX A-1 – FORM OF DEMAND

TO: SHANGHAI PUDONG DEVELOPMENT BANK CO., LTD., HONG KONG BRANCH (SWIFT: SPDBHKHH).

ADDRESS: 24/F., BANK OF AMERICA TOWER, 12 HARCOURT ROAD, CENTRAL, HONG KONG

ATTN: Operations Department – Bills team

[DATE]

DEAR SIRS

RE: DEMAND UNDER THE L/C NO. [•] IN RESPECT OF THE SGD150,000,000 4.35 PER CENT. CREDIT ENHANCED BONDS DUE 2021 (THE "BONDS") ISSUED BY CHONGQING BANAN ECONOMIC PARK DEVELOPMENT & CONSTRUCTION CO., LTD. (THE "BOND ISSUER")

THE UNDERSIGNED IS A DULY AUTHORISED SIGNATORY OF CITICORP INTERNATIONAL LIMITED WHICH IS HEREBY MAKING A DEMAND AS TRUSTEE FOR THE HOLDERS OF THE BONDS (THE "**BENEFICIARY**") UNDER YOUR L/C NO. [•] (THE "**L/C**"). CAPITALISED TERMS USED HEREIN BUT NOT DEFINED SHALL HAVE THE MEANINGS GIVEN TO THEM IN THE L/C.

1 THIS DEMAND IS MADE IN CONNECTION WITH THE FOLLOWING:

- THE BOND ISSUER HAS FAILED TO COMPLY WITH THE CONDITION 2(C) IN RELATION TO PRE-FUNDING (THE "PRE-FUNDING CONDITION") AN AMOUNT THAT IS REQUIRED TO BE PRE-FUNDED UNDER THE CONDITIONS AND/OR FAILED TO PROVIDE THE REQUIRED CONFIRMATIONS (AS DEFINED IN THE CONDITIONS) IN ACCORDANCE WITH THE PRE-FUNDING CONDITION.

- AN EVENT OF DEFAULT (AS DEFINED IN THE CONDITIONS) HAS OCCURRED AND THE BENEFICIARY HAS GIVEN NOTICE TO THE BOND ISSUER THAT THE BONDS ARE IMMEDIATELY DUE AND PAYABLE IN ACCORDANCE WITH THE CONDITIONS BUT THE BOND ISSUER HAS FAILED TO PAY.

- THE BOND ISSUER HAS OTHERWISE FAILED TO PAY THE FEES, EXPENSES AND OTHER AMOUNTS PAYABLE BY IT UNDER THE TRUST DEED OR IN CONNECTION WITH THE BONDS, THE TRUST DEED, THE AGENCY AGREEMENT AND/OR ANY OTHER TRANSACTION DOCUMENT RELATING TO THE BONDS WHEN DUE AND SUCH FAILURE HAS CONTINUED FOR A PERIOD OF SEVEN (7) DAYS FROM THE DATE THAT

THE BENEFICIARY HAS DELIVERED ITS DEMAND TO THE BOND ISSUER.

2 WE HEREBY DEMAND YOU TO PAY SINGAPORE DOLLARS [*AMOUNT*] REPRESENTING:-

(A) SINGAPORE DOLLARS [*AMOUNT*] OF PRINCIPAL DUE IN RESPECT OF THE OUTSTANDING BONDS, TOGETHER WITH ACCRUED INTEREST UP TO [DATE] (THE "**CUT-OFF DATE**") AS A RESULT OF THE BONDS HAVING BECOME IMMEDIATELY DUE AND PAYABLE IN ACCORDANCE WITH THE CONDITIONS, AND

(B) SINGAPORE DOLLARS [*AMOUNT*] OF ALL FEES, EXPENSES AND OTHER AMOUNTS PAYABLE BY THE BOND ISSUER UNDER OR IN CONNECTION WITH THE BONDS, THE TRUST DEED, THE AGENCY AGREEMENT AND/OR ANY OTHER TRANSACTION DOCUMENT RELATING TO THE BONDS WHICH IS DUE AND HAS NOT BEEN PAID FOR A PERIOD OF SEVEN DAYS FROM THE DATE OF THE BENEFICIARY DELIVERING ITS DEMAND THEREFOR TO THE BOND ISSUER.

3 WE HEREBY REQUEST YOU TO PAY THE ABOVE AMOUNTS AFTER YOU RECEIVE THIS DEMAND IN ACCORDANCE WITH THE L/C.

4 THE PROCEEDS OF THE DRAWING UNDER THIS DEMAND ARE TO BE CREDITED TO THE FOLLOWING ACCOUNT: *[INSERT ACCOUNT DETAILS*]

CITICORP INTERNATIONAL LIMITED AS BENEFICIARY

BY: ______________________

NAME: ______________________

TITLE: ______________________

ISSUER

Chongqing Banan Economic Park Development & Construction Co., Ltd.
（重慶巴南經濟園區建設實業有限公司）
88 Fucheng Road
Jieshi Town, Banan District
Chongqing
People's Republic of China

TRUSTEE

Citicorp International Limited
39th Floor, Champion Tower
3 Garden Road
Hong Kong

REGISTRAR

Citibank, N.A.,
London Branch
c/o Ground Floor
1 Northwall Quay
Dublin 1
Ireland

PRINCIPAL PAYING AGENT AND TRANSFER AGENT

Citibank, N.A.,
London Branch
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1 Northwall Quay
Dublin 1
Ireland

LC PROCEEDS ACCOUNT BANK AND PRE-FUNDING ACCOUNT BANK

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To the Managers as to PRC law

King & Wood Mallesons
16th Floor, Tower 1
Chengdu IFS No.1 Section 3 Hong Xing Lu
Chengdu, Sichuan 610021
People's Republic of China

AUDITOR OF THE ISSUER

Mazars Certified Public Accountants LLP
（中審眾環會計師事務所）
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