

IMPORTANT NOTICE

NOT FOR DISTRIBUTION DIRECTLY OR INDIRECTLY IN OR INTO THE UNITED STATES

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES (THE "SECURITIES") (AS DESCRIBED IN THE OFFERING CIRCULAR) 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 OR SOLD IN THE UNITED STATES, 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.

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Confirmation of Your Representation: You have accessed the attached document on the basis that you have represented to GF Securities (Hong Kong) Brokerage Limited and DBS Bank Ltd. (the "Initial Purchasers") (that: (1) you and any customers you represent are not in the United States, (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, (3) you consent to delivery of this document and any amendments or supplements by electronic transmission, and (4) to the extent you purchase the Securities, you will be doing so in an offshore transaction as defined in regulations under the Securities Act in compliance with Regulation S thereunder.

This 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 "Prospectus Directive"). This Offering Circular has been prepared on the basis that all offers of the Bonds offered hereby made to persons in the European Economic Area will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus in connection with offers of such Bonds.

The communication of the attached document and any other document or materials relating to the issue of the securities offered hereby is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotion Order"), or within Article 49(2) (a) to (d) of the Financial Promotion Order, or to any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the securities offered hereby are only available to, and any investment or investment activity to which the attached document relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on the attached document or any of its contents.

The 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 neither the Company, the Initial Purchasers nor any of their affiliates, directors, officers, employees, representatives, agents and each person who controls any of them accepts any liability or responsibility whatsoever in respect of any such alteration or change to the Offering Circular distributed to you in electronic format or any difference between the Offering Circular distributed to you in electronic format and the hard copy version.

Restrictions: The Offering Circular is being furnished in connection with an offering in offshore transactions outside the United States in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the Securities.

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 Company or the Initial Purchasers to subscribe or purchase any of the Securities, 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 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 Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Initial Purchasers or such affiliate on behalf of the Company in such jurisdiction. Any Securities to be issued in respect thereof will not be registered under the Securities Act and may not be offered or sold in the United States unless registered under the Securities Act or pursuant to an exemption from such registration. Access has been limited so that it shall not constitute a general solicitation in the United States or elsewhere. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the Securities.

You are reminded that you have accessed the Offering Circular on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. By accessing this Offering Circular, you agree and acknowledge that: (1) you have been notified that the Initial Purchasers and their respective affiliates, directors, officers, employees, agents, advisors or representatives have not been afforded an opportunity to conduct appropriate due diligence with respect to the financial information, the operations or other information of the LC Bank and, as such, are not responsible for and, to the fullest extent permitted by law, explicitly disclaim any and all liabilities that may arise or result from or in connection with the disclosure with respect to the LC Bank contained in this Offering Circular, (2) you will not make any claims against or seek any loss, damages, liabilities or indemnifications from the Initial Purchasers and their respective affiliates, directors, officers, employees, agents, advisors or representatives in connection with the disclosure with respect to the LC Bank contained in this Offering Circular, and (3) prior to accessing this Offering Circular and making your investment decisions, you have had an opportunity to consult with your counsel or other advisers and made your own decision about the LC Bank and whether to invest in the Bonds offered hereby.

Actions that you may not take: If you receive the Offering Circular by e-mail, you should not reply by e-mail to this electronic transmission, 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.

HEFEI XINGTAI FINANCIAL HOLDING GROUP CO., LTD.**合肥興泰金融控股(集團)有限公司***(incorporated in the People's Republic of China with limited liability)***US\$100,000,000 3.5% CREDIT ENHANCED BONDS DUE 2020**
with the benefit of an irrevocable Standby Letter of Credit provided by
Bank of Dongguan Co., Ltd.**ISSUE PRICE: 100%**

The 3.5% credit enhanced bonds due 2020 (the "Bonds") will be issued in the aggregate principal amount of US\$100,000,000 by Hefei Xingtai Financial Holding Group Co., Ltd. (合肥興泰金融控股(集團)有限公司) (the "Company"). Payments of principal and interest in respect of the Bonds will have the benefit of an irrevocable standby letter of credit (the "Standby Letter of Credit") denominated in U.S. Dollars and issued by Bank of Dongguan Co., Ltd. ("the "LC Bank"), a form of which is attached hereto as Appendix A.

The Bonds will bear interest on their outstanding principal amount from and including December 29, 2017 at the rate of 3.5% per annum. Interest on the Bonds is payable semi-annually in arrear on and each year, commencing on June 29, 2018. Unless previously redeemed or purchased and cancelled, the Bonds will mature at their principal amount on December 29, 2020.

The Bonds will constitute direct, unconditional, unsubordinated and, subject to Condition 4(a) of the Terms and Conditions of the Bonds, unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company. All payments of principal, premium (if any) and interest by or on behalf of the Company in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or the PRC to the extent described in "Terms and Conditions of the Bonds — Taxation."

The Bonds may be redeemed at the option of the Company in whole, but not in part, at any time at their principal amount together with interest accrued up to, but excluding, the date fixed for redemption in the event of certain changes affecting taxes of the PRC. At any time following the occurrence of a Change of Control (as defined in the Terms and Conditions of the Bonds), the holder of any Bond will have the right, at such holder's option, to require the Company to redeem all, but not some only, of that holder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions of the Bonds) at 101% of their principal amount, together with accrued interest up to, but excluding, such Put Settlement Date. Upon the occurrence of a No Registration Event (as defined in the Terms and Conditions of the Bonds), the holder of any Bond will have the right, at such holder's option, to require the Company to redeem on the Put Settlement Date all, but not some only, of that holder's Bonds at 100% of their principal amount together with accrued interest up to, but excluding, such Put Settlement Date. See "Terms and Conditions of the Bonds — Redemption and Purchase."

Investing in the Bonds involves certain risks. See "Risk Factors" beginning on page 11 for a discussion of certain risk 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"), or the securities laws of any other jurisdiction, and, subject to certain exceptions, may not be offered or sold within the United States and are only being offered and sold outside the United States in offshore transactions in compliance with Regulation S under the Securities Act ("Regulation S"). For a description of these and certain restrictions on offers and sales of the Bonds, the Standby Letter of Credit and the distribution of this Offering Circular, see "Subscription and Sale." By agreeing to invest in the Bonds, you have made certain representations and acknowledgements as set forth under "Notice to Investors" on page viii.

The denomination of the Bonds shall be US\$200,000 each and integral multiples of US\$1,000 in excess thereof.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Circular. Approval in-principle from, admission to the Official List of, and listing and quotation of the Bonds on, the SGX-ST are not to be taken as an indication of the merits of the Company or the Bonds.

Pursuant to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (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) (the "NDRC Notice") promulgated by National Development and Reform Commission (the "NDRC") of the PRC on September 14, 2015 which came into effect on the same day, the Company has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC on November 7, 2017 evidencing such registration. Pursuant to the NDRC Notice, the Company will file or cause to be filed the requisite information and documents relating to the issue of the Bonds with the NDRC within 10 PRC Business Days (as defined in the Terms and Conditions of the Bonds) after the Issue Date.

Pursuant to the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) (the "SAFE Measures") issued by the State Administration of Foreign Exchange of the PRC ("SAFE") on May 13, 2013 and the PBOC Circular on Issues Relating to the Macro-prudential Management of Overall Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the "PBOC Circular") issued by the People's Bank of China on January 11, 2017, other applicable operating guidelines of SAFE and enquiries to local SAFE, the Issuer is obliged to submit an application to register the Bonds with SAFE within five PRC Business Days after the Issue Date. The Issuer undertakes to submit such an application within the prescribed timeframe and complete the registration of the Bonds with SAFE within five PRC Business Days after the Issue Date.

The Bonds will be represented initially by beneficial 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 the Issue Date with, a common depository 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, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

GF Securities

DBS Bank Ltd.

The date of this Offering Circular is December 22, 2017

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IMPORTANT NOTICE

The Company has prepared this Offering Circular and is solely responsible for its contents. The Company accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

This Offering Circular has been prepared by the Company solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. The distribution of this Offering Circular, 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 Company and Initial Purchasers 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 possession or distribution of this Offering Circular or any offering or publicity material relating to the Bonds in any jurisdiction where such action is prohibited by law 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 and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and the distribution of this Offering Circular, see “Subscription and Sale.” This Offering Circular does not constitute an offer of, or an invitation to purchase, any of the Bonds in any jurisdiction in which such offer or invitation would be unlawful. By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular.

No person has been or is authorised in connection with the issue, offer or sale of the Bonds to give any information or to make any representation concerning the Company, the Bonds, 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 Company, the

Initial Purchasers, the Fiscal Agent or the Agents (as defined in the Terms and Conditions of the Bonds) or any of their respective affiliates, directors, officers, employees, agents, advisors or representatives. 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 Company or the Group, or any of them since the date hereof or create any implication that the information contained herein is correct as at 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 Company, the Initial Purchasers, the Fiscal Agent or the Agents or any of their respective affiliates, directors, officers, employees, agents, advisors or representatives to subscribe for or purchase any of 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.

This Offering Circular is being furnished by the Company in connection with the offering of the Bonds exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Bonds. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Company. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Bonds offered by this Offering Circular is prohibited. Each offeree of the Bonds, by accepting delivery of this Offering Circular, agrees to the foregoing.

This 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 "Prospectus Directive"). This Offering Circular has been prepared on the basis that all offers of the Bonds offered hereby made to persons in the European Economic Area will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus in connection with offers of such Bonds.

The communication of this Offering Circular and any other document or materials relating to the issue of the Bonds offered hereby is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotion Order"), or within Article 49 (2) (a) to (d) of the Financial Promotion Order, or to any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the Bonds offered hereby are only available to, and any investment or investment activity to which this Offering Circular relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this Offering Circular or any of its contents.

No representation or warranty, express or implied, is made or given by the Initial Purchasers, the Fiscal Agent or the Agents or any of their respective affiliates, directors, officers, employees, agents, advisers or representatives 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 and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Initial Purchasers, the Fiscal Agent or the Agents or any of their respective affiliates, directors, officers, employees, agents, advisers or representatives. The Initial Purchasers, the Fiscal Agent and the Agents and their respective affiliates have not independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete. Each person receiving this Offering Circular acknowledges that such person has not relied on the Initial Purchasers, the Fiscal Agent or the Agents or any of their respective directors, officers, employees, agents, advisers or affiliates 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 Company and the merits and risks involved in investing in the Bonds. By accessing this Offering Circular, you agree and acknowledge that: (1) you have been notified that the Initial Purchasers and their respective affiliates, directors, officers, employees, agents, advisers or representatives have not been afforded an opportunity to conduct appropriate due diligence with respect to the financial information, the operations or other information of the LC Bank and, as such, are not responsible for and, to the fullest extent permitted by law, explicitly disclaim any and all liabilities that may arise or result from or in connection with the disclosure with respect to the LC Bank contained in this Offering Circular, (2) you will not make any claims against or seek any loss, damages, liabilities or indemnifications from the Initial Purchasers and their respective affiliates, directors, officers, employees, agents, advisers or representatives in connection with the disclosure with respect to the LC Bank contained in this Offering Circular, and (3) prior to accessing this Offering Circular and making your investment decisions, you have had an opportunity to consult with your counsel or other advisers and made your own decision about the LC Bank and whether to invest in the Bonds offered hereby. See “Risk Factors — Risks Relating to the Bonds and the Standby Letter of Credit — No undue reliance should be placed on the financial disclosures of the LC Bank included in this Offering Circular as none of the Initial Purchasers has conducted any due diligence on such financial disclosures.” See “Risk Factors” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

To the fullest extent permitted by law, none of the Initial Purchasers, the Fiscal Agent, the Agents or any of their respective affiliates, directors, officers, employees, agents, advisers or representatives accepts any responsibility for the contents of this Offering Circular or any statement made or purported to be made by any such person or on its behalf in connection with the Company, the Group, the issue and offering of the Bonds. Each of the Initial Purchasers, the Fiscal Agent, the Agents and their respective affiliates, directors, officers, employees, agents, advisers or representatives 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 Initial Purchasers, the Fiscal Agent, the Agents or any of their respective affiliates, directors, officers, employees, agents, advisers or representatives undertakes to review the financial condition or affairs of the Company for so long as the Bonds remain outstanding nor to advise any investor or potential investor of the Bonds of any information coming to the attention of any of the Initial Purchasers, the Fiscal Agent, the Agents or their respective affiliates, directors, officers, employees, agents, advisers or representatives.

This Offering Circular should not be considered as a recommendation by the Initial Purchasers, the Fiscal Agent or the Agents that any recipient of this Offering Circular should purchase the securities, including the Bonds and the Standby Letter of Credit. Each potential purchaser of the securities should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the securities should be based upon such investigations with its own tax, legal and business advisors as it deems necessary.

Any of the Initial Purchasers and their respective affiliates may purchase any securities, including the Bonds and the Standby Letter of Credit, 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 securities of the Company or their respective subsidiaries or associates at the same time as the offer and sale of the securities 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 securities, including the Bonds and the Standby Letter of Credit, to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the securities). Furthermore, investors in the securities may include entities affiliated with the Group.

Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, investors should consult his or her advisor.

IN CONNECTION WITH THE ISSUE OF THE BONDS, THE INITIAL PURCHASERS APPOINTED AND ACTING IN ITS CAPACITY AS STABILISING COORDINATOR (THE “STABILISING COORDINATOR”) (OR PERSONS ACTING ON BEHALF OF THE STABILISING COORDINATOR) MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND DIRECTIVES, OVER-ALLOT THE BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT ANY STABILISING COORDINATOR (OR PERSONS ACTING ON BEHALF OF ANY STABILISING COORDINATOR) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. THESE ACTIVITIES WILL BE UNDERTAKEN SOLELY FOR THE ACCOUNT OF THE INITIAL PURCHASERS, AND NOT FOR US OR ON OUR BEHALF.

Approval in-principle from, admission to the Official List of, and listing and quotation of the Bonds on, the SGX-ST are not to be taken as an indication of the merits of the Company or the Bonds. In making an investment decision, investors must rely on their own examination of the Company and the terms of the offering of the Bonds, including the merits and risks involved. See “Risk Factors” for a discussion of certain factors to be considered in connection with an investment in the Bonds. The Company, the Initial Purchasers, the Fiscal Agent and the Agents (in each case as defined herein) and their respective directors, officers, advisers, employees, agents, affiliates and representatives are not making any representation to any purchaser of the Bonds regarding the legality of any investment in the Bonds by such purchaser under any legal investment or similar laws or regulations. The contents of this Offering Circular should not be construed as providing legal, business, accounting or investment advice. Each person receiving this Offering Circular acknowledges that such person has not relied on the Initial Purchasers, the Fiscal Agent, the Agents or any of their respective directors, officers, advisers, employees, agents, affiliates and representatives in connection with its investigation of the accuracy of such information or its investment decision.

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although the Company believe this information to be reliable, this information has not been independently verified by the Company, the Initial Purchasers, the Fiscal Agent or the Agents or their respective affiliates, directors, officers, employees, agents, advisers or representatives, and none of the Company, the Initial Purchasers, the Fiscal Agent or the Agents or their respective affiliates, directors, officers, employees, agents, advisers or representatives makes any representation as to the accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. This Offering Circular summarises certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents.

The Company, having made all reasonable inquiries, confirm that: (i) this Offering Circular contains all information with respect to the Company and its subsidiaries and affiliates referred to in this Offering Circular, the Bonds and the Standby Letter of Credit that is material in the context of the issue and offering of the Bonds; (ii) the statements contained in this Offering Circular relating to the Company and its subsidiaries and affiliates referred herein, are true and accurate and do not omit to state a material fact necessary in order to make the statements herein, in the light of the circumstances under which they were made, misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Company and its subsidiaries and affiliates 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 Company, the Bonds and the Standby Letter of Credit the omission of which would, in the context of the issue and offering of the Bonds make this Offering Circular misleading; and (v) the Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. They accept responsibility accordingly.

The information about the Group's portfolio companies which were not consolidated for purposes of the audited financial statements of the Group as at and for the years ended December 31, 2014, 2015 and 2016 contained in this Offering Circular is extracted or derived from the reports or other information issued by such portfolio companies. Although the Group believes such information to be reliable, such information not been independently verified by the Group and the Group does not make any representation as to the accuracy or completeness of such information. Please also note that other than as set forth in this Offering Circular, the reports and other information issued by such portfolio companies are not incorporated into this Offering Circular and should not be considered a part of this Offering Circular.

The contents of this Offering Circular have not been reviewed by any regulatory authority in any jurisdiction. Investors are advised to exercise caution in relation to the offer. If investors are in any doubt about any of the contents of this Offering Circular, investors should obtain independent professional advice.

The Bonds and the Standby Letter of Credit have not been approved or disapproved by the United States Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offence in the United States.

PRESENTATION OF FINANCIAL INFORMATION

This Offering Circular contains the audited consolidated financial statements of the Group as at and for the years ended 2014, 2015 and 2016 (the “Consolidated Financial Statements”), which were prepared in accordance with PRC GAAP and have been audited by Huapu Tianjian Certified Public Accountants. The Company has not prepared its financial statements or consolidated financial statements, as the case may be, in accordance with International Financial Reporting Standards (“IFRS”).

The Group’s Consolidated Financial Statements have been prepared in Chinese only and an English translation of such financial statements (collectively, the “Financial Statements Translation”) has been prepared by Huapu Tianjian Certified Public Accountants and included in this Offering Circular for reference only. The Initial Purchasers or its respective affiliates, directors, officers, employees, agents, advisers or representatives has independently verified or checked the accuracy of the Financial Statements Translation and can give no assurance that the information contained in the Financial Statements Translation is accurate, truthful or complete.

ROUNDING

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, figures shown as totals in certain table may not be an arithmetic aggregation of the figures which precede them. References to information in billions of units are to the equivalent of a thousand million units.

CERTAIN DEFINITIONS AND CONVENTIONS

In this Offering Circular, unless otherwise indicated or the context otherwise requires, references to:

Unless the context otherwise requires, references to “2014,” “2015” and “2016” in this Offering Circular means the Company’s financial years ended December 31, 2014, 2015 and 2016, respectively.

- the “Group,” the “Company” and words of similar import refers Hefei Financial Holding Group Co., Ltd. or itself, or to Hefei Financial Holding Group Co. Ltd. and its consolidated subsidiaries, as the context requires;
- the “Company” refers to Hefei Xingtai Financial Holding Group Co., Ltd. (合肥興泰金融控股(集團)有限公司);
- “China” or the “PRC” refers to the People’s Republic of China, excluding, for purposes of this Offering Circular only, Taiwan, Hong Kong and the Macau Special Administrative Region;
- “Hefei SASAC” means the State-owned Assets Supervision and Administration Commission of Hefei City People’s Government or its successor;
- “Hong Kong” refers to Hong Kong Special Administrative Region of the PRC;

- “IFRS” refers to the International Financial Reporting Standards;
- “MOFCOM” refers to the Ministry of Commerce of the PRC;
- “NDRC” refers to the National Development and Reform Commission of the PRC;
- “PBOC” refers to the People’s Bank of China, the central bank of the PRC;
- “PRC GAAP” refers to the generally accepted accounting principles in the People’s Republic of China;
- the “PRC government” refers to the central government of China and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;
- “CNY,” “RMB” or “Renminbi” refers to the legal currency of the PRC;
- “SAFE” refers to the State Administration of Foreign Exchange of the PRC or its competent local counterpart;
- “SASAC” refers to the State-owned Assets Supervision and Administration Commission of the PRC;
- “SAT” refers to the State Administration of Taxation of the PRC;
- “SOE” refers to state-owned enterprises;
- “US\$” or “U.S. dollars” refers to the legal currency of the United States.

The Company record and publish their financial statements in Renminbi. Unless otherwise stated in this Offering Circular, all translations from Renminbi into U.S. dollars were made at the rate of RMB6.7793 to US\$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on June 30, 2017. All such translations in this Offering Circular are provided solely for your convenience and no representation is made that the Renminbi amounts referred to herein have been, could have been or could be converted into U.S. dollars, or vice versa, at any particular rate, or at all. For further information relating to the exchange rates, see “Exchange Rate Information.”

Unless specified otherwise, references in this Offering Circular to, and financial and other information presented with respect to, the Group are to such information of the Company compiled on a consolidated basis.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only.

NOTICE TO INVESTORS

By agreeing to invest in the Bonds, you have represented and acknowledged your agreement that:

- a. you understand that entering into the subscription involves a high degree of risk and that the subscription of the Bonds is speculative in nature;
- b. you: (i) have consulted with your own independent legal, regulatory, tax, business, investment, financial and accounting advisers in connection herewith to the extent you have deemed necessary; (ii) have had a reasonable opportunity to ask questions of and receive answers from officers and representatives of the Company concerning its financial condition and results of operations and the purchase of the Bonds, and such questions have been answered to its satisfaction; (iii) have had the opportunity to review all publicly available records and filings and all other public documents concerning the Group, that you have considered necessary or appropriate in making an investment decision; (iv) understand and acknowledge that no offering document or prospectus on the Company or the Bonds will be prepared in connection with the subscription other than the Offering Circular provided by the Company; (v) have reviewed all information that you believe is necessary or appropriate in connection with your purchase of the Bonds; (vi) have made your own independent investment decisions based upon its own judgment, due diligence and advice from such advisers as you have deemed necessary; and (vii) understand and acknowledge that none of the Representatives (as defined below) of the Company and the Initial Purchaser acts on your behalf and that none of them has given any recommendation or advice to you in respect of the subscription;
- c. you acknowledge and understand that, other than the representations given by the Company under the relevant provisions of the subscription agreement, nothing contained in the information or documents provided by the Company or the Initial Purchaser is, or shall be relied upon as, a promise or representation, whether as to the past or the future, and, other than the representation given by the Company under the relevant terms of the subscription agreement, no representation or warranty, express or implied, is made by the Representatives of the Company or the Initial Purchaser as to the accuracy or completeness of the Offering Circular or of any other information or documents provided by the Company, any member of the Company or their respective affiliates. For the avoidance of doubt, you acknowledge and understand that the Initial Purchasers have not provided any promise or representation, or any representation or warranty, as described in the preceding sentence or in relation to the subscription. As used in this letter, the term “Representative” means, as to any person, such person’s agents and advisors (including, without limitation, financial advisors, counsels and accountants);
- d. you acknowledge that any information provided to you with regard to the Company, the Group, the subscription, the Bonds and the Offering Circular prepared by the Company for the purposes of the subscription, has been supplied by the Company. You further agree that none of the Representatives of the Company and the Initial Purchasers shall have any liability to it relating to or arising from its use of any such information or for any error therein or omission therefrom, subject to the Company representation under relevant provision of the subscription agreement;

- e. you are purchasing the Bonds for your own account for investment purposes and not with a view to any distribution thereof;
- f. you have had at all relevant times and still has full power and authority to enter into this letter, which constitutes its valid and legally binding obligation and is enforceable in accordance with its terms;
- g. you understand that no action has been taken to permit a public offering of the Bonds in any jurisdiction and it will not offer or sell any of the Bonds which may be acquired by you in any jurisdiction or in any circumstance in which such offer or sale is not authorised or to any person to whom you are unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations;
- h. you acknowledge that (i) you have made and will continue to make its own appraisal of the subscription and the other matters referred to in this letter; and (ii) you have relied upon its own investigations and resources in deciding to invest in the Bonds;
- i. you represent and warrant to the Company and the Initial Purchasers that as at the date hereof, you are not, and as of the closing date, you will not be, a connected person of the Company and is and will be independent of the Company;
- j. you represent and warrant to the Company and the Initial Purchasers that as at the date hereof and as of the closing date, the acquisition by you of the Bonds is not and will not be financed directly or indirectly by any connected person of the Company and you are not accustomed to take instructions from any such person in relation to the acquisition, disposal, voting or other disposition of securities of the Issuer registered in your name or otherwise held by it;
- k. in respect of the subscription and Bonds, you will comply with all applicable legal and regulatory requirements, and you will comply with any notification requirements in relation to the subscription and provide all information as may be required by any regulatory body; and
- l. you understand that the foregoing representations and acknowledgments are required in connection with the United States of America and other securities laws. You acknowledge that the Company and the Initial Purchasers will rely upon the truth and accuracy of your representations and acknowledgments set forth herein, and you agree to notify the Company and the Initial Purchasers promptly in writing if, at any time before the closing or settlement of the issue and/or sale of any of the Bonds under the subscription, any of your representations or acknowledgments herein ceases to be accurate and complete.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains certain forward-looking statements. 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,” “would,” “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 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 Group or by any third party) involve known and unknown risks, including those disclosed under the caption “Risk Factors,” assumptions, uncertainties and other factors that may cause the actual results, performance or achievements of 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 Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company’s expectations with regard thereto or any change of events, conditions or circumstances, on which any such statement was based.

The factors that could cause the Company’s actual results, performance and achievements of to be materially different include, among others:

- risks associated with the Group’s business activities;
- general economic and political conditions, including those related to the PRC;
- the Company’s ability to implement the its business strategy and plan of operation;
- the Company’s ability to expand and manage the its growth;
- the Company’s financial condition and results of operations;
- fluctuations in foreign currency exchange rates; and
- those other risks identified in the “Risk Factors” section of this Offering Circular.

The Group 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.

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.

OVERVIEW

The Group is a holding company, which through its subsidiaries provides financial leasing, loan guarantee and other guarantee services, mortgage and small loan services, equity investment, venture capital and management of entrusted loans and assets, property development, security services and other services in Hefei, Anhui province, China. The Group is wholly owned by Hefei SASAC and acts as the sole business platform for financial services for Hefei SASAC. Since its establishment in 1999, the Group has played an essential and active role in implementing the Hefei City government's major strategic initiatives for urban planning and municipal construction, and has received strong financial and operational support from the Hefei City government. The Group's business is primarily focused on provision of financing services for infrastructure projects and provision of support for development of strategic business sectors. Over the years, the Group has diversified its business portfolio to include management of trading platforms, security protection and services and other business. Through nearly two decades of operation, the Group has been one of the largest provincial investment and financing platform in terms of net assets under Hefei SASAC.

The Group, through equity transfer from Hefei SASAC, holds equity interests in a number of SOEs, including, among others, Hefei Xingtai Assets Management Company, Hefei Xingtai Financing Loan Services Co., Ltd., Hefei Xingtai Equity Investment Management Co., Ltd., Hefei Security Group Co., Ltd. and Hefei Chengjian Development Holding Co, Ltd. In its role as the sole financial platform of the Hefei SASAC, the Group is committed to the financing of major financial institutions in Hefei City, including the establishment of and/or support for Huishang Bank (徽商銀行), Jianxin Trust (建信信託) and Hefei Technology and Agricultural and Merchant Bank (合肥科技農商行). The Group also provides loan guarantee and other guarantee services to medium-to-small enterprises and individuals in relation to their housing purchases, and mortgage and small loan services to enterprises in mainly manufacturing and business sectors. As an investment platform, the Group has made equity investment in a number of financial institutions in Hefei City which have generated returns through their respective businesses. The Group has also established a number of investment funds and participated in investment in various significant projects of Hefei City, including RMB4.3 billion setup for a guidance investment fund by Hefei City People's Government. In addition, the Group has also engaged in property development projects in Hefei, focusing on the development of mid-level residential housing properties or commercial properties in certain fast-growing cities. The Group is positioned as a key platform connecting the economy with finance in Hefei City and originates most of its business in Hefei City.

Set forth below is an overview of the principal business segments of the Group:

- *Financial services.* As the sole platform focused on the financial services under Hefei SASAC, the Group is, through its portfolio companies, primarily engaged in the provision of various financial services to businesses in strategic sectors such as

infrastructure, education, healthcare and advanced manufacturing. The Group's flagship portfolio company is Xingtai Financial Leasing, which has actively promoted and developed the financial leasing marketing in Hefei under the guidance of Hefei SASAC. The Group has reclassified its business segments in 2016 by grouping the business segments of financial leasing and management of entrusted loans and certain other services into the business segment of financial services. The business segment information for 2015 was restated. Therefore, for the year ended December 31, 2014, revenue from the Group's financial leasing and management of entrusted loans segments was RMB209.5 million and RMB40.3 million, respectively, which accounted for 26.5% and 5.1% of the Group's total revenue for the year, respectively. For the years ended December 31, 2015 and 2016, revenue from the financial services segment was RMB626.2 million and RMB782.5 million (US\$115.4 million), respectively, representing 73.1% and 19.2% of the Group's total revenue for the year, respectively. There was an increase in the revenue from financial services segment from the first half of 2016 to the first half of 2017, mainly due to the Group's expansion of the scope of its financial services.

- *Property development.* The Group has engaged property development projects through its holding of 57.9% of the shares in Hefei Construction Development Company Limited, which mainly develops properties in certain fast-growing cities in Hefei under various brand names. For the years ended December 31, 2014, 2015 and 2016, revenue from the Group's property development business segment was RMB194.3 million, RMB15.4 million and RMB2,659.3 million (US\$392.3 million), respectively, representing 25.6%, 1.8% and 65.1%, respectively, of the Group's total revenue.
- *Security services.* The Group has provided security protection and related services through one of its subsidiaries, which is a leading provider of security protection in Hefei City. For the years ended December 31, 2014, 2015 and 2016, revenue from the Group's security services business segment was RMB109.8 million, RMB185.4 million and RMB294.6 million (US\$43.5 million), respectively, representing 13.9%, 21.6% and 7.2%, respectively, of the Group's total revenue.
- *Bidding services.* Bidding services was established as a new business segment of the Group in 2016 and operated through one of the Group's subsidiaries, Anhui Public Resources Trading Group Co., Ltd. The services mainly include assistance to government in the organization and execution of public tenders, biddings or auctions for various business areas such as construction projects, government procurement and real property transactions. The Group For the year ended December 31, 2016, the revenue from bidding services of the Group was RMB264.0 million (US\$39.0 million), which accounted for 6.5% of the total revenue of the Group for the year.
- *Others.* The Group also engages in a number of other businesses, including but not limited to, equity investment and management of trading platforms. For the years ended December 31, 2014, 2015 and 2016, revenue from the Group's other business segment was RMB236.0 million, RMB27.6 million and RMB77.7 million (US\$11.5 million), respectively, representing 29.9%, 3.2% and 1.9%, respectively, of the Group's total revenue.

For the years ended December 31, 2014, 2015 and 2016, the Group's total revenue amounted to approximately RMB789.9 million, RMB857.1 million and RMB4,083.1 million (US\$602.3 million), respectively. For the years ended December 31, 2014, 2015 and 2016, the profit attributable to the Group's portfolio companies was approximately RMB1,677.0 million, RMB593.0 million and RMB886.0 million (US\$130.7 million), respectively.

COMPETITIVE STRENGTHS

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

- the Group's operations are located in Hefei, Anhui province, which has demonstrated strong economic growth and financial strength;
- sole financing, investment, asset management and capital operation platform of Hefei SASAC, with strong support from the Hefei City government;
- quality equity investment portfolio;
- increased growth from property development segment supported by strong market outlook;
- comprehensive and effective risk management system; and
- experienced management and operational teams with sound corporate governance.

BUSINESS STRATEGIES

The Group will continue to grow its assets value, optimise its capital structure and enhance its operational efficiency to become a top-tier state-owned capital operational platform, supply-side reforms and industrial upgrade of the PRC government through implementing the following strategies:

- continue to enhance the Group's position as the primary financing, investment, asset management and capital operation platform in Hefei, Anhui province and promote its functions to optimise state-owned capital and assets;
- continue to adopt centralised management of the Group's capital and a prudent financial policy to control cost and improve profitability; and
- strengthen risk management and internal control systems.

GENERAL INFORMATION

We were incorporated in the People's Republic of China on December 20, 1998 under the name Hefei Xingtai Investment Co., Ltd. With permissions from Hefei SASAC, we changed our name to Hefei Xingtai Investment Holding Co., Ltd. on September 28, 2002 and then to our current name on March 17, 2004. Our principal place of business in the PRC is at 22nd to 23rd Floors, Xingtai Financial Plaza, Qimen Road, Hebei Administrative Zone, Hefei, Zhengwu District, Anhui Province 230071, China. Our place of business in Hong Kong is at Unit F, 24/F, China Overseas Bldg, 139 Hennessy Rd, Wanchai, Hong Kong.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following summary consolidated financial information as of and for each of the years ended December 31, 2014, 2015 and 2016 has been derived from our audited consolidated financial statements for the years ended December 31, 2015 and 2016, which have been audited by Huapu Tianjian Certified Public Accountants, our independent auditor, and are included elsewhere in this offering memorandum. You should read the summary financial data below in conjunction with our consolidated financial statements and the related notes included elsewhere in this offering memorandum. Historical results are not necessarily indicative of results that may be achieved in any future period. Our consolidated financial statements have been prepared and presented in accordance with the China Standard on Auditing issued by the China Institute of Certified Public Accountants, which differ in certain respects from generally accepted accounting principles in other jurisdictions.

SUMMARY CONSOLIDATED INCOME STATEMENT

	Year ended December 31,			
	2014	2015	2016	2016
	<i>RMB</i>	<i>RMB</i> <i>(Restated)⁽¹⁾</i>	<i>RMB</i>	<i>US\$</i> <i>(unaudited)</i>
Revenue	789,860,388	857,126,735	4,083,110,859	602,290,924
Cost of sales	822,281,229	908,656,239	3,711,122,290	547,419,688
Gain/loss arising from fair value changes	1,693,549	3,545,535	(2,096,736)	(309,285)
Income from investment	354,880,520	513,107,806	505,965,184	74,633,839
Operating profit	324,153,229	465,123,836	875,857,017	129,195,790
Other income	7,348,958	10,514,834	27,443,100	4,048,073
Other expenses	(2,445,327)	(4,281,291)	(505,312)	(74,537)
Profit before income tax	329,056,860	471,357,379	902,794,805	133,169,325
Income tax expenses	(48,378,737)	(34,993,083)	(107,487,282)	(15,855,218)
Profit for the year	280,678,123	436,364,296	795,307,523	117,314,107
Attributable to:				
Owners of the Company	1,677,002,871	592,947,030	885,994,291	130,691,117
Other non-controlling interests	18,880,065	33,044,905	72,249,921	10,657,431

Note:

- (1) The Group has reclassified its business segments in 2016 to better reflect its further optimized business structure. The business segment information for 2015 has been restated to conform to the updated classification and are presented in the Group's audited consolidated financial statements as of and for the year ended December 31, 2016 included elsewhere in the Offering Circular. Accordingly, the business segments of financial leasing and management of entrusted loans were grouped into the financial services segment. In addition, the Group has added the business segment of bidding services as it was a new business for the Group.

SUMMARY CONSOLIDATED BALANCE SHEET

	As of December 31,			
	2014	2015	2016	2016
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i> <i>(unaudited)</i>
ASSETS				
Current assets				
Cash and cash equivalents	1,477,778,384	4,940,824,913	10,095,692,823	1,489,193,991
Deposits with exchanges and financial institutions	410,950,361	919,085,950	1,154,333,448	170,273,251
Financial assets at fair value through profit or loss	8,586,701	12,132,236	10,035,500	1,480,315
Bills receivables	1,050,000	9,750,000	1,150,000	169,634
Accounts receivable	3,671,328	21,130,102	10,239,532	1,510,411
Amount of compensatory payment receivable	101,300,941	373,545,604	335,320,400	49,462,393
Prepayment	12,396,899	1,985,654	3,250,085,124	479,413,085
Interest receivable	204,769	3,280,039	5,027,321	741,569
Dividend receivable	1,159,200	39,205,264	36,753,921	5,421,492
Other receivables	610,826,420	693,169,876	350,838,393	51,751,419
Inventory	358,350,182	493,429	4,333,501,642	639,225,531
Non-current assets due within one year	1,080,161,552	1,353,059,114	1,706,596,448	251,736,381
Other current assets	937,575,821	1,827,826,020	4,252,293,464	627,246,687
	<u>5,004,012,559</u>	<u>10,195,488,200</u>	<u>25,541,868,017</u>	<u>3,767,626,159</u>
Non-current assets				
Loans and advances to customers	650,171,600	1,221,243,284	1,459,396,620	215,272,465
Available-for-sale financial assets	3,527,784,005	4,386,085,365	3,229,721,752	476,409,327
Held-to-maturity investment	–	–	21,377,480	3,153,346
Long-term receivables	1,670,285,411	2,974,710,056	3,325,248,191	490,500,227
Long-term equity investment	2,040,124,401	2,425,555,651	2,932,733,541	432,601,233
Investment properties	174,755,956	289,686,328	286,112,532	42,203,846
Fixed assets	180,672,522	220,387,419	379,823,413	56,026,937
Construction in progress	88,462,193	90,876,338	383,632,898	56,588,866
Intangible assets	25,302,672	14,776,812	46,906,279	6,919,045
Goodwill	–	–	1,344,588	198,337
Long-term prepaid expenses	2,878,278	11,308,457	11,903,017	1,755,789
Deferred tax assets	65,518,766	106,425,681	194,595,103	28,704,306
Other non-current assets	166,341,403	74,966,939	1,117,764,128	164,878,989
	<u>8,592,297,206</u>	<u>11,816,022,330</u>	<u>13,390,559,540</u>	<u>1,975,212,712</u>
Total assets	<u><u>13,596,309,765</u></u>	<u><u>22,011,510,530</u></u>	<u><u>38,932,427,557</u></u>	<u><u>5,742,838,871</u></u>

	As of December 31,			
	2014	2015	2016	2016
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>US\$</i> <i>(unaudited)</i>
LIABILITIES				
Current liabilities				
Short-term borrowings	1,450,000,000	1,435,000,000	1,327,000,000	195,742,923
Accounts payable	15,077,377	9,220,712	726,563,791	107,173,866
Receipt in advance	151,266,605	222,932,695	4,011,305,194	591,699,024
Employee benefits payable	10,676,685	14,597,558	35,364,654	5,216,564
Taxes payable	91,847,966	153,257,625	308,606,414	45,521,870
Interest payable	11,943,072	53,060,475	71,856,117	10,599,342
Dividend payable	27,040	–	881,986	130,100
Other payables	1,295,886,361	3,786,473,863	8,817,976,782	1,300,720,839
Guarantee contract provision	140,512,626	296,715,916	372,927,034	55,009,667
Non-current liabilities due within				
one year	887,834,280	675,097,140	1,926,366,202	284,154,146
Other current liabilities	39,000,000	–	–	–
	<u>4,094,072,013</u>	<u>6,646,355,984</u>	<u>17,598,848,174</u>	<u>2,595,968,341</u>
Non-current liabilities				
Long-term borrowings	2,046,536,586	3,111,133,388	5,719,388,302	843,654,699
Bonds payable	–	1,091,930,444	2,491,581,000	367,527,768
Long-term payables	450,541,720	599,296,426	680,161,696	100,329,193
Special payables	9,243,985	93,382,029	199,180,602	29,380,703
Deferred tax liabilities	558,349,199	615,195,434	308,468,434	45,501,517
Other non-current liabilities	–	–	87,763,058	12,945,740
	<u>3,064,671,489</u>	<u>5,510,937,721</u>	<u>9,486,543,092</u>	<u>1,399,339,621</u>
Total liabilities	<u>7,158,743,502</u>	<u>12,157,293,705</u>	<u>27,085,391,265</u>	<u>3,995,307,962</u>
EQUITY				
Share capital	2,000,000,000.00	2,000,000,000.00	2,000,000,000.00	295,015,709.59
Capital reserve	1,808,142,792.50	4,050,478,120.06	4,115,262,929.51	607,033,606.64
Other comprehensive income	603,971,007.46	793,598,646.04	956,535,334.95	141,096,475.29
Surplus reserve	190,536,451.04	218,918,870.35	257,674,822.63	38,009,060.32
General risk reserve	13,071,365.51	37,631,777.93	46,274,993.96	6,825,925.09
Retained earnings	1,309,611,514.86	1,654,270,005.51	2,313,541,239.00	341,265,505.14
Total Equity attributable to owners of				
the holding company	5,925,333,131.37	8,754,897,419.89	9,689,289,320.05	1,429,246,282.07
Non-controlling interests	512,233,131.67	1,099,319,404.50	2,157,746,972.00	318,284,627.03
Total equity	<u>6,437,566,263.04</u>	<u>9,854,216,824.39</u>	<u>11,847,036,292.05</u>	<u>1,747,530,909.10</u>
Total liabilities and equity	<u>13,596,309,764.87</u>	<u>22,011,510,529.64</u>	<u>38,932,427,557.26</u>	<u>5,742,838,870.87</u>

SUMMARY OF THE OFFERING

The following is a brief summary of the terms of the offering of the Bonds and is qualified in its entirety by the remainder of this Offering Circular. For a more complete description of the Terms and Conditions of the Bonds, see “Terms and Conditions of the Bonds” and “Summary of Provisions Relating to the Bonds in Global Form.” Some of the terms described below are subject to important limitations and exceptions. Defined terms used in this summary shall have the meanings given to them in “Terms and Conditions of the Bonds.”

Company	Hefei Xingtai Financial Holding Group Co., Ltd. (合肥興泰金融控股(集團)有限公司).
Issue	U.S.\$100,000,000 3.5% Credit Enhanced Bonds due 2020.
Issue Price	100%.
Form, Specified Denomination and Title	The Bonds will be issued in registered form in the specified denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.
Interest	The Bonds will bear interest on their outstanding principal amount from and including December 29, 2017 at the rate of 3.5% per annum, payable semi-annually in arrear in equal instalments on June 29 and December 29 in each year (each an “Interest Payment Date”) commencing on June 29, 2018.
Issue Date	December 29, 2017
Maturity Date	December 29, 2020
Use of Proceeds	For investment and business development purposes.
Status of the Bonds	The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) of the Terms and Conditions of the Bonds) unsecured obligations of the Company and shall at all times rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank <i>pari passu</i> with all the Company’s other present and future unsecured and unsubordinated obligations.
Negative Pledge	The Bonds will contain a negative pledge provision as further described in Condition 4(a) of the Terms and Conditions of the Bonds.

Events of Default	Upon the occurrence of certain events as described in Condition 9 of the Terms and Conditions of the Bonds, each Bondholder may declare the principal of the Bonds to be due and payable immediately by written demand given to the Company and the Fiscal Agent at the specified office of the Fiscal Agent, unless prior to receipt of such demand by the Fiscal Agent, all such defaults have been cured.
Taxation	All payments of principal, premium (if any) and interest by or on behalf of the Company in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, 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 authority therein or thereof having power to tax, unless such withholding or deduction is required by law. If the Company is required to make a deduction or withholding required by law, the Company, as the case may be, shall pay (except in certain circumstances set out in Condition 8 of the Terms and Conditions of the Bonds) such additional 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.
Final Redemption	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 2020.
Redemption for Taxation	
Reasons	The Bonds may be redeemed at the option of the Company 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 notice shall be irrevocable), at their principal amount together with any interest accrued up to, but excluding the date fixed for redemption, at any time in the event of certain changes affecting taxes of the PRC, as further described in "Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Taxation Reasons."

Redemption for Relevant Events At any time following the occurrence of a Change of Control or a No Registration Event, the holder of any Bond will have the right, at such holder’s option, to require the Company to redeem all but not some only of that holder’s Bonds on the Put Settlement Date at 101% (in the case of a redemption for a Change of Control) or 100% (in the case of a redemption for a No Registration Event) of their principal amount, together with accrued interest up to but excluding such Put Settlement Date. See “Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Relevant Events.”

Further Issues The Company 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 except for the issue date, the first payment of interest on them, the timing for the Post-Issuance Filing with the NDRC and the timing for completion of the Cross-Border Security Registration) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds). References in the Terms and Conditions of the Bonds to the Bonds will include (unless the context requires otherwise) any other securities issued pursuant to Condition 15 of the Terms and Conditions of the Bonds and consolidated and forming a single series with the Bonds. However, such further securities may only be issued if 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 interest payments due on such further securities).

Clearing Systems The Bonds will be represented by beneficial interests in a Global Certificate in registered form, which will be registered in the name of a nominee for, and shall be deposited on or about the Issue Date with, a common depository 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 in the limited circumstances as described herein, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

Governing Law and Jurisdiction . . .	Hong Kong law. Exclusive jurisdiction of the Hong Kong courts.	
Fiscal Agent	Citicorp International Limited	
Paying Agent	Citibank N.A., London Branch	
Transfer Agent	Citibank N.A., London Branch	
Registrar	Citibank N.A., London Branch	
Listing	Approval in-principle has been received from the SGX-ST for the listing and quotation of the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Circular. Approval in-principle from, admission to the Official List of, and listing and quotation of the Bonds on, the SGX-ST are not to be taken as an indication of the merits of the Company or the Bonds. For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Bonds, if traded on the SGX-ST, will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, the Bonds, if traded on the SGX-ST, will be traded in a minimum board lot size of US\$200,000.	
Security Codes	<u>ISIN</u>	<u>Common Code</u>
	XS1743518992	174351899

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 that could affect the Group and the value of the Bonds. Some risks may be unknown to the Group 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 and prospects of the Group. The market price of the Bonds could decline due to any of these risks and investors may lose part or all of their investment. The Company believe that the risk factors described below represent the principal risks inherent in investing in the Bonds, but the ability of the Company to pay interests, 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 Company 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 none of the Company is 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.

RISKS RELATING TO THE GROUP

The Group's performance and financial condition are largely dependent on fiscal policies and public spending on infrastructure and economic development plans of the Hefei government.

The Group is the sole financing, investment, asset management and capital operation platform under Hefei SASAC. Since its establishment in 1999, the Group has played an important role in implementing the Hefei City government's blueprint for financial services industry and related service areas, and has received strong financial and operational support from the Hefei City government. SOEs are among the Group's major customers. Due to the nature of the Group's businesses, its business and financial performance may be materially affected by changes in public budgets of the Hefei government, especially by any significant reduction in the Hefei government's public spending.

The nature, scale, location and timing of the Hefei government's investment plans in public infrastructure and SOE reform and development are affected by a number of factors including the nature, scale, location and timing of investment. These factors include the PRC government's policies and priorities concerning the development of different regions of China, the Hefei government's fiscal and monetary policies, including the availability of credit and funding for projects. These factors may be directly affected by changes in the economic conditions in the PRC generally and in Hefei City particularly. While the PRC economy has demonstrated rapid growth in the past 30 years, development of the Chinese economy since the global financial crisis in 2008 has been uneven. The growth rate of China's GDP has decreased in recent years and remained relatively slow. Any sustained slowdown or material deterioration in China's overall economic conditions may increase the vulnerability of the economic conditions of Hefei City and the fiscal conditions of the Hefei government, which could in turn materially and adversely affect the Hefei government's investment plans in

development of sectors that are relevant to the Group. If the Hefei government decreases or intends to decrease spending on such public investment plans, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

Any adverse change in the economic development, social conditions, government policies or natural conditions of Hefei City could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

For 2014, 2015 and 2016 and the first half of 2017, revenue derived from the Group were substantially derived from its business operations in Hefei City, and will continue to be substantially derived from its operations in Hefei City in the near future. In light of the concentration of the Group's businesses in Hefei City, the Group is exposed to risks associated with such concentration.

Any economic slowdown in Hefei City could reduce the demand for the Group's electricity supply, power facilities and the services rendered by the Group. Furthermore, while the Hefei government has adopted preferential policies for a number of industries in which the Group conducts a significant part of its business and has granted governmental support to the Group in various forms, there can be no assurance that the Hefei government will not change or terminate such preferential policies or governmental support. Any adverse change in the economic development, social conditions or government policies in Hefei City could materially and adversely affect the Group's business, financial conditions, results of operations and prospects.

The Hefei City government can exert significant influence on the Group, and could cause the Group to make decisions or modify the scope of its activities, or impose new obligations on the Group, that may not be in the Group's best interests.

The Group is wholly owned by Hefei SASAC and, accordingly, the Hefei City government is able to significantly influence the Group's major business decisions and strategies, including the scope of its activities, investment decisions and dividend policy. There can be no assurance that Hefei SASAC would always take actions that are in the Group's best interests or that aim to maximise the Group's profits. For example, Hefei SASAC could use its ability to influence the Group's business and strategy in a manner beneficial to Hefei City as a whole, which may not necessarily be in the Group's best interests. The Hefei City government could also change its policies, plans, preferences, views, expectations, projections, forecasts and opinions, as a result of changes in the PRC's economic, political and social environment, its projections of population and employment growth and any such change may have a material effect on the Group's business and prospects. Any amendment, modification or repeal of existing policies of the Hefei City government could result in a modification of the existing regulatory regime which in turn could have a material adverse effect on the Group's financial condition and results of operations.

The Group's business is subject to general economic and business cycles and difficult conditions in the global economy could adversely affect the Group's business.

The Group's activities and results are substantially affected by general global economic conditions. The outlook for the global economy and financial markets remains uncertain. In Asia and other emerging markets, some countries are expecting increased inflationary pressure as a result of liberal monetary policy or excessive foreign fund inflow, or both. Economic

conditions in the PRC are sensitive to global economic conditions. It is impossible to predict the future development of the PRC economy and whether any global crisis could lead to an economic downturn or financial crisis in the PRC.

Instability in the global economy could materially and adversely affect markets in which the Group operates, which may lead to a decline in the general demand for the Group's products and services. In addition, a reduction in liquidity in the global financial markets and in the PRC may negatively affect the Group's liquidity. Therefore, instabilities in the global economy could materially and adversely affect the Group's business, financial condition and results of operations.

The Group faces risks associated with contracting with public bodies.

As the sole financing, investment, asset management and capital operation platform for state-owned assets under Hefei SASAC, the Group collaborates with various governmental authorities and their controlled entities in Hefei City and other regions in the PRC. Although the Group believes that the Group currently maintains close working relationships with those governmental authorities and entities relevant to its businesses, there can be no assurance that these relationships will continue to be maintained on good terms in the future. Local governments and the government-controlled entities with which the Group collaborates may (i) have economic or business interests or consideration that are inconsistent with the Group's; (ii) take actions contrary to the Group's requests, policies or objectives; (iii) be unable or unwilling to fulfil their obligations; (iv) have financial difficulties; or (v) have disputes with the Group as to the contractual terms or other matters. If there are any material disagreements between the Group and any local government or any of the government-controlled entities, there can be no assurance that the Group is able to successfully resolve them in a timely manner.

In addition, disputes with public bodies may last for considerably longer periods of time than for those with private sector counterparties, and payments from public bodies may be delayed as a result. Any of these could materially and adversely affect the business relationships between the Group and the local governments and the governmental entities, which may in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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 could adversely affect the Group.

The Group's business activities are extensively regulated by laws and regulations of the PRC government at various levels. Power plant, power grid, infrastructure development and certain other businesses of the Group require approvals, licences and permits from a number of governmental authorities. Below are a few examples of approvals, permits and licences needed for the major business segments of the Group:

- For its investment and investment management businesses, the Group needs to obtain, including without limitation, the Fund Management Qualification License (基金管理資格證書), the Securities and Futures Business Permit (經營證券期貨業務許可證), and Approval for Domestic Financing Lease Pilot Enterprise (內資融資租賃試點企業批准文件); and

- In addition, certain subsidiaries of the Group must obtain all necessary capitalisation and shareholding registration certificates relating to its registered capital and shareholder capital contribution to avoid any penalties or interruptions of its operations.

Failure to obtain any of the necessary approvals, licences or permits in a timely manner could result in delay or suspension of the relevant business activities, and operations without these necessary approvals, licences or permits may subject the relevant member companies of the Group to regulatory or administrative penalties. There is no assurance that the Group may be able to obtain all required approvals, licences or permits in a timely manner, or at all, or remain in compliance with relevant laws and regulations at all times. As a result of these lapses or other noncompliance events, the Group may be subject to fines and other penalties, or certain activities currently undertaken by the Group may be suspended by governmental authorities until the relevant noncompliance event is remedied and/or fines as assessed by authorities are paid in full, which may adversely affect the business, financial conditions and results of operations of the relevant member company of the Group.

In addition, the PRC is undergoing rapid economic development, and government regulations and policies are regularly promulgated to address such development. New laws, regulations or policies may come into effect from time to time with respect to the financial services industry in general, development plans for any of the specific projects which the Group is undertaking or the particular processes with respect to the granting of approvals, licences or permits. Complying with such laws, regulations or policies may require substantial expense and may delay the completion of the Group's relevant projects. In case of any non-compliance, the Group may have to incur significant expense and divert substantial management time to resolve any deficiencies.

Changes in government grants or other incentives currently received by the Group from local governments may adversely affect the Group's business, results of operations and financial conditions.

Certain of the Group's operations projects are currently entitled to government grants or other incentives or support from local governments. In 2014, 2015 and 2016, the Group has received capital injections of RMB200.0 million, RMB100.0 million and RMB300.0 million from the local government to one of its subsidiaries, Hefei Xingtai Financing Guarantee Group Co., Ltd. There can be no assurance that such government grants or incentives will not be reduced or revoked, or that these projects of the Group, upon the expiration of the current preferential treatment or grant periods, will be entitled to other government grants or incentives. A reduction or discontinuance of such government subsidies or support may materially and adversely affect the Group's financial condition and results of operations.

PRC regulations on the administration of fiscal debts of local governments may materially and adversely affect the Group's financing condition, results of operation and business prospect.

In September 2014, the State Council of the PRC released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (國務院關於加強地方政府性債務管理的意見) ("Circular 43"), pursuant to which the financing platform of local governments no longer serve the fiscal financing functions or incur new government debts.

In accordance with Circular 43 and the Implementation Opinion on Circular 43, financing platform companies no longer carry out fiscal financing functions or incur new government debts. Public interest projects may be funded by the government through issuing government bonds. Public interest projects that generate income, such as city infrastructure construction, may be operated independently by social investors or jointly by the government and social investors through the establishment of special purpose companies. Social investors or special purpose companies may invest in accordance with market-oriented principles and their investments may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Furthermore, such social investors or special purpose companies shall bear the obligation to pay off their debts and the government are not liable for any of the social investors' or the special purpose companies' debts. There have been a few cases where certain debts of the local financing platforms were classified as non-government debts since the release of Circular 43. However, whether the factual basis for such individual cases are comparable or relevant to other local governments' financing platforms is unclear and different local government interpretations and application of Circular 43 may vary. The impact of Circular 43 and Implementation Opinion on Circular 43 on existing government debts of the local financing platforms in the PRC remains unclear.

In addition, Circular 43 and the Implementation Opinion on Circular 43 set forth general principles for dealing with existing debts of financing platforms. Based on the audit results of such debts run by the local governments, the existing debts that should be repaid by the local governments must be identified, reported to State Council for approval, and then included in the budget plan of local governments. In response to this requirement, the Group has submitted to the Hefei government a list of existing debts that are to be repaid with public fiscal funding and received approval by the government as different types of government debt. In March 2017, the Group paid off all outstanding amounts under the MTN which was subject to the requirements of Circular 43. If the Hefei government or State Council revokes such approvals, the Group's financial condition and debt-repayment ability may be adversely affected. Circular 43 aims to transform local financing platforms into market-oriented entities. Therefore, the Group's financing mode, business mode and business scope may change significantly. However, due to the recent promulgation of Circular 43 and the Implementation Opinion on Circular 43, there is substantial uncertainty as to how the Hefei government will implement these regulations and how they will impact the Group's financing and repayment ability.

For the avoidance of doubt, as confirmed by the Issuer, Circular 43 is not applicable to the Bonds and the Hefei government has no obligation to repay any amount under the Bonds. In the event the Issuer do not fulfil its payment obligations under the Bonds, investors will only be able to claim against the Issuer, and not the Hefei Government.

The Group's business operations are restricted by the terms of other debt arrangements, which could limit the Group's ability to plan for or to react to market conditions or meet its capital needs.

The Group's debt documents include a number of significant restrictive covenants. These covenants may restrict, among other things, the Group's ability and the ability of its subsidiaries to:

- incur or guarantee additional indebtedness;
- make investments;
- transfer assets or shares;
- create liens, mortgages, or pledges;
- enter into transactions with shareholders or affiliates; and
- effect a consolidation, merger, restructuring, joint venture, joint operation or listing.

These covenants could limit the Group's ability to plan for or react to market conditions or to meet its capital needs. The Group's ability to comply with these covenants may be affected by events beyond its control, and the Group may have to curtail some of its operations and growth plans to maintain compliance.

The Group's business operations require substantial capital and failure to raise such capital may materially and adversely affect the Group's business, financial conditions, results of operations and prospects.

The Group's business operations and investment plans require substantial capital. A portion of the capital demand of the Group is satisfied with fiscal funding from the Hefei government. The Group generally formulates and updates its capital expenditure and investment plans on an annual basis and reports its plans to the Hefei SASAC. The Hefei government takes into consideration these plans when determining the government budget for the subsequent financial year. There can be no assurance, however, that the capital expenditure and investment plans submitted by the Group will be approved. The Group may need to adjust its plans to align with the overall urban strategies and plans of the Hefei government. Otherwise, it will need to resort to alternative funding to meet its capital needs.

In addition, the Group's capital expenditure and investment plans are affected by a number of factors, such as the requirements for the projects, the Group's ability to generate sufficient cash flows from its operations and the availability and costs of external financing. Any material changes in these factors, which may be out of the Group's control, could lead to a capital shortfall. Delays and cost overruns inherent in the businesses which the Group operates may also cause such a shortfall. In these cases, the Group may increase its reliance on external financing and internal capital resources.

As at December 31, 2016, the Group had total credit facilities of approximately RMB4,600.0 million (US\$678.5 million), of which RMB2,500 million (US\$368.8 million) had not been utilised. The Group's ability to access and raise sufficient capital through different sources depends upon a number of factors, such as China's economic condition, prevailing conditions in capital markets, regulatory requirements and policies, the Group's financial condition, and costs of financing, including changes in interest rates. Some of these factors may be beyond the Group's control. Further, the promulgation of Circular 43 and the Implementation Opinion on Circular 43 may adversely affect the Group's ability to raise funds. If the Group fails to raise sufficient funds in a timely manner or fails to obtain external financing on commercially acceptable terms, it may not be able to fund in full the capital expenditure necessary to expand its production facilities, upgrade or purchase additional

facilities and equipment or implement its business strategies, which may in turn have a material and adverse impact on the Group's business, financial condition, results of operations and prospects.

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

The Group relies on external borrowings to satisfy a portion of its capital requirements and, therefore, the Group has significant outstanding indebtedness. As at December 31, 2016, the Group had total long-term indebtedness of RMB8,891.1 million (US\$1,311.5 million), representing 32.8% of its total liabilities. On April 29, 2015, the Group issued a onshore bonds in the aggregate principal amount of RMB1,000.0 million at the interest rate of 5.60% for a term of seven years. On June 22, 2016, the Group issued a onshore bonds in the aggregate principal amount of RMB1,000.0 million at the interest rate of 3.38% for a term of three years. On September 8, 2016, the Group also issued a micro onshore bonds in the aggregate amount of RMB500.0 million at the interest rate of 3.50% for a term of three years. In the future, the Group may from time to time incur substantial additional indebtedness and contingent liabilities in the ordinary course of business. Substantial indebtedness could significantly impact the Group's businesses. For example, it could:

- require the Group to dedicate part of its operating cash flow to service its indebtedness before it receives the government funding;
- increase the Group's finance costs, thus affecting the overall profitability of the Group;
- limit the Group's ability to satisfy its obligations under its existing indebtedness;
- limit the Group's ability to pay dividends to its shareholders;
- limit the Group's flexibility in planning for or responding to changes in the Group's businesses and the industries in which it operates;
- together with the financial and other restrictive covenants of the Group's indebtedness, among other things, limit the Group's ability to borrow additional funds; and
- increase the Group's vulnerability to adverse general economic and industry conditions.

The Group's borrowings are secured by encumbrances created over a number of its assets such as real estate properties, pledges over the equity stocks of the Group's subsidiaries and certain designated account receivables. These third-party security rights may limit the Group's use of these assets and adversely affect its operational efficiency. In the future, as the Group's operations continue to expand and its capital requirements continue to grow, the Group will face increasing pressure to control its borrowing. As a result, the Group may from time to time incur substantial indebtedness, which may, in turn, intensify the risks that the Group faces because of its already significant outstanding indebtedness. In the event that the Group fails to keep its indebtedness under a certain level, the funds available for various other business

purposes may be limited, and its business, financial condition and results of operations may be materially and adversely affected.

In addition, the Group enters into guarantee arrangements for the benefit of its subsidiaries and third parties from time to time and incurs contingent liabilities as a result. Such contingent liabilities may materially and adversely affect the Group's business, financial condition and results of operations if the creditors for a material part of such liabilities demand payment from the Group, straining the Group's cash flow and resulting in deterioration of the Group's liquidity. Furthermore, under certain of these guarantee arrangements, the Group may exert pressure on primary obligors to repay the relevant indebtedness when due and makes payment upon receipt of demand from the creditors. This is consistent with customary practice but there are no explicit grace periods in the guarantee agreements. As at the date of this Offering Circular, the Group has not received any notice from creditors under these guarantee arrangements declaring any default or demanding acceleration of payments under such guarantees due to this practice. However, there is no assurance that the Group will not receive such declarations or demands in the future. Should such declarations or demands take place, the Group's business, financial condition and results of operations may be materially and adversely affected.

Certain loan agreements to which the Group's subsidiaries are parties contain restrictive covenants, which prevent or limit such subsidiaries' ability from engaging in certain activities, such as incurring additional indebtedness or declaring and making distributions. A failure by any of the relevant subsidiaries to comply with the restrictions and covenants could lead to a default under the terms of those agreements and financial liabilities. See “— The Group's business operations are restricted by the terms of other debt arrangements, which could limit the Group's ability to plan for or to react to market conditions or meet its capital needs.” In addition, some of the Group's loan agreements contain cross-acceleration or cross-default provisions. A default under one loan may cause the acceleration of repayment of other debt, or result in a default under the other loan agreements of the subsidiaries. Certain subsidiaries of the Group have voluntarily scheduled and may in the future voluntarily schedule deferrals or arrangements with creditors with respect to their indebtedness, which deferrals or arrangements may contain additional restrictive covenants, impose more stringent capital and covenant compliance requirements or trigger cross-acceleration or cross-default provisions under other financial agreements. If any of these events occur, there can be no assurance that its assets and cash flow would be sufficient to repay in full all of its indebtedness which has become due and payable, or that it would be able to find alternative financing.

The Group's business and results of operations may be susceptible to the material fluctuations of interest rates.

The Group has significant outstanding indebtedness. The interest of much of the indebtedness accrues based on interest rates that benchmark the one-year lending rate published by the PBOC. Any material fluctuation in the benchmark lending rate could have a material impact on the Group's interest payables under its bank loans and in turn affect its results of operations and financial conditions. In recent years, the PRC government from time to time adjusted interest rates to control the level of liquidity in the market and the PRC economy.

Since the outbreak of the global financial crisis in 2008, the PRC government has lowered the benchmark lending rate to encourage borrowings and steam the recovery of the country's

economy. This easing policy was changed in 2012 in light of the overheating property market in the PRC. The one-year benchmark interest rate decreased by 25 basis points in June 2012 and again by 31 basis points in July 2012. In November 2014, the PBOC further decreased the benchmark one-year lending rate by 40 basis points to 5.6% and decreased the benchmark one-year saving rate by 25 basis points to 2.75% offshore loan. In 2016, the benchmark one-year lending rate and saving rate was further decreased to 4.35% and 1.5%, respectively. However, there can be no assurance that the benchmark interest rates will maintain at such low levels. Any increase could affect the Group's borrowing cost and negatively affect its results of operations.

The Group may not be able to successfully manage its growth.

The Group is comprised of a large number of companies operating in a variety of industries. As the Group continues to grow, its operations will become more widespread and complex. For example, the financial investment businesses are relatively new businesses undertaken by the Group. The Group must continue to improve its managerial, technical, operational and other resources, and to implement an effective management and internal control system that emphasises proper authorisations, reliability and accountability of financial reporting, imposes financial and internal control disciplines on subsidiary and associate companies, and creates value-focused incentives for the management.

In addition, in order to fund the Group's ongoing operations and its future growth, the Group must have sufficient internal sources of liquidity or access to additional financing from external sources.

Further, the Group will be required to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. There can be no assurance that the Group will not experience issues such as capacity and capital constraints, construction delays, operational difficulties at new facilities or difficulties in upgrading or expanding existing facilities and training an increasing number of personnel to manage and operate those facilities. In particular, failure of the Group to implement its expansion plans in a timely manner could adversely affect its ability to maintain, expand and diversify its revenue base and to maintain the profitability of the Group. There can be no assurance that such expansion plans will not adversely affect the Group's existing operations and thereby will have a material adverse effect on its business, operating results and financial condition and future prospects and could cause the price of the Bonds to fall.

The Group depends on key management members and qualified personnel in a competitive market for skilled personnel, and the Group's inability to attract and retain key personnel as well as Hefei SASAC's approval and removal rights could adversely affect the Group's ability to manage its business.

The Group depends on the expertise of the principal members of its management team. The loss of key management personnel would adversely affect the Group's ability to manage its business. The Group also relies on its ability to identify, hire and retain qualified personnel for its different business lines. For a description of the Group's board of directors, see "Management."

The Group faces intense competition for qualified personnel from large SOEs, private local companies and international companies. While the Group attempts to provide competitive compensation packages to attract and retain key management members and qualified personnel, many of its competitors are likely to have greater resources and more experience than the Group, making it difficult for the Group to compete successfully for personnel retention and new hires. In addition, all key management personnel appointments are subject to approval by the Hefei government, and Hefei SASAC has the right to remove the Group's key personnel at its discretion.

The Group's failure to retain key management members and qualified personnel and maintain an adequate workforce could materially adversely affect its results of operations and prospects.

The Group faces competition in some of the markets in which it operates, which may adversely affect its financial condition, results of operations and business prospects.

The Group believes that the financial investment market in China is generally market-oriented. The Group's competition comes from various sources, including large SOEs of the PRC, privately-owned domestic companies, and leading international companies that operate in Hefei City. As a result of the PRC's accession to the World Trade Organisation, the PRC government has opened up domestic markets to foreign competition, and foreign invested companies are now allowed to participate in various types of infrastructure projects. The Group also competes with both local and international companies in capturing new business opportunities in the PRC. Some of these companies have significant financial resources, marketing and other capabilities. In the PRC, local companies may have extensive local knowledge and business relationships and a longer operational track record in the relevant local markets than the Group. International companies are able to capitalise on their overseas experience to compete in the PRC markets. The Group's market position depends on its ability to anticipate and respond to various competitive factors, including availability of capital and financing resources and the introduction of new or improved products and services. There can be no assurance that the Group's current or potential competitors will not offer services or products comparable or superior to those that it offers at the same or lower prices or adapt more quickly than the Group does to evolving industry trends or changing market conditions. The Group may lose its customers to its competitors if, among other things, it fails to keep its prices at competitive levels or to sustain and upgrade its capacity and technology. Increased competition may result in price reductions, reduced profit margins and loss of market share.

If the Group fails to maintain effective internal controls and corporate governance or fails to prevent misconduct committed by its employees, representatives, agents or other third parties, its business, financial condition, results of operations and reputation could be materially and adversely affected.

The Group has implemented various measures to improve and optimise its internal controls and corporate governance. The Group has a supervisory committee, the majority members of which are appointed by Hefei SASAC. The Group has established an internal system to enhance protection of confidential information and education of employees. Hefei Audit Office and the disciplinary compliance departments of the Hefei government also conduct reviews on the Group's operation from time to time and some of the key factors for consideration include implementation of corporate governance and disciplinary compliance. As at the date of this Offering Circular, the Group has not received any notification of

non-compliance following such reviews and, to the Company's best knowledge, the Group has not received any notification from the Hefei Audit Office and the disciplinary compliance departments of the Hefei government to the effect that the Group has ineffective internal controls or corporate governance systems. However, there can be no assurance that all such measures will prove effective in the future or that any existing or potential material deficiencies in the Group's internal controls or any misconduct committed by its employees, representatives, agents or other third parties will not be discovered. The Group's efforts to improve and optimise its internal controls have required, and in the future may require, increased costs and significant management time and commitment. If the Group fails to maintain effective internal controls, its business, financial condition, results of operations or reputation could be materially and adversely affected.

The Group may have difficulties in implementing and monitoring corporate policies across its subsidiaries and portfolio companies.

The Group strives to implement its corporate governance and operational and safety standards across each of its subsidiaries and portfolio companies in a uniform manner. Due to the large number of the Group's subsidiaries and portfolio companies, implementing and monitoring corporate governance and operation and safety standards may prove difficult and a failure to do so may result in violations of local regulations. There can be no assurance that the Group can effectively monitor each subsidiary and affiliated company and prevent non-compliance. This may result in violations that could adversely affect the Group's reputation and business prospects, which could materially and adversely affect its business, financial condition and results of operations.

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

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

- production interruptions caused by operational errors, electricity outages, raw material shortages, equipment failure and other production risks;
- operating limitations imposed by environmental or other regulatory requirements;
- work-related personal injuries;
- on-site production accidents;
- credit risks relating to the performance of customers or other contractual third parties;
- disruptions 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.

To manage operating risks, the Group maintains insurance policies that provide different types of risk coverage, which the Group believes are consistent with industry and business practice in China. However, claims under the insurance policies may not be fully or timely honoured, and 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. To the extent that any of the Group companies 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.

The Group's operations are subject to hazards customary to various industries in which the Group operates and the Group's insurance policies may not be adequate and do not cover damage and losses arising from acts of terrorism, act of God and related events.

The Group participates in operations in various industries through its subsidiaries, and its operations involve many potential risks, including breakdown, equipment failures, substandard performance of equipment, improper installation or operation of equipment, natural disasters, environmental or industrial accidents, labour disturbances, disputes with contractors and other business interruptions. The occurrence of any of the above may materially and adversely affect the Group's business or results of operations.

In particular, natural disasters, epidemics and other acts of God which are beyond the Group's control may cause damage to the Group's facilities and operation, reduce demand for the Group's services and adversely affect the Group's financial conditions. Some regions in the PRC are under the threat of earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, human swine flu (also known as Influenza A (H1N1)) or the recent cases of H7N9. In particular, natural disasters, such as earthquakes, snowstorms, floods, volcanic eruptions or tsunami may disrupt or seriously affect financial services industries. For example, in 2015, typhoon "Rainbow" hit Southern China and caused damage to the transmission lines of power grids in the affected areas. A recurrence of such natural disaster, 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 Group maintains insurance policies covering both its assets and employees in line with general business practices in the PRC in the relevant industries, with policy specifications and insured limits which the Group believes are adequate. There are, however, certain types of losses (such as from wars, acts of terrorism or acts of God, business interruption, property risks and third party (public) liability) that generally are not insured because they are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur, the Group could lose capital invested in the relevant asset, as well as anticipated future revenue and, in the case of debt that is with recourse to the Group, the Group may remain liable for financial obligations related to the relevant asset. Any such loss could adversely affect the operating results and financial condition of the Group.

The Group is subject to various environmental, safety and health regulations in China and any failure to comply with such regulations may 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, including obtaining all required approvals, licences and permits from competent governmental authorities on a timely basis. Failure to comply with such regulations, including failure to obtain any required approvals, licences or permits, may result in project delays, 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 these approvals and permits on a timely basis or at all. In addition, PRC laws and regulations are constantly evolving. There can be no assurance that the PRC government or the local government will not impose additional or stricter laws or regulations, which may increase compliance costs of the Group.

Disputes with joint venture partners may adversely affect the Group's business.

Some of the Group's businesses are being operated by joint venture enterprises formed by the Group and third-party partners. The economic or business interests or goals of those partners may not always be consistent with those of the Group. Joint venture partners may be unable or unwilling to fulfil their obligations under the relevant joint venture or may have financial difficulties. Additionally, a disagreement with any joint venture partner could result in postponement or suspension of the relevant projects, early termination of joint venture or cooperation arrangements, or litigation or other legal proceedings, which could adversely affect the Group's business, financial condition and results of operations.

The Group is subject to litigation risks and may face significant liabilities as a result.

The Group may from time to time be involved in disputes with its governmental entities, incumbent residents, contractors, suppliers, employees and other third party service providers during the course of its daily operations. Claims may be brought against the Group companies for defective or incomplete work, personal injuries, damage to or destruction of property, breaches of warranty, delay in delivery and late completion of the project. If the Group companies were found to be liable for any of the project claims against it, its business, financial condition and results of operations could be negatively impacted to the extent the claims were not sufficiently covered by its insurance coverage.

Claims brought by the Group against project contractors may include claims for additional costs incurred in excess of current contract provisions arising out of project delays and changes in the initial scope of work. In addition, both claims brought against the Group and by it, if not resolved through negotiation, may be subject to lengthy and expensive litigation or arbitration proceedings. Amounts ultimately realised from claims by the Group could differ materially from the balances included in its financial statements, resulting in a charge against earnings to the extent profit has already been accrued on a project contract. Charges associated with claims brought against the Group and write downs associated with claims brought by the Group could have a material adverse impact on its financial condition, results of operations and cash flow. See "Description of the Group — Legal Proceeding and Regulatory Compliance." The Group cannot assure investors that other claims will not arise

against or be brought by the Group in future which, if determined adversely against the Group, may have an adverse effect on its financial condition and results of operations.

The Group may not be able to adequately protect its intellectual property and brand, which could adversely affect its business operations.

The Group relies on a combination of patents, trademarks and contractual rights to protect its intellectual property and brand. There can be no assurance that these measures will be sufficient to prevent any misappropriation of the Group's intellectual property or brand, or that the Group's competitors will not independently develop alternative technology that are equivalent or superior to technology based on the Group's intellectual property. The legal regime governing intellectual property in the PRC is still evolving and the level of protection of intellectual property rights in the PRC differs from those in other jurisdictions. In the event that the steps that the Group has taken and the protection afforded by law do not adequately safeguard its proprietary technology or brand, the Group could suffer losses due to the sales of competing products that exploit its intellectual property or brand. In addition, the Group may experience lapses or other noncompliance events with respect to registration or certification of its intellectual property rights, and any such noncompliance event may materially and adversely affect the Group's business, financial condition and results of operations.

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

Facts, forecasts and other statistics in this offering relating to the PRC, its economy or the industries in which the Group operates have been directly or indirectly derived from official government publications and certain other public industry sources and the Group can guarantee neither the quality nor the reliability of such source materials. They have not been prepared or independently verified by the Company, the Group, the Initial Purchasers, the Fiscal Agent, the Agents or any of its or their respective affiliates, employees, directors, agents or advisors, and, therefore, the Company, the Group, the Initial Purchasers, the Fiscal Agent, the Agents or any of its or their respective affiliates, employees, directors, agents or advisors makes no representation as to the completeness, accuracy or fairness of such facts, forecasts 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 they 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, forecasts or other statistics.

Certain subsidiaries or portfolio companies of the Group are or may become listed and therefore they are or may be subject to regulatory restrictions and listing requirements and the Company's shareholding or voting interests in such members may be diluted.

RISKS RELATING TO THE GROUP'S FINANCIAL LEASING AND RELATED BUSINESSES

The Group's financial investment business is subject to extensive regulation and supervision of the government authorities at various levels and failure to comply with applicable regulations may have a material adverse impact on the related business and results of operations.

Over the years, the Group has been permitted to conduct broad financial leasing activities in the financial market using the state fund or state-owned assets. These financial activities are subject to extensive national, provincial and municipal laws, rules, regulations, policies and measures issued and enforced by the governmental authorities at different levels. Local authorities have broad discretion in implementing and enforcing the applicable rules and regulations. For this reason, there are significant uncertainties in the interpretation and implementation of such laws, rules, regulations, policies and measures. In certain occasions, verbal clarifications given by the government authorities may be inconsistent with the regulations concerned, increasing the Group's compliance risk. If the Group fails to fully comply with the applicable laws, rules, regulations, policies and measures or fails to respond to any changes in the regulatory environment in a timely manner, non-compliance and any delay may result in sanctions by regulatory authorities, monetary penalties, or restrictions on its activities or revocation of licences, which could have a material adverse impact on its business and results of operations in the financial industry.

The Group faces intense competition in the financial services industry in the PRC.

Market players in the financial service industry in the PRC face intense competition from both domestic and international companies. The Group competes on the basis of various factors, including price, products and services, innovation, transaction execution capability, reputation, experience and knowledge of the Group's staff, employee compensation and geographic scope.

Some of the Group's competitors may have certain competitive advantages over the Group, such as greater financial resources, stronger brand recognition, longer operational record, broader product and service offerings and more advanced information technology systems. They may also have more experience with a broader range of services and more complex financial products than the Group does. Many of the financial institutions that the Group competes with are larger in terms of asset size and customer base and have greater financial resources, more specialised capabilities or more extensive distribution capabilities. Some of the foreign financial institutions that the Group competes with have been expanding the operations in the PRC, either organically or through partnership with existing financial institutions in the PRC. The Group expects that it will face greater competition from the Group's foreign competitors if these limitations and restrictions are lifted in the future.

The Group's diversification into the financial service industry may increase its exposure to credit risks.

The Group's businesses in the financial industry involve many inherent risks, including the risk that the loans the Group guarantees or grants are not repaid on time or at all. The Group's credit guarantee and small loan business currently focuses on state-owned enterprise customers in China. Many of its customers have limited financial resources or relatively weaker credit profile, making it difficult for them to obtain capitals from the large state-owned

financial institutions. For the same reason, they are more vulnerable to adverse competitive, economic or regulatory conditions, and create greater credit risks relating to the Group's loan and guarantee business than larger or more established businesses with longer operating histories.

Since late 2012, the PRC economy has shown signs of slowdown, raising the market concern that its historical rapid growth may not be sustainable. If the PRC economy experiences slowdown or enters into recession, the operation and financial performance of the PRC companies may be heavily affected and customer default may rise, increasing the Group's exposure to credit and liquidity risks. Although the Group seeks to manage its credit risk exposure through internal customer due diligence, credit approvals, establishing credit limits and portfolio monitoring and other risk management measures, there can be no assurance that these measures will be effective given the limited operating history of the Group's financial service business. There can be no assurance that the Group is able to manage its credit risk effectively with its existing risk management system.

RISKS RELATING TO THE GROUP'S PROPERTY DEVELOPMENT BUSINESS

The PRC government may adopt measures aimed at slowing down growth in the real property sector, which in turn may affect the primary land development industry.

Since 2004, the PRC government has from time to time introduced various measures to curtail property speculation in response to concerns over, among other things, the increases in property investments and property prices and the overheating of the property market. For example, according to the Notice of the State Council on Issues Relating to Further Well Managing the Central Control of the Real Estate Market issued by the General Office of the State Council on January 26, 2011 and the Notice of the State Council on Continuity to Well Manage the Central Control Work of the Real Estate Market promulgated by the General Office of the State Council on February 26, 2013, the government would firmly restrain speculative demands and strengthen market supervision to better control the overheating of the PRC real estate market. Such measures may limit property developers' access to capital resources, reduce market demand for their properties and increase their operating costs in complying with these measures, which in turn could have an adverse impact on the demand for land developed by the Group. In addition, the PRC government has introduced a series of policies, rules and regulations aiming at regulating the cost of mortgage financing, and in turn controlling the overheating of the property market from the demand side. There can be no assurance that the PRC government will not adopt additional and more stringent measures to further dampen the growth of the property sector, which could slow down property development in China. This may have a material adverse effect on the Group's business, financial condition and results of operations.

Government auctions of land use rights for land prepared by the Group may not attract interest or competitive bids from prospective buyers, and winning bids may not yield any profit.

For the Group's land development business, the respective land use rights are sold through public bidding, auction and sale-by-listing by the relevant departments of land and resources at county-level (or above county-level) governments to property developers. The Group receives a portion of the proceeds of these sales of land use rights. When the departments of land and resources decide to sell land use rights for land developed by the Group, announcements regarding the timing of the sale and the parcels to be sold are

disseminated publicly. The Group generally incurs significant costs in connection with the primary land development projects prior to the sale of the corresponding land use rights. Because public auctions, tenders and sales-by-listing are driven by market forces, there is no assurance that sales of the land use rights will attract interest from prospective investors or that prospective investors will submit competitive bids.

There may not be sufficient demand for the land use rights to the Group's land development projects and the number of qualified bidders may be limited as the relevant government authorities require certain qualifications before they may participate in land use rights tenders. If the public auctions, tenders or sale-by-listing for the land use rights to the Group's primary land development projects fail to attract interest or competitive bids from prospective investors, the land use rights may be sold at prices below profit expectations, below the break-even point, or may not be sold at all. There can be no assurance that construction costs will not exceed expected revenue or that the Group will not suffer a loss. Any future sales of land use rights at prices that result in the Group's portion of the net sales proceeds being insufficient to cover the Group's costs could hamper its profitability and result in a material adverse effect on the Group's business, financial condition and results of operations.

In addition, there can be no assurance about the exact timing of the sale of land use rights or the final price at which land use rights are sold. Failure or material delays in selling land may have a seasonal and material adverse impact upon the business, financial condition and results of operations of the Group's land development business.

Changes in government policies, zoning and design plans and land use rights sales plans with respect to land development in Hefei City may adversely affect the Group, the Hefei government's development plans and the proceeds the Group is entitled to receive from sales of land use rights.

Government authorities may, without prior notice or consent from the Group, implement changes to existing policies and plans for primary land development in Yunnan or implement new policies or plans, which may adversely affect the Group's operations and/or require the Group to adjust its development plans.

The relevant departments of land and resources at county-level (or above county-level) governments prepare an annual sales plan which sets out a schedule of expected land parcel auctions for that year.

However, such departments of land and resources may adjust the timing of the land use rights sales, the number of the land parcels designated for sale and the land parcels to be prioritised for sale without consulting the Group or obtaining the Group's consent.

RISKS RELATING TO THE PRC

Changes in the economic, political and social conditions in the PRC or Hefei City and government policies could affect the Group's business and prospects.

Substantially all of the Group's assets are located in the PRC and substantially all of the Group's revenue is sourced from the PRC. Accordingly, the Group's results of operations, financial position and prospects are subject, to a significant degree, to economic, political and legal developments in the PRC.

The PRC economy differs from the economies of most developed countries in many respects, including the extent of government involvement, the level of development, growth rate, uniformity in the implementation and enforcement of laws in relation to control of foreign exchange and control over capital investment and allocation of resources.

The PRC economy is in the process of transitioning from a centrally planned economy to a more market-oriented economy. For more than three decades, the PRC government has implemented economic reform measures to utilise market forces in the development of the PRC economy. In addition, the PRC Government continues to play a significant role in regulating industries and the economy through policy measures. The Group cannot predict whether changes in the PRC economic, political or social conditions and in the PRC laws, regulations and policies will adversely affect its business, financial condition or results of operations. In addition, many of the economic reforms carried out by the PRC Government are unprecedented or experimental and are expected to be refined and improved over time. Other political, economic and social factors may also lead to further adjustments of the reform measures.

This refining and adjustment process may not necessarily have a positive effect on the Group's operations and business development.

In May 2017, Moody's downgraded China's sovereign credit rating for the first time since 1989 and changed its outlook to stable from negative, citing concerns on the country's rising levels of debt and expectations of slower economic growth. The full impact of the Moody's downgrade remains to be seen, but the perceived weaknesses in China's economic development model, if proven and left unchecked, would have profound implications. If China's economic conditions worsen, or if the banking and financial systems experience difficulties from over-indebtedness, businesses in China may face a more challenging operating environment.

The Group's business, financial condition and results of operations may be adversely affected by:

- changes in the PRC political, economic and social conditions;
- changes in policies of the PRC government, including changes in policies in relation to the Group's business segments;
- changes in laws and regulation or the interpretation of laws and regulations;
- measures that may be introduced to control inflation or deflation;

- changes in the rate or method of taxation;
- the imposition of additional restrictions on currency conversion and remittances abroad; and
- a reduction in tariff protection and other important restrictions.

Furthermore, the growth of demand in China for electricity and infrastructure industry depends heavily on economic growth. The Group cannot assure investors that such growth will be sustained in the future. From time to time, the PRC Government has implemented certain measures in order to prevent the PRC economy from experiencing excessive inflation. Such governmental measures may cause a decrease in the level of economic activity and have an adverse impact on economic growth in China. If China's economic growth slows down or if the Chinese economy experiences a recession, the growth of demand for electricity may also decrease. Such events could have a material adverse effect on the Group's business, results of operations and financial condition.

Uncertainty with respect to the PRC legal system could have a material adverse effect on 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 the PRC laws and regulations. The PRC legal system is based on written statutes while prior court decisions can only be cited as reference. 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 developing a comprehensive system of commercial law. However, China has not developed a fully integrated legal system and recently enacted laws and regulations that may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. For example, the Group is required to file a post-issuance report with the NDRC within 10 PRC working days in the PRC under the NDRC Notice. See "PRC Laws and Regulations-NDRC Filing" for more details. As the NDRC Notice is a new regulation, there are still uncertainties regarding its interpretation, implementation and enforcement by the NDRC. If the Group fails to complete such filing in accordance with the relevant requirements, the Group may be subject to penalties such as disclosing such non-compliance on the national credit information system. In addition, the PRC 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 China may be protracted and result in substantial costs and diversion of resources and management's attention.

Investors may experience difficulties in effecting service of legal process and enforcing judgements against the Group and its management.

The Group and most of its subsidiaries and portfolio companies are incorporated in the PRC. Substantially all of the Group's assets are located in the PRC. In addition, most of the Group's directors reside within the PRC and the assets of the Group's directors and officers

may be located within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon most of the Group's directors, including for matters arising under applicable securities law. A judgement of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with China or if judgements of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. However, China does not have treaties providing for the reciprocal recognition and enforcement of judgements of courts with many countries, including the United States and the United Kingdom. Therefore, it may be difficult for investors to enforce any judgements obtained from foreign courts against the Group, its subsidiaries, any of their respective directors or senior management in the PRC.

The PRC government's control of currency conversion may adversely affect the value of investors' investments.

Most of the Group's revenue is denominated in Renminbi, which is also the reporting currency of the Group. 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. The PRC government may restrict future access to foreign currencies for current account transactions at its discretion. Foreign exchange transactions under capital account in the PRC may continue to be not freely convertible and require the approval of the SAFE. These limitations could affect the Group's ability to obtain foreign currencies through equity financing, or to obtain foreign currencies for capital expenditures. In addition, significant future cash flows in Renminbi may limit the Group's ability to purchase goods outside the PRC or fund business activities outside the PRC.

Future fluctuations in the value of the Renminbi could have a material adverse effect on the Group's financial condition and results of operations.

A small portion of the Group's revenue, expenses and bank borrowings is denominated in Hong Kong dollars, U.S. dollars and other foreign currencies, although the Group's functional currency is the Renminbi. As a result, fluctuations in exchange rates, particularly between the Renminbi, the Hong Kong dollar or the U.S. dollar, could affect the Group's profitability and may result in foreign currency exchange losses of the Group's foreign currency- denominated assets and liabilities.

The exchange rate of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in the PRC's and international political and economic conditions and the PRC government's fiscal and currency policies. Since 1994, the conversion of the Renminbi into foreign currencies, including the Hong Kong dollar and U.S. dollar, has been based on rates set daily by the PBOC based on the previous business day's inter-bank foreign exchange market rates and exchange rates in global financial markets. From 1994 to July 20, 2005, the official exchange rate for the conversion of the Renminbi to U.S. dollars was generally stable. On July 21, 2005, the PRC government adopted a more flexible managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band that is based on market supply and demand with reference to a basket of currencies. From July 21, 2005 to September 30, 2011, the value of the Renminbi appreciated by approximately 30.2% against the U.S. dollar. On June 19, 2010, the PBOC announced that the PRC government would reform the Renminbi exchange rate regime and increase the flexibility of the exchange rate. The floating band for the trading prices in the inter-bank foreign exchange market of Renminbi against the U.S. dollar was widened to 2.0% on March

17, 2014. On July 21, 2005, the PRC government reformed the exchange rate regime by moving to a managed floating exchange regime based on market supply and demand with reference to a basket of currencies. As a result, the Renminbi appreciated against the Hong Kong and U.S. dollars by approximately 2% on the same date. Changes in currency policies resulted in the Renminbi appreciating against the U.S. dollar by approximately 33.5% from July 21, 2005 to June 30, 2015. Subsequently, the Renminbi depreciated 4.3% from June 30, 2015 to December 31, 2015. The exchange rate between the Renminbi and the U.S. dollar experienced further fluctuation between January 1, 2016 and the date of this Offering Circular. There remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in further and more significant appreciation of the Renminbi against the U.S. dollar. The Group cannot assure investors that the Renminbi will not experience significant appreciation against the dollar in the future.

The payment of dividends by the Group's operating subsidiaries in the PRC is subject to restrictions under the PRC law.

The Group operates most of its businesses through its operating subsidiaries in the PRC. The PRC laws require that dividends be paid only out of net profit, calculated according to the PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions. In addition, the PRC law requires enterprises set aside part of their net profit as statutory reserves before distributing the net profit for the current financial year. These statutory reserves are not available for distribution as cash dividends. Since the availability of funds to fund the Group's operations and to service its indebtedness depends upon dividends received from these subsidiaries, any legal restrictions on the availability and usage of dividend payments from the Company's subsidiaries may impact the Group's ability to fund its operations and to service its indebtedness.

The enforcement of the Labour Contract Law and other labour-related regulations in the PRC may adversely affect the Group's business and results of operations.

On June 29, 2007, the Standing Committee of the National People's Congress of the PRC enacted the Labour Contract Law (勞動合同法), which became effective on January 1, 2008 and later amended on December 28, 2012. The Labour Contract Law establishes additional restrictions and increases the cost to employers upon termination of employees, including specific provisions related to fixed-term employment contracts, temporary employment, probation, consultation with the labour union and employee general assembly, employment without a contract, dismissal of employees, compensation upon termination and overtime work, and collective bargaining. According to the Labour Contract Law, an employer is obligated to sign an unlimited term labour contract with an employee if the employer continues to employ the employee after two consecutive fixed term labour contracts. The employer must also pay compensation to employees if the employer terminates an unlimited term labour contract. Unless an employee refuses to extend the labour contract with the employee under the same terms or better terms than those in the original contract. Further, under the Regulations on Paid Annual Leave for Employees (職工帶薪休假條例) which became effective on January 1, 2008, employees who have served more than one year with an employer are entitled to a paid vacation ranging from five to 15 days, depending on their length of service. Employees who waive such vacation time at the request of employers shall be compensated at three times their normal salaries for each waived vacation day. As a result of

these protective labour measures or any additional future measures, the Group's labour costs may increase. There can be no assurance that any disputes, work stoppages or strikes will not arise in the future.

Interest payable by the Issuer to overseas Bondholders and gains on the transfer of the Bonds may be subject to income tax under PRC tax laws.

Under the Enterprise Income Tax Law of the PRC (the "EIT Law") which took effect on January 1, 2008 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 enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, 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 10 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 (the "Arrangement") which was promulgated on August 21, 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.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (the "IIT Law") which took effect on June 30, 2011, and the implementation regulations in relation to both the EIT Law and IIT Law, PRC income tax at a rate of 10 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 10 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).

Under the PRC Enterprise Income Tax Law (企業所得稅法) (the "EIT Law") and the implementation rules which both took effect on January 1, 2008, enterprises established outside the PRC whose "de facto management bodies" are located in China are considered as "resident enterprises" for PRC tax purposes. The implementation rules define the term "de facto management body" as a management body that exercises full and substantial control and management over the business, personnel, accounts and properties of an enterprise. A circular issued by the SAT on April 22, 2009, Circular of the State Administration of Taxation on

Issues Concerning the Identification of Chinese-Controlled Overseas Registered Enterprises as Resident Enterprises, in Accordance with the Actual Standards of Organisation Management (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定居民企業有關問題的通知》) (“Circular 82”), provides that a foreign enterprise controlled by a PRC enterprise or a PRC enterprise group will be treated as a “resident enterprise” with a “de facto management body” located within China if all of the following requirements are satisfied at the same time: (i) the senior management and core management departments in charge of daily operations are located mainly within China; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in China; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders’ meetings are located or kept within China; and (iv) at least half of the enterprise’s directors with voting rights or senior management frequently reside within China. On July 27, 2011, the SAT issued Administrative Measures for Income Tax on Chinese-controlled Resident Enterprises Incorporated Overseas (Trial Implementation) 《境外註冊中資控股居民企業所得稅管理辦法(試行)》 (“Circular 45”), to further prescribe the rules concerning the recognition, administration and taxation of a foreign enterprise “controlled by a PRC enterprise or PRC enterprise group.” Circular 45 provides two ways for a foreign enterprise “controlled by a PRC enterprise or a PRC enterprise group” to be treated as a resident enterprise. First, the foreign enterprise may decide on its own whether its de facto management body is located in China based on the criteria set forth in Circular 82, and, if it makes such determination, it shall apply to the competent tax bureau to be treated as a resident enterprise. Second, the tax authority may determine that the foreign enterprise is a resident enterprise after its active investigation.

As at the date of this Offering Circular, the Company has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law. If the Company is deemed to be a PRC resident enterprise for EIT purposes, the Company would be subject to the PRC enterprise income tax at the rate of 25% on its worldwide taxable income. Furthermore, the Company may be obligated to withhold the PRC income tax of up to 7% on payments of interest and certain other amounts on the Bonds to investors that are Hong Kong resident enterprises or 10% on payments of interest and other amounts on the Bonds to investors that are “non-resident enterprises” as defined under the EIT Law or 20% for non-resident individuals, who are also not Hong Kong resident enterprises, provided that there are no tax treaties between China and those countries which exempt or reduce such withholding tax, because the interest and other amounts may be regarded as being derived from sources within the PRC. In addition, if the Company fails to do so, it may be subject to fines and other penalties. Similarly, any gain realised by such non-resident enterprise investors from the transfer of the Bonds may be regarded as being derived from sources within the PRC and may accordingly be subject to a 10% PRC withholding tax provided that there are no tax treaties between China and those countries which exempt or reduce such withholding tax. Moreover, if the Company is deemed to be a PRC resident enterprise for EIT purposes, the non-resident individual holders of the Bonds may be subject to the PRC withholding tax applicable to payment of interest and other amounts on the Bonds and any gains realised from transfer of the Bonds at the rate of 20% for non-resident individuals and 10% for non-resident enterprises.

If the Company is required under the EIT Law to withhold PRC income tax from interest payments made to the Company’s foreign investors who are “non-resident enterprises,” the Company will be required to pay such additional amounts as will result in receipt by a holder of the Bonds of such amounts as would have been received by the holder had no such

withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Bonds, and could have a material adverse effect on the ability of the Company to pay interest on, and repay the principal amount of, the Bonds, as well as their profitability and cash flow. In addition, if holders of Bonds are required to pay the PRC income tax on the transfer of the Bonds, the value of investments in the Bonds may be materially and adversely affected. It is unclear whether, if the Company is considered a PRC “resident enterprise,” the holders of the Bonds might be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

Under Circular Caishui [2016] 36, Circular on Comprehensively Promoting the Pilot Programme of the Collection of Value-added Tax in Lieu of Business Tax (《關於全面推開營業稅改增值稅試點的通知》) (“Circular 36”) which introduced a new VAT from May 1, 2016 to replace business tax, VAT is applicable where the entities or individuals provide services within the PRC. The revenues generated from the provision of taxable sale of services by entities and individuals, such as financial services, shall be subject to PRC VAT if the seller or buyer of the services is within PRC. In the event that foreign entities or individuals do not have a business establishment in the PRC, the purchaser of services shall act as the withholding agent. According to the Explanatory Notes to Sale of Services, Intangible Assets and Real Property attached to Circular 36, financial services refer to the business activities of financial and insurance operation, including loan processing services, financial services of direct charges, insurance services and the transfer of financial instruments, and the VAT rate is 6%. The Group will be obligated to withhold VAT of 6% and certain surcharges on payments of interest and certain other amounts on the Bonds paid by the Group 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 of 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 and laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties, and the above statement may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

If a Bondholder, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax 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.

RISKS RELATING TO THE BONDS AND THE STANDBY LETTER OF CREDIT

No undue reliance should be placed on the disclosures of the LC Bank included in this Offering Circular as the Initial Purchasers have not had an opportunity to conduct any due diligence on the financial information and only limited due diligence on the operations at the LC Bank.

None of the Initial Purchasers, or any of their respective affiliates, directors, officers, employees, agents, advisors or representative have been afforded the opportunity to conduct any due diligence on or taken any measures to verify the financial disclosures of the LC Bank included in this Offering Circular under the section entitled “Description of the LC Bank.” In addition, the Initial Purchasers and their respective affiliates, directors, officers, employees, agents, advisors or representatives have not been afforded the opportunity to conduct

appropriate due diligence with respect to operations of the LC Bank. As such, you should not place any undue reliance on the disclosures of the LC Bank as provided in this Offering Circular. If any of the disclosures of the LC Bank proves to be incorrect, misleading or missing material information or data such that would have a material adverse impact on the LC Bank, then the validity and/or effectualness of the Standby letter of Credit may be materially and adversely affected.

Any failure to complete the relevant filings under the NDRC Notice and the relevant registration under SAFE within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Company and/or investors of the Bonds.

The NDRC issued the NDRC Circular on September 14, 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 issued outside the PRC with the NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 working days after the completion of the issue of the securities. The NDRC Circular is silent on the legal consequences of noncompliance with the pre-issue registration requirement. The Company has obtained the NDRC pre-issuance registration on November 7, 2017. Similarly, there is no clarity on the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular. In the worst case scenario, such non-compliance with the post-issue notification requirement under the NDRC Circular may result in it being unlawful for the Company 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 Terms and Conditions. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. The Company has undertaken to notify the NDRC of the particulars of the issue of the Bonds within 10 PRC Business Days after the Issue Date.

In accordance with the Administrative Measures for Foreign Debt Registration (the “Foreign Debt Registration Measures”) issued by the SAFE on April 28, 2013, which came into effect on May 13, 2013, the Company shall complete foreign debt registration in respect of the issue of the Bonds with the local branches of SAFE in accordance with laws and regulations. According to the Operation Guidelines for Administration of Foreign Debt Registration (外債登記管理操作指引) promulgated together with the Foreign Debt Registration Measures, the Company is required to register the Bonds within five PRC Business Days after the Issue Date and complete such registration in accordance with the Foreign Debt Registration Measures. In accordance with the Notice of People’s Bank of China on Matters Concerning Macro-prudential Management on All-round Cross-border Financing (《中國人民銀行關於全口經跨境融資宏現審慎管理有關事宜的通知》) (Yin Fa No.9[2017]), an enterprise shall file the information of its cross-border financing in the capital project information system with the SAFE after signing the contract and no later than three working days before the withdrawal of money. Before such registration of the Bonds is completed, it is uncertain whether the Bonds are enforceable as a matter of PRC law and it may be difficult for Bondholders to recover amounts due from the Company, and the Company may not be able to remit the proceeds of the offering into the PRC or remit money out of the PRC in order to meet its payment obligations under the Bonds. Pursuant to article 27(5) of the Foreign Debt Registration Measures, a failure to comply with registration requirements may result in a warning and fine as set forth under article 48 of the Foreign Exchange Administrative Regulations (外匯管理條例) promulgated by the State Council in 2008.

However, pursuant to article 40 of the Foreign Debt Administration Provisional Rules (外債管理暫行辦法) promulgated by MOF, the NDRC and SAFE, a failure by a domestic entity to register a foreign debt contract will render the contract not legally binding and unenforceable. Under the Conditions, the Company has undertaken to use its best endeavours, and it intends, to complete the registration of the Bonds with SAFE within five PRC Business Days of the Issue Date. If the Company is unable to complete such registration within the abovementioned time period, investors will have the right to require the Company to redeem their holding of Bonds in accordance with the Terms and Conditions.

However, notwithstanding such right, the Company may have difficulty in remitting funds offshore to service payments in respect of the Bonds and investors may encounter difficulties in enforcing judgements obtained in the Hong Kong courts with respect to the Bonds and the Agency Agreement in the PRC. In such circumstances, the value and secondary market price of the Bonds may also be materially and adversely affected.

The Bonds are unsecured obligations.

The Bonds are unsecured obligations of the Company. The repayment of the Bonds and payment under the Bonds may be adversely affected if:

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

If any of these events were to occur, the Company's assets may not be sufficient to pay amounts due on the Bonds.

Developments in other markets 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 the Company in other countries, including China. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be adversely affected.

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

Each potential investor in any 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;
- 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, or where the currency for principal or interest payments is different from the potential investor's currency;
- 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 adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities.

The Bonds will be structurally subordinated to the existing and future indebtedness and other liabilities of the Company's existing and future subsidiaries and effectively subordinated to the Company's secured debt to the extent of the value of the collateral securing such indebtedness.

The Bonds will be structurally subordinated to any debt and other liabilities and commitments of the Company's existing and future subsidiaries, whether or not secured. The Bonds will not be guaranteed by any of the Company's subsidiaries, and the Company may not have direct access to the assets of such subsidiaries unless these assets are transferred by dividend or otherwise to the Company. The ability of such subsidiaries to pay dividends or otherwise transfer assets to the Company is subject to various restrictions under applicable laws and contracts to which they are a party. Each of the Company's are separate legal entities that have no obligation to pay any amounts due under the Bonds or make any funds available therefore, whether by dividend, loans or other payments. The Company's right to receive assets of any of the Company's subsidiaries, respectively, upon that subsidiary's liquidation or reorganisation will be effectively subordinated to the claim of that subsidiary's creditors (except to the extent that the Company are creditors of that subsidiary). Consequently, the Bonds will be effectively subordinated to all liabilities of any of the Company's subsidiaries, other than the Company, and any subsidiaries that the Company may in the future acquire or establish.

Third parties, including holders of the Bonds, may be hindered or prevented from enforcing their rights with respect to the assets of the Group because of the doctrine of sovereign immunity or state secret privilege.

As at the date of this Offering Circular, the Group is controlled by the PRC government through Hefei SASAC. All of the assets relating to the operation of the Group's business are either owned or controlled by the Group itself or by companies wholly or majority owned by

the Group. Where a third party brings a legal action against the Group, its subsidiaries or their assets based on a contract dispute with them, the legal proceeding, particularly the enforcement of judgements or any arbitral awards with respect to the assets of the Group and its subsidiaries in China, may be subject to the law and legal systems and the jurisdiction of PRC courts or tribunal. While the Group can be sued in its own capacity in a civil proceeding in a court or tribunal, there is no assurance that the assets of the Group will not be immune from enforcement proceedings on the grounds of sovereign immunity or state secret privilege. If such immunity or privilege is invoked to dismiss judgements from the court or tribunal, it may be difficult for the third party plaintiffs (such as holders of the Bonds) to enforce their contractual rights against the Group, its subsidiaries or their assets in China.

We may not be able to redeem the Bonds upon the due date for redemption thereof.

We, at maturity or at any time following the occurrence of a Change of Control or a Non Registration Event (each defined in the Terms and Conditions of the Bonds), is or may be required to redeem all but not some only of the Bonds. If such an event occurs, we 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. Our failure to repay, repurchase or redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Group's other indebtedness.

We may elect to redeem the Bonds if it is required to pay additional tax amounts in respect of PRC withholding tax, and a Bondholder may not be able to reinvest the redemption proceeds in comparable securities at the same rate of return of the Bonds.

The date on which we may elect to redeem the Bonds may not accord with the preference of particular Bondholders. In addition, a Bondholder may not be able to reinvest the redemption proceeds in comparable securities at the same rate of return of the Bonds.

If we are unable to comply with the restrictions and covenants in its debt agreements (if any), or the Bonds, as applicable, there could be a default under the terms of these agreements, or the Bonds, as applicable, which could cause repayment of the relevant debt to be accelerated.

If the Group or any of its subsidiaries is unable to comply with the restrictions and covenants in the Bonds or current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Group or any of its subsidiaries, including the Company, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, those debt agreements and the Bonds contain or may contain cross-acceleration or cross-default provisions. As a result, the default by the Group or any of its subsidiaries under one debt agreement may cause the acceleration of repayment of debt, including the Bonds, or result in a default under its other debt agreements, including the Bonds. If any of these events occur, there can be no assurance that there would be sufficient assets and cash flows of the Group or any of its subsidiaries to repay in full all of their respective indebtedness, or that they would be able to find alternative financing. Even if the Group and its subsidiaries could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Group and its subsidiaries. In addition, the Group guarantees certain indebtedness of third parties. See "Risks Relating to the Group —

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

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

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the revenues, earnings and cash flows of the Group and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies, any adverse change in the credit rating and results of operations could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the volume and price at which the Bonds will trade. There can be no assurance that these developments will not occur in the future.

A 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 from the SGX-ST for the listing and quotation of the Bonds on the SGX-ST, no assurance can be given as to the liquidity of, or trading marked for, the Bonds. The Initial Purchasers are not obligated to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Initial Purchasers. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, the holders of the Bonds will only be able to resell the 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. It is investors' obligation to ensure that offers and sales of the Bonds within the United States and other countries comply with applicable securities laws. Please see "Subscription and Sale." None of the Company can predict whether an active trading market for the Bonds will develop or be sustained.

Gains on the transfer of the Bonds may be subject to income tax under PRC tax laws.

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 incomes derived from sources within the PRC.

Investment in the Bonds is subject to exchange rate risks.

The Bonds are denominated and payable in US dollars. If a Bondholder measures its investment returns by reference to a currency other than US dollars, an investment in the Bonds entails foreign exchange related risks, including changes in the value of US dollars relative to the currency by reference to which an investor measures its investment returns. Depreciation of the US dollars against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return

on the Bonds is translated into such currency. In addition, there may be tax consequences for Bondholders as a result of any foreign currency gains resulting from any investment in the Bonds.

Modifications and waivers may be made in respect of the Terms and Conditions of the bonds, the Agency Agreement and the Standby Letter of Credit by the parties to the Agency Agreement or less than all of the holders of the Bonds.

The Terms and Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders, including Bondholders who do not attend and vote at the relevant meeting and those Bondholders who vote in a manner contrary to the majority. The Terms and Conditions of the Bonds also provide that parties to the Agency Agreement may, without the consent of the Bondholders, agree to any modifications of the Agency Agreement or the Standby Letter of Credit (other than in respect of certain reserved matters) which in the opinion of such parties will not be materially prejudicial to the interests of Bondholders and to any modifications of the Agency Agreement or the Standby Letter of Credit which is of a formal, minor or technical nature or is to correct a manifest error or to comply with any mandatory provision of law. In addition, the Fiscal Agent may, without the consent of the Bondholders, authorise or waive any proposed breach or breach of the Bonds, the Agency Agreement or the Standby Letter of Credit (other than a proposed breach or breach relating to the subject of certain reserved matters) if, in the opinion of the interest of the Bondholders will not be materially prejudiced thereby.

The Group's financial statements were prepared in conformity with PRC GAAP, which differs from IFRS in certain aspects.

The audited consolidated financial statements of the Group included elsewhere in this Offering Circular were prepared in conformity with PRC GAAP which differs in certain aspects from IFRS. As such, investors who are more familiar with IFRS should consult their own professional advisers for an understanding of any difference and how they may affect the financial information of the Group included elsewhere in this Offering Circular.

The Group will follow the applicable corporate disclosure standards for debt securities listed on the SGX-ST, which standards may be different from those applicable to companies in certain other countries.

The Group will be subject to reporting obligations in respect of the Bonds to be listed on the SGX-ST. The disclosure standards imposed by the SGX-ST may be different than those imposed by securities exchanges in other countries or regions such as the United States. As a result, the level of information that is available may not correspond to what investors in the Bonds are accustomed to.

The Bonds will initially be represented by the Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System.

Bonds will initially be represented by the Global Certificate. Such Global Certificate will be deposited with a common depository for Euroclear and Clearstream (each a "Clearing System"). Except in the circumstances described in the Global Certificate, investors will not be

entitled to receive definitive Bonds. The relevant Clearing System will maintain records of the beneficial interests in the Global Certificate.

While the Bonds are represented 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 Company will discharge its payment obligations under the Bonds by making payments to the common depository for Euroclear and Clearstream, for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. The Company has no responsibility or liability for the records relating to 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.

Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts and the holders of the Bonds 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 judgements of the Hong Kong courts in respect of English law governed matters or disputes.

The Terms and Conditions of the Bonds and the Agency Agreement are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, the Hong Kong courts may require certain additional procedures to be taken. Under the Arrangement on Reciprocal Recognition and Enforcement of Judgements 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 (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) (the “Arrangement”), judgements 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 judgements have agreed to submit to the exclusive jurisdiction of Hong Kong courts.

However, recognition and enforcement of a Hong Kong court judgement could be refused if the PRC courts consider that the enforcement of such judgement is contrary to the social and public interest of the PRC or meets other circumstances specified by the Arrangement. While it is expected that the PRC courts will recognise and enforce a judgement given by the Hong Kong courts in respect of a dispute governed by English law, there can be no assurance that the PRC courts will do so for all such judgements 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 holders’ ability to initiate a claim outside of Hong Kong will be limited.

The LC Bank's ability to perform its obligations under the Standby Letter of Credit is subject to the financial condition of the LC Bank.

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 the LC Bank and if the LC Bank is unable to satisfy its obligations under the Standby Letter of Credit, relevant PRC law provides that the LC Bank would have an obligation to satisfy the balance of the LC Bank's obligations under the Standby Letter of Credit. Therefore, the ability of the LC Bank to make payments under the Standby Letter of Credit will ultimately depend on the financial condition of the LC Bank, which could be materially and adversely affected by a number of factors, including, but not limited to, the following:

- *Impaired loans and advances:* The LC Bank's results of operations have been and will continue to be negatively affected by its impaired loans. If the LC Bank is unable to control effectively and reduce the level of impaired loans and advances in its current loan portfolio and in new loans the LC Bank extends in the future, or the LC Bank allowance for impairment losses on loans and advances is insufficient to cover actual loan losses, the LC Bank's financial condition could be materially and adversely affected.
- *Collateral and guarantees:* A substantial portion of the LC Bank's loans is secured by collateral. In addition, a substantial portion of its PRC loans and advances is backed by guarantees. If the LC Bank is unable to realise the collateral or guarantees securing its loans to cover the outstanding principal and interest balance of such loans due to various factors, the LC Bank's financial condition could be materially and adversely affected.
- *Loans to real estate sector and government financing platforms:* the LC Bank's loans and advances to the real estate sector primarily comprise loans issued to real estate companies and individual housing loans. The real estate market may be affected by many factors, including, without limitation, cyclical economic volatility and economic downturns. In addition, the PRC government has in recent years imposed macroeconomic control measures that are aimed at preventing the real estate market from over-heating. Such factors may adversely affect the growth and quality of its loans to the real estate industry and, consequently, the LC Bank's financial condition and results of operations. Loans to government financing platforms are a part of the loan portfolio of the LC Bank. The government revenues are primarily derived from taxes and land premiums. Therefore, economic cycles and fluctuations in the real estate market may also adversely affect the quality of such loans.

In addition, as neither the LC Bank 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 Company may issue additional bonds which affect the price of the Bonds.

The Company may raise additional capital through the issue of other bonds or other means. Other than certain restrictions on issuing certain secured indebtedness as set out in Condition 4(a) of the Terms and Conditions of the Bonds, there is no restriction, contractual or otherwise, on the amount or type of securities or other liabilities which the Company may

issue or incur and which rank senior to, or pari passu with, the Bonds. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Bondholders on a winding-up of the Company. The issue of any such securities or the incurrence of any such other liabilities might also have an adverse impact on the trading price of the Bonds and/or the ability of Bondholders to sell their Bonds.

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

The Bonds will carry a fixed interest rate. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Generally, a rise in interest rates may cause a fall in the prices of the Bonds, resulting in a capital loss for the Bondholders. However, the Bondholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Bonds may rise. The Bondholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

As the Bonds will carry a fixed interest rate, the trading price of the Bonds will consequently vary with fluctuations in interest rates. If Bondholders sell the Bonds they hold before the maturity of such Bonds, they may receive an offer less than their investment.

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 set out in this Offering Circular. Terms defined in the Terms and Conditions of the Bonds have the same meaning in the paragraphs below. The following is a summary of those provisions:

The Bonds will be represented by the Global Certificate in registered form, which will be registered in the name of a nominee of, and deposited with, a common depository for Euroclear and Clearstream.

Under the Global Certificate, the Company, for value received, promises to pay such principal and interest on the Bonds to the holder of the Bonds on such date or dates as the same may become payable in accordance with the Terms and Conditions of the Bonds.

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 Company 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 Company and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

PAYMENT

So long as the Bonds are represented by the Global Certificate, each payment in respect of the Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the due date for such payments, where “Clearing System Business Day” means a weekday (Monday to Friday inclusive) except December 25 and January 1.

NOTICES

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

TRANSFERS

Transfers of beneficial interests in the Bonds represented by the Global Certificate will be effected through the records 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 by the Company following its redemption or purchase by the Company and their respective Subsidiaries will be effected by reduction in the principal amount of the Bonds in the register of the Bondholders.

MEETINGS

For the purposes of any meeting of Bondholders, the holder of the Bonds represented 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 US\$1,000 in principal amount of the Bonds.

BONDHOLDER'S REDEMPTION

The Bondholder's redemption option in Condition 6 (c) of the Terms and Conditions of the Bonds may be exercised by the holder of the Global Certificate giving notice to the Company of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Terms and Conditions of the Bonds.

ISSUER'S REDEMPTION

The option of the Company provided for in Condition 6 (b) of the Terms and Conditions of the Bonds shall be exercised by the Company giving notice to the Bondholders within the time limits set out in and containing the information required by the Terms and Conditions of the Bonds.

DIRECT ENFORCEMENT RIGHTS

The Global Certificate has effect as a deed poll conferring on relevant account holders Direct Rights (as defined below). If the Global Certificate becomes void in accordance with its terms, each relevant account holder shall have against the Company all rights ("Direct Rights") which such account holder would have had in respect of the Bonds if, immediately before the relevant time, it had been the holder of definitive Certificates, duly executed, authenticated and issued, in an aggregate principal amount equal to the principal amount of such account holder's entries including (without limitation) the right to receive all payments due at any time in respect of such definitive Certificates as if such definitive Certificates had been duly presented and surrendered on the due date in accordance with the Conditions.

USE OF PROCEEDS

The gross proceeds before deducting commissions to be charged by the Initial Purchasers in connection with the offering of the Bonds from this offering will be US\$100,000,000. The Group intends to use the net proceeds from this offering for investment and business development purposes.

EXCHANGE RATE INFORMATION

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 July 21, 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 the same day, the value of the Renminbi appreciated by 2% against the U.S. dollar. The PRC government has since made and in the future may make further adjustments to the exchange rate system. On May 18, 2007, the PBOC enlarged, effective on May 21, 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% to 0.5% around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by the PBOC. The floating band was further widened to 1.0%. On April 16, 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 26.9% from July 21, 2005 to December 31, 2013. On March 14, 2014, the PBOC further widened the floating band against the U.S. dollar to 2.0%. On August 11, 2015, the PBOC announced 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 with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. Following the announcement by the PBOC on August 11, 2015, Renminbi depreciated significantly against the U.S. dollar. From January till May 2016, Renminbi experienced further fluctuation in value against the U.S. dollar. 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:

Period	Renminbi per U.S. Dollar Noon Buying Rate ⁽¹⁾			
	Period End	Average ⁽²⁾	Low	High
		<i>RMB per US\$1.00</i>		
2012	6.2301	6.2990	6.2221	6.3879
2013	6.0537	6.1412	6.0537	6.2438
2014	6.2046	6.1704	6.0402	6.2591
2015	6.4778	6.2869	6.1870	6.4896
2016	6.9430	6.6549	6.4480	6.9580
2017				
June	6.7793	6.8066	6.8382	6.7793
July	6.7240	6.7694	6.8039	6.7240
August	6.5888	6.6670	6.7272	6.5888
September	6.4773	6.5690	6.6591	6.6533
October	6.5712	6.6254	6.6533	6.6328
November	6.6090	6.6198	6.6385	6.5967
December (through December 8)	6.6199	6.6166	6.6136	6.6199

Notes:

- (1) Exchange rates between Renminbi and U.S. dollar 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.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated capitalisation and indebtedness of the Company as at December 31, 2016 and adjusted to give effect to the issue of the Bonds before deducting the fees and commissions and other estimated expenses payable in connection with this offering. The following table should be read in conjunction with the Group's consolidated financial information and related notes included elsewhere in this Offering Circular.

	As of December 31, 2016			
	Actual		As adjusted	
	RMB	US\$ ⁽¹⁾	RMB	US\$ ⁽¹⁾
	<i>(in thousands)</i>			
Short-term Indebtedness				
– Short-term borrowings ⁽²⁾	1,327,000.0	195,742.9	1,327,000.0	195,742.9
– Non-current indebtedness due within one year ⁽³⁾	1,926,366.2	284,154.1	1,926,366.2	284,154.1
– Other payables or current liabilities	14,345,482.0	2,116,071	14,345,482.0	2,116,071
Total short-term indebtedness ⁽⁴⁾	17,598,848.2	2,595,968.3	17,598,848.2	2,595,968.3
Long-term Indebtedness				
– Long-term borrowings	5,719,388.3	843,654.7	5,719,388.3	843,654.7
– Bonds payable	2,491,581.0	367,527.8	2,491,581.0	367,527.8
– Long-term payables	680,161.7	100,329.2	680,161.7	100,329.2
– Bonds to be issued	–	–	677,930.0	100,000.0
Total long-term indebtedness ⁽⁴⁾	8,891,130.9	1,311,511.6	9,569,060.9	1,411,511.6
Total Equity	11,847,036.3	1,747,530.9	11,847,036.3	1,747,530.9
Total Capitalisation⁽⁵⁾	20,738,167.2	3,059,042.6	21,416,097.2	3,159,042.6

Notes:

- (1) The translation of U.S. dollar amounts into Renminbi for convenience purpose, at a rate of U.S.\$1.00 to RMB6.7793.
- (2) Short-term borrowings include pledged borrowings, collateralised borrowings and credit borrowings.
- (3) Non-current indebtedness due within one year include long-term borrowings maturing within one year and bonds payable maturing within one year.
- (4) Subsequent to December 31, 2016, the Group has, in the ordinary course of business, entered into additional financing arrangements to finance the Group's business development. As of November 30, 2017, the Group's total long-term borrowings and total current liabilities were RMB6,153.0 million and RMB19,362.1 million, respectively.
- (5) Total capitalisation represents total long-term indebtedness and total equity.

Except as otherwise disclosed above, there has been no material adverse change in the Group's capitalisation and indebtedness since December 31, 2016.

DESCRIPTION OF THE COMPANY

OVERVIEW

The Group is a holding company, which through its subsidiaries provides financial leasing, loan guarantee and other guarantee services, mortgage and small loan services, equity investment, venture capital and management of entrusted loans and assets, property development, security services and other services in Hefei, Anhui province, China. The Group is wholly owned by Hefei SASAC and acts as the financial arm for financial services for Hefei SASAC. Since its establishment in 1999, the Group has played an essential and active role in implementing the Hefei City government's major strategic initiatives for urban planning and municipal construction, and has received strong financial and operational support from the Hefei City government. The Group's business is primarily focused on provision of financing services for infrastructure projects and provision of support for development of strategic business sectors. Over the years, the Group has diversified its business portfolio to include management of trading platforms, security protection and services and other business. Through nearly two decades of operation, the Group has been one of the largest provincial investment and financing platform in terms of net assets under Hefei SASAC.

The Group, through equity transfer from Hefei SASAC, holds equity interests in a number of SOEs, including, among others, Hefei Xingtai Assets Management Company, Hefei Xingtai Financing Loan Services Co., Ltd., Hefei Xingtai Equity Investment Management Co., Ltd., Hefei Security Group Co., Ltd. and Hefei Chengjian Development Holding Co, Ltd. In its role as the sole financial platform of the Hefei SASAC, the Group is committed to the financing of major financial institutions in Hefei City, including the establishment of and/or support for Huishang Bank (徽商銀行), Jianxin Trust (建信信託) and Hefei Technology and Agricultural and Merchant Bank (合肥科技農商行). The Group also provides loan guarantee and other guarantee services to medium-to-small enterprises and individuals in relation to their housing purchases, and mortgage and small loan services to enterprises in mainly manufacturing and business sectors. As an investment platform, the Group has made equity investment in a number of financial institutions in Hefei City which have generated returns through their respective businesses. The Group has also established a number of investment funds and participated in investment in various significant projects of Hefei City, including RMB4.3 billion setup for a guidance investment fund by Hefei City People's Government. In addition, the Group has also engaged in property development projects in Hefei City, focusing on the development of mid-level residential housing properties or commercial properties in certain fast-growing cities. The Group is positioned as a key platform connecting the economy with finance in Hefei City and originates most of its business in Hefei City.

For the year ended December 31, 2014, 2015 and 2016, the Group's total revenue amounted to approximately RMB789.9 million, RMB757.1 million and RMB4,083.1 million (US\$602.3 million). As of December 31, 2014, 2015 and 2016, the Group recorded total assets of RMB13,596.3 million, RMB2,201.2 million and RMB38,932.4 million (US\$5,742.8 million). There has been an increase in total revenue from the first half of 2016 to the same period in 2017. The Group also enjoyed an increase in profit for the period over the same periods.

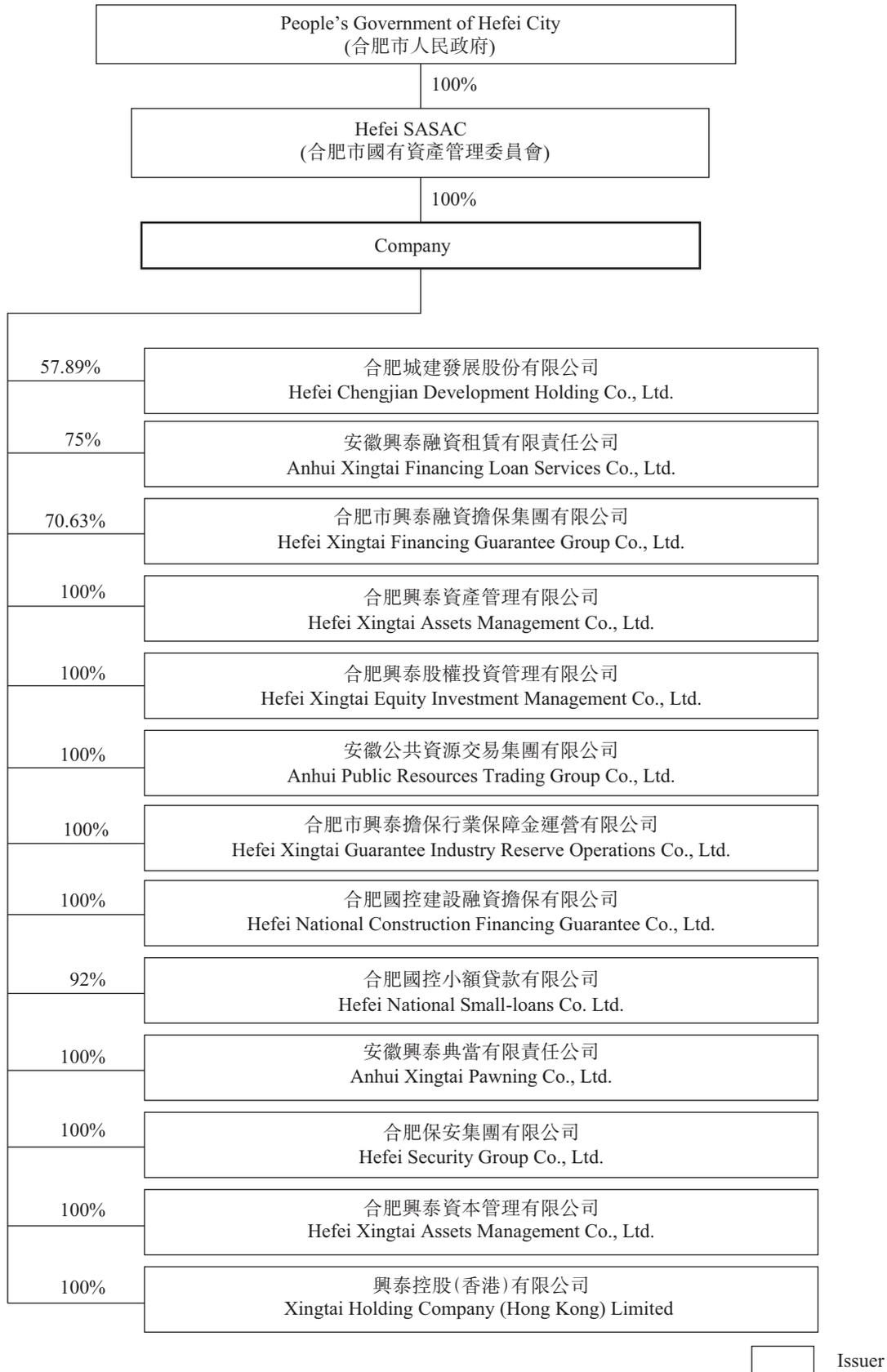
Set forth below is an overview of the principal business segments of the Group:

- *Financial services.* As the sole platform focused on the financial services under Hefei SASAC, the Group is, through its portfolio companies, primarily engaged in the provision of various financial services to businesses in strategic sectors such as infrastructure, education, healthcare and advanced manufacturing. The Group's flagship portfolio company is Xingtai Financial Leasing, which has actively promoted and developed the financial leasing marketing in Hefei under the guidance of Hefei SASAC. The Group has reclassified its business segments in 2016 by grouping the business segments of financial leasing and management of entrusted loans and certain other services into the business segment of financial services. The business segment information for 2015 was restated. Therefore, for the year ended December 31, 2014, revenue from the Group's financial leasing and management of entrusted loans segments was RMB209.5 million and RMB40.3 million, respectively, which accounted for 26.5% and 5.1% of the Group's total revenue for the year, respectively. For the years ended December 31, 2015 and 2016, revenue from the financial services segment was RMB626.2 million and RMB782.5 million (US\$115.4 million), respectively, representing 73.1% and 19.2% of the Group's total revenue for the year, respectively. There was an increase in the revenue from financial services segment from the first half of 2016 to the first half of 2017, mainly due to the Group's expansion of the scope of its financial services.
- *Property development.* The Group has engaged property development projects through its holding of 57.9% of the shares in Hefei Construction Development Company Limited, which mainly develops properties in certain fast-growing cities in Hefei under various brand names. For the years ended December 31, 2014, 2015 and 2016, revenue from the Group's property development business segment was RMB194.3 million, RMB15.4 million and RMB2,659.3 million (US\$392.3 million), respectively, representing 25.6%, 1.8% and 65.1%, respectively, of the Group's total revenue.
- *Security services.* The Group has provided security protection and related services through one of its subsidiaries, which is a leading provider of security protection in Hefei City. For the years ended December 31, 2014, 2015 and 2016, revenue from the Group's security services business segment was RMB109.8 million, RMB185.4 million and RMB294.6 million (US\$43.5 million), respectively, representing 13.9%, 21.6% and 7.2%, respectively, of the Group's total revenue.
- *Bidding services.* Bidding services was established as a new business segment of the Group in 2016 and operated through one of the Group's subsidiaries, Anhui Public Resources Trading Group Co., Ltd. The services mainly include assistance to government in the organization and execution of public tenders, biddings or auctions for various business areas such as construction projects, government procurement and real property transactions. The Group For the year ended December 31, 2016, the revenue from bidding services of the Group was RMB264.0 million (US\$39.0 million), which accounted for 6.5% of the total revenue of the Group for the year.
- *Others.* The Group also engages in a number of other businesses, including but not limited to, equity investment and management of trading platforms. For the years ended December 31, 2014, 2015 and 2016, revenue from the Group's other business segment was RMB236.0 million, RMB27.6 million and RMB77.7 million (US\$11.5 million), respectively, representing 29.9%, 3.2% and 1.9%, respectively, of the Group's total revenue.

For the years ended December 31, 2014, 2015 and 2016, the profit attributable to the Group's portfolio companies was approximated RMB1,677.0 million, RMB593.0 million and RMB886.0 million (US\$130.7 million), respectively.

CORPORATE STRUCTURE

The chart below shows the simplified corporate structure of the Group's key subsidiaries or principal portfolio companies directly or indirectly held by the Company as at the date of this Offering Circular.



HISTORY AND DEVELOPMENT

The Group was established in 1999 with the permission from the Hefei SASAC under the name Hefei Xingtai Investment Co., Ltd. On September 28, 2002, Hefei Xingtai Investment Co., Ltd. was approved by Hefei SASAC to become Hefei Investment Holding Co., Ltd., by incorporating certain other then-existing state-owned financial entities. On March 17, 2004, the Group was approved by Hefei SASAC to become Hefei Xingtai Holding Group Co., Ltd. On June 15, 2015, the Group changed its name to Hefei Xingtai Financial Holding Group Co., Ltd.

COMPETITIVE STRENGTHS

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

The Group's operations are located in Hefei City, which has demonstrated strong economic growth and financial strength

The Group's operations are mainly located in Hefei province, which has demonstrated strong economic growth and financial strength in recent years. As of December 31, 2016, according to the Ministry of Finance of China and the finance departments of the local provincial governments, Hefei City achieved the lowest general debt under general public budget management (excluding debts under government fund budget management) to revenue ratio among comparable provinces in China.

The Group originates most of its business in Hefei City and is well-positioned as a key platform in the city's economic growth. For the years ended December 31, 2014, 2015 and 2016, the Group's total revenue amounted to approximately RMB789.9 million, RMB857.1 million and RMB4,083.1 million (US\$602.3 million), respectively. As of December 31, 2016, the Group recorded total assets of RMB38,932.4 million (US\$5,742.8 million). There has been an increase in total revenue from the first half of 2016 to the first half of 2017 for the Group, mainly due increases in revenue from the Group's property development, bidding services security services and which has, in turn, led to an increase in the profit for the year over the same periods. The Group believes the strong position of Hefei City's macro-economy has contributed to the Group's operating and financial performance and increase in its assets value, and will continue to do so.

Sole financing, investment, asset management and capital operational platform of Hefei SASAC, with strong support from the Hefei City government

The Group is the sole financing, investment, asset management and capital operational platform of Hefei City, Anhui province, China, and is wholly owned by Hefei SASAC. Since its establishment in 1999, the Group has played an essential and active role in implementing the Hefei City government's major strategic initiatives for urban planning and municipal construction, and has received strong financial and operational support from the Hefei City government. For examples, in 2014, 2015 and 2016, the Group has received capital injections of RMB200.0 million, RMB100.0 million and RMB300.0 million from the local government to one of its subsidiaries, Hefei Xingtai Financing Guarantee Group Co., Ltd.

Furthermore, as the ultimate controlling shareholder of the Group, Hefei SASAC closely participates in and affects the decision-making of key investments and appointment of directors senior management of the Group. The Group and Hefei SASAC normally conduct detailed discussions and follow requisite appraisal procedures to ensure that informed and viable investment decisions are made. Major share transfer transactions are required to be conducted through public bidding and auction sales based on terms and conditions reported to and/or approved by Hefei SASAC. As Hefei SASAC will continue to be the ultimate controlling shareholder of the Group, the Group believes that the role of Hefei SASAC and its participation in the Group's operations distinguish the Group from other companies in the industries where it operates and will provide effective assurance for achieving its missions.

Quality equity investment portfolio

The Group has historically focused on providing financial services, such as financial leasing and guarantees certain strategic sectors such as infrastructures, education, healthcare and advanced manufacturing, and holds a portfolio containing quality equity investments, such as Huishang Bank Corporation Limited, Jianxin Trust Co., Ltd., Huafu Fund Management Co., Ltd., Hefei Technology Agricultural and Merchant Bank, Chizhou Jiuhua Agricultural Merchant Bank and Guoyuan Agricultural Insurance Co., Ltd..

In addition, the Group has been dedicated to further expanding its businesses in financial services. Its business portfolio provides diversified sources of income for the Group. Some of the Group's investments involve projects that have generated and are expected to continue to generate long-term recurring income. The Group believes that its quality asset portfolio, which is supported by increasing growth of the Group's financial leasing businesses, will continue to enable the Group to prepare itself for future continuous stable growth and capture potential opportunities.

Increased growth in property development segment supported by strong market outlook

The Group's businesses have been closely aligned with the general social and economic development of Hefei City. In particular, the Group's property development business has seen increased growth in recent years due to the fact that there has been significant growths in the property market in some of the cities in Hefei. For examples, in 2016, the Group generated, through its equity interest in Hefei City Construction Development Company Limited, revenue in the amount of RMB2,627.0 million (US\$387.5 million), respectively.

The Group believes that Hefei will see stable growth in the property market in the coming years which may, in turn, lead to increased or stable revenue for its property development business.

Comprehensive and effective risk management system

The Group believes it has developed and maintained a comprehensive and effective risk management system for its financial leasing and related services. The Group has set up a series of standardised risk management procedures to manage its risks prudently and systematically as follows:

- strictly following the strategic blueprint from Hefei City government and Hefei SASAC, and conducting share management, share operation, financing, capital securitisation for SOEs as well as developing strategic emerging business within its authorised business scope;
- building up a three-layer defence system at (i) department and subsidiary level as the first layer, (ii) risk management department and internal control committee level as the second layer, and (iii) internal auditors and audit committee as the third layer, which has constructed a comprehensive defence system to ensure the strict implementation of risk management procedures and operations;
- building up control on segregation of duties, including authorised approval control, accounting system control, property protection control, budgeting control, operating analysis control and performance review control; and
- building up risk investigation and reporting system, and setting up comprehensive risk management control on pre-transaction checking, reporting and monitoring and post- transaction evaluation.

Experienced management and operational teams with sound corporate governance

The Group's management team has extensive experience in the Group's various business, including urban operations, infrastructure construction, property development and financial services. The management team has an average of approximately ten years of management experience in either the Group or other corporations. The Group believes that its management team's extensive experience in a broad range of industries and strong execution capabilities have been and will continue to be instrumental in executing its business strategies and capturing market opportunities as they arise, and have contributed and will continue to contribute to the sustainable growth of the Group.

In addition, the Group's operational teams in all of the Group's businesses are led by professionals with extensive experience in operation and management of the relevant industries and supported by a highly skilled and well-trained workforce. Throughout its years of operation and management of its various businesses, the Group has been able to maintain effective and efficient management and operational control over its key subsidiaries. The Group has adopted a commercially driven approach to managing its business operations while leveraging its established relationship with governmental authorities with a view to maximising its growth potential.

BUSINESS STRATEGIES

The Group will continue to grow the value of its assets, optimise its capital structure and enhance its operational efficiency to become a top-tier state-owned capital operational platform, supply-side reforms and industrial upgrade of the PRC government through implementing the following strategies:

Continue to enhance the Group's position as the primary financing, investment, asset management and capital operation platform in Hefei City and promote its functions to optimise state-owned capital and assets

The Group will continue to enhance the Group's functions as the largest financing, investment, asset management and capital operation platform in Hefei City and promote its functions to optimise state capital and assets. Under the leadership of Hefei SASAC, the Group will aim to maximise the value of the state capital and assets it operates and provide financing for key infrastructure and industrial projects or support for strategic sectors such as education, healthcare and advanced manufacturing in Hefei City that have a major influence on the economic growth, social development and public welfare. In addition, the Group will continue to focus on its roles providing financial services to SOEs as the primary capital operation platform in Hefei City and provide support to key economic reforms, securitisation of province-owned enterprises and strategic growth of SOEs. The Group believes these strategies will further enhance its market place in the economic and social development of Hefei City and promote its role as the asset management operation platform for state-owned assets.

Continue to adopt centralised management of the Group's capital and a prudent financial policy to control cost and improve profitability

The Group will continue to adopt a centralised management system to manage the Group's capital to achieve efficient deployment of the Group's capital. The Group will also continue to adopt a prudent financial and risk management policy and further improve its financial control system to control costs and improve profitability. The Group believes that these measures will further enhance its competitive advantage and help achieve sustainable growth.

Strengthen risk management and internal control systems

The Group will continue to improve and streamline its risk management structure and internal control systems, so as to increase its efficiency in terms of a healthy risk management system. In addition, the Group considers effective project risk management to be critical to enhancing its overall operational efficiency. The Group will strictly follow the guidelines and disciplines of the provincial government and Hefei SASAC in its daily operating activities. The Group will continue to enhance its lines of defence in creating a healthy risk management system, including the scrutiny conducted by the department and subsidiaries as the first level, the supervision performed by the risk management department and internal control committee on the second level, and the review conducted by internal auditors and audit committee on the third level. The Group will also continue to improve risk-based approach in operating activities and emphasise the efficient execution of management procedures in its approval control, accounting system, property protection, budget, operating analysis and performance

review. The Group believe those measures may limit the risk exposure in the Group's operating activities and promote the Group's steady growth in long term.

THE GROUP'S BUSINESSES

Over the years, the Group has developed six business segments, namely, financial services property development, security services, bidding services and others. The following table sets out a breakdown of the Group's total revenue by business segment for the years indicated:

	Year ended December 31,						
	2014		2015		2016		
	<i>Amount</i>		<i>Amount</i>		<i>Amount</i>		
	<i>RMB</i>	<i>total %</i>	<i>RMB</i>	<i>total %</i>	<i>RMB</i>	<i>US\$</i>	<i>total %</i>
	<i>(in millions, except percentage)</i>						
	<i>(Restated)⁽¹⁾</i>						
Business segment							
Financial services	–	–	626.2	73.1	782.5	115.4	19.2
Financial leasing	209.5	26.5	–	–	–	–	–
Management of entrusted loans	40.3	5.1	–	–	–	–	–
Property development	194.3	24.6	15.4	1.8	2,659.3	392.3	65.1
Security services	109.8	13.9	185.4	21.6	294.6	43.5	7.2
Bidding services	–	–	–	–	264.2	39.0	6.5
Others	236.0	29.9	27.6	3.2	77.7	166.6	1.9
Total revenue	789.9	100.0	857.1	100.0	4,083.1	602.4	100.0

Note:

- (1) The Group has reclassified its business segments in 2016 to better reflect its further optimized business structure. The business segment information for 2015 has been restated to conform to the updated classification and are presented in the Group's audited consolidated financial statements as of and for the year ended December 31, 2016 included elsewhere in the Offering Circular. Accordingly, the business segments of financial leasing and management of entrusted loans were grouped into the financial services segment. In addition, the Group has added the business segment of bidding services as it was a new business for the Group.

COMPETITION

The Group enjoys advantages as a state-owned business. As the sole financing, investment, asset management and capital operation platform for financial investment of state-owned assets in Hefei City, the Group enjoys advantages and receive strong government support in fields of businesses the Group operates. However, the Group nonetheless faces certain competition from various sources, including other large SOEs of the PRC, privately-owned domestic companies, and leading international companies that operate in Hefei City, particularly in areas and regions where the markets have been opened up to both state-owned and private participants.

For the Group's financial leasing business segment, the Group believes its competitors are mostly domestic SOEs and certain private enterprises. However, the competition in this segment is relatively low as the infrastructure construction of power plant and power grid has been subject to the macro-management of the provincial and central governments. For its

financial investment companies, the Group faces competition from all sources as the market has been opened up to state-owned, private and international participants.

The main competitive factors influencing the Group's financial investment business segments include, among others, investment strategies adopted by competitors, availability of capital and financing resources, professional experience and skills of competitors and quality of competitors' investment portfolio. Large international companies may have advantages in terms of scale, capital and experience.

QUALITY, SAFETY AND ENVIRONMENTAL PROTECTION

The Group has established and implemented a group-wide quality, safety and environmental protection control management system pursuant to the requirements of ISO9001 standards. The management system specifies the standards to be met in terms of quality, safety and environmental protection control, clarifies the responsibility of various departments and personnel, identifies procedures, materials and other factors that are subject to the control of management, and provides for measures to be undertaken to ensure that various standards are met.

The Group imposes safety and anti-pollution measures, as well as regular internal safety and environmental inspections at all stages of its operational process to minimise the possibility of work-related accidents and injuries, occupational illness and environmental contamination. In addition, it provides safety education to employees and has established safety standards in relation to matters such as power plant operation, pollution control, purchasing, installing and operating new equipment, constructing new facilities and improving existing facilities. The Group's portfolio companies are also devoted to developing and implementing clean and new technology in the process of power generation and transmission. The Group believes that its safety control systems, environmental protection systems and facilities are adequate to comply with applicable national and local regulations. As at the date of this Offering Circular, the Group is not aware of any penalties associated with any material breach of or noncompliance with any safety and environmental laws and regulations.

INTELLECTUAL PROPERTY

The Group places priority on the invention, application, management and protection of intellectual property rights. In its ordinary course of business, the Group has obtained patents, trademarks and other contractual rights. As at the date of this Offering Circular, there has not been any material legal proceedings or disputes regarding the Group's intellectual property rights.

EMPLOYEES

As at December 31, 2016, the Group had approximately 6,000 employees.

In accordance with the applicable regulations of local governments of the regions in which the Group has business operations, the Group makes contributions to the pension contribution plan, medical insurance, unemployment insurance, maternity insurance and personal injury insurance. The amount of contributions is based on the specified percentages

of employees' aggregate salaries as required by relevant PRC authorities. The Group also makes contributions to an employee housing fund according to applicable PRC regulations.

The Group enters into an employment contract with each of its employees in accordance with applicable laws. Such contracts include provisions on work content, work location, wages, vacation, social insurance, employee benefits, training programmes, health and safety, confidentiality obligations, mediation and arbitration and grounds for change and termination.

INSURANCE

The Group purchases pension insurance, unemployment insurance and medical insurance for its employees according to the relevant PRC laws and regulations. The Group maintains insurance coverage in accordance with applicable laws and practice customary in the industry.

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.

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

The Group is from time to time involved in disputes and legal proceedings arising in the ordinary course of its business. As at the date of this Offering Circular, to the best of the Group's knowledge after due and careful enquiry within the Group, 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 financial condition or results of operations.

DESCRIPTION OF THE LC BANK

The information included below is for information purposes only and is based on, or derived or extracted from publically available information. The Company has taken reasonable care in the compilation and reproduction of the information. None of the Company, the Joint Lead Managers, the Fiscal Agent, the Agents or any of their affiliates, employees or professional advisers has independently verified such information. No representation or warranty, express or implied, is made or given by the Company, the Joint Lead Managers, Fiscal Agent, the Agents or any of their affiliates, employees or professional advisors as to the accuracy, completeness or sufficiency of such information. Accordingly, such information should be unduly relied on.

The Bonds have the benefit of the Standby Letter of Credit which will be issued by the Bank of Dongguan Co., Ltd. as the LC Bank.

OVERVIEW

The LC Bank is a shareholding commercial bank and was established on September 23, 1999. Its incorporation was approved by The People's Bank of China and it was registered with Dongguan Administration for Industry and Commerce with a capital of RMB1,636,800,000. As of December 31, 2016, the LC Bank had one headquarter office, 12 branches, 47 level-1 sub-branches, 73 level-2 sub-branches, eight community sub-branches, two micro sub-branches and one Hong Kong representative office, and sponsored for the establishment of six village and town banks, and held 15% shares in the Bank of Xingtai.

Since its establishment, under the supervision of the Dongguan Municipal Committee and Dongguan Municipal Government, the LC Bank has concentrated on maximising the shareholders' value and focused on improving its services by putting customers first and following carefully balanced risk management procedures. Moreover, the LC Bank has been focusing on structure modification and optimization to continue to improve its operations and management. As of December 31, 2016, the LC Bank's net profit was RMB1.9 billion, total assets was RMB232.1 billion, deposit balance was RMB157.6 billion and loan balance was RMB92.5 billion.

The LC Bank has undertaken certain reform measures in the last few years to further optimise its corporate governance structure and operations.

While continuing on building its financial products segment, the LC Bank also provides a range of personal financial services, including but not limited to, deposits, collective credit granting service, housing loans, financial investment management, funds management and others. The LC Bank has also been engaging in certain international businesses, such as overseas credit card issuance and foreign exchange loans. In addition, the LC Bank provides other services such as inter-bank deposits, bond investment, bill rediscount, transfer of capital on financial credit.

The LC bank has received numerous recognitions for its banking services. In 2009, according to the Chinese Commercial Banks Competitive Evaluation Report, the LC Bank was ranked number one in the Competition of City Commercial Banks of the economic area of Pan Pearl River Delta in 2008, was awarded the "Best Brand Promotion of City Commercial Banks" by the Chinese Banker Magazine. It was also awarded the "2010 Chinese Best City Commercial Banks" by Money Week in 2010 and "The Best Corporate Social

Responsibility” by The Banked in 2011. In 2016, the LC Bank was included in the list of 2016 Top 100 Banks in China selected by the China Banking Association and was ranked 55th in net amount of tier 1 capital. In addition, the LC Bank received the recognition of “Outstanding Contribution Award in Taxation” issued by the Dongguan Municipal Government.” In addition, Dongguan Municipal Government recognised the LC Bank as one of the 2015 Key Large Enterprise in Dongguan City in 2016.

FISCAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2014, 2015 AND 2016

The summary consolidated statements of income and of cash flows of the LC Bank for the years ended December 31, 2014, 2015 and 2016 and the summary consolidated statements of the LC Bank’s financial position as of December 31, 2014, 2015 and 2016 set forth below are derived from the LC Bank’s 2015 and 2016 published financial statements which have been audited by the LC Bank’s independent auditors, BDO China Shu Lun Pan Certified Public Accountants LLP. BDO China Shu Lun Pan Certified Public Accountants is registered as a certified public accountant under the Professional Accountants Ordinance in China.

Summary Consolidated Income Statement

	Year ended December 31,		
	2014	2015	2016
	RMB	RMB	RMB
Operating income	5,595,525,606.69	6,188,207,507.68	5,726,829,792.54
Interest net income	4,717,178,092.64	5,378,779,173.51	5,053,494,690.07
Interest income	8,622,920,605.18	10,120,011,011.14	9,337,895,469.25
Interest expense	3,905,742,512.54	4,741,231,837.63	4,284,400,779.18
Net income from handling charges and commissions . .	664,452,864.01	648,584,115.52	609,193,023.05
Income from handling charges and commissions	680,168,433.70	672,665,336.17	630,146,773.19
Handling charges and commissions expenses	15,715,569.69	24,081,220.65	20,953,750.14
Investment income	184,288,287.49	103,538,675.07	33,025,386.29
Gains from changes in fair value	910,999.75	10,611,812.59	(14,658,433.42)
Foreign exchange gains	24,593,004.80	42,802,336.99	41,680,873.34
Income from other business	4,102,358.00	3,891,394.00	4,094,253.21
Operating expenses	3,044,340,739.43	3,783,672,161.75	3,439,535,330.67
Taxes and surcharges	344,152,855.08	365,750,239.20	149,826,065.22
Operating and administrative expenses	1,596,560,048.20	1,770,492,039.57	1,880,610,366.94
Losses from asset impairment	1,103,627,836.15	1,647,249,812.98	1,409,069,713.07
Cost of other business	–	180,070.00	29,185.44
Operating profits	2,551,184,867.2	2,404,535,345.93	2,287,294,461.87
Plus: non-operating income	31,273,733.0	20,899,489.62	5,598,219.28
Less: non-operating expenses	6,021,602.0	14,737,338.73	7,297,190.63
Total profit	2,576,436,998.2	2,410,697,496.82	2,285,595,490.52
Less: income tax expenses	516,550,104.9	493,055,744.87	378,405,903.14
Net profit	2,059,886,893.3	1,917,641,751.95	1,907,189,587.38
Net profit attributable to owners of the parent company	2,056,057,467.3	1,912,606,916.89	1,904,942,920.33
Minority interest income	3,829,426.0	5,034,835.06	2,246,667.05

	Year ended December 31,		
	2014	2015	2016
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Earnings per share:			
(I) Basic earnings per share	0.95	0.88	0.87
(II) Diluted earnings per share	0.95	0.88	0.87
Other comprehensive income	37,482,919.50	91,748,413.08	(107,421,206.68)
Other comprehensive income to be reclassified into gains and losses subsequently	37,482,919.50	91,748,413.08	(107,421,206.68)
Profit and loss of change in fair value of available-for-sale financial assets	37,482,919.50	91,748,413.08	(107,421,206.68)
Total comprehensive income	2,097,369,812.83	2,009,390,165.03	1,799,768,380.7
Total comprehensive income attributable to owners of the parent company	2,093,540,386.80	2,004,355,329.97	1,797,521,713.65
Total comprehensive income attributable to minority shareholders	3,829,426.03	5,034,835.06	2,246,667.05

Summary Consolidated Balance Sheet

	As of December 31,		
	2014	2015	2016
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
ASSETS			
Cash and balances with central bank	24,667,946,535.04	23,703,811,032.63	27,304,007,448.34
Deposits with banks and other financial institutions	6,227,291,381.63	2,215,446,372.96	3,926,294,842.09
Loans to banks and other financial institutions	–	–	1,304,156,000.00
Financial assets at fair value through profit and loss	1,102,112,880.01	448,960,220.00	1,745,912,158.63
Financial assets purchased under resale agreements	10,871,292,283.12	7,685,226,291.79	2,895,014,847.13
Interests receivable	697,829,825.86	646,741,821.42	1,059,779,494.75
Loans and advances to customers	75,954,280,359.79	85,399,728,955.36	90,062,520,525.19
Available-for-sale financial assets	1,983,856,421.46	2,426,899,647.44	10,592,024,146.88
Held-to-maturity investments	14,276,110,475.89	19,396,150,722.37	31,078,543,790.40
Receivable-type investment	28,825,888,735.07	39,007,812,823.42	59,640,271,620.55
Long-term equity investments	557,523,511.15	612,142,830.83	672,827,290.37
Fixed assets	788,896,838.14	747,853,153.55	966,216,223.11
Intangible assets	201,578,213.50	184,616,041.32	177,341,393.42
Deferred tax assets	425,666,506.85	521,858,915.21	421,320,816.81
Other assets	20,411,241,765.87	9,064,368,638.16	241,881,108.40
Total Assets	<u>186,991,515,733.38</u>	<u>192,061,617,466.46</u>	<u>232,088,111,706.07</u>

	As of December 31,		
	2014	2015	2016
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Borrowings from central bank	356,650,315.52	250,000,000.00	230,000,000.00
Deposits from banks and other financial institutions . .	15,500,319,031.79	19,758,820,549.00	11,285,296,582.00
Loans from banks and other financial institutions . . .	2,347,133,644.67	2,546,753,920.00	2,250,229,880.70
Financial assets sold under repurchase agreements . . .	11,932,234,987.65	3,928,700,000.00	15,936,331,350.94
Accepted deposits	113,568,479,470.93	128,697,648,417.42	157,560,632,163.00
Issued certificate of deposit	4,882,257,850.86	7,443,167,964.90	17,599,430,775.09
Employee compensation payable	483,138,001.78	549,614,187.31	587,285,014.54
Taxes and surcharges payable	171,599,928.16	30,362,037.12	-26,736,450.26
Interest payable	2,355,248,873.77	2,766,233,419.42	3,137,524,935.98
Bonds payable	1,002,513,877.20	1,003,314,945.16	6,001,043,831.68
Deferred income tax liabilities	5,842,303.36	17,073,235.10	581,738.91
Other liabilities	20,604,725,636.14	9,909,499,759.90	933,799,428.10
Total Liabilities	<u>173,210,143,921.83</u>	<u>176,901,188,435.33</u>	<u>215,495,419,250.68</u>
SHAREHOLDERS' EQUITY			
Share capital	2,180,000,000.00	2,180,000,000.00	2,180,000,000.00
Capital reserve	2,101,471,122.46	2,101,471,122.46	2,101,471,122.46
Other comprehensive income	17,418,010.30	43,151,946.06	1,745,216.70
Surplus reserve	1,152,915,664.93	1,338,932,271.38	1,533,772,943.57
General risk reserve	3,113,268,266.88	4,043,268,266.88	4,173,268,266.88
Undistributed profits	5,141,903,402.40	5,374,175,244.71	6,516,607,960.98
Equity attributable to owners of the parent company . .	13,706,976,466.97	15,080,998,851.49	16,506,865,510.59
Consequence amount of Minority interest income (after tax)	74,395,344.58	79,430,179.64	85,826,944.80
Total Shareholders' Equity	<u>13,781,371,811.55</u>	<u>15,160,429,031.13</u>	<u>16,592,692,455.39</u>
Total liabilities and shareholders' equity	<u>186,991,515,733.38</u>	<u>192,061,617,466.46</u>	<u>232,088,111,706.07</u>

LC BANK'S BUSINESSES

The LC Bank primarily concentrates on the following business areas: deposits, lending short-term, mid-term and long-term loans, domestic settlement, discounting bills, issuing, cashing and underwriting government bonds as an agency, trading government bonds, inter-bank borrowings, issuing financial bonds, providing bank guarantees, collecting and settling payments, safe box services, entrusted deposits and loan services, foreign currency deposits, foreign currency loans and remittances, foreign currency exchange, international settlement, inter-bank borrowing of foreign currency, acceptance and discounting of foreign currency bills, foreign currency guarantees, settling and selling foreign currency, foreign currency exchange as an agency, settling foreign credit card payment as an agency, insurance service as an agency (with permit), selling securities investment funds as an agency, foreign currency exchange trading and other businesses approved by the China banking regulatory authorities.

For the year ended on December 31, 2016, the LC Bank has achieved a return on average assets of 0.9%, a cost-income ratio of 32.84% and a non-performing loan ratio of 1.69%. As of the end of December 31, 2016, the LC Bank's total assets amounted to RMB232.1 billion, an increase of RMB39.9 billion as compared to the same period in 2015.

Corporation business

The LC Bank has made significant efforts in the last few years to further increase the depth of its businesses with corporations. It has positioned itself as a government bank and focused on attracting small to medium-sized enterprises. As of December 31, 2016, the LC Bank had the balance of deposits of RMB111.3 billion, representing an increase of RMB1.3 billion or 2.14% as compared to the beginning of 2016. In particular, in 2016, the LC Bank has concentrated its efforts on building itself as a government bank and strengthening its involvement in the provision of government public services and new government financing provisions, including a program for credit extension of government purchased services.

Individual business

The LC Bank conducts its individual business mainly through attracting individual deposits and issuing individual loans. It has been engaged in loan issuance for second-hand housing, credit card instalment payment business, general home loans and other products targeted at individual consumers. The LC Bank may partner with third party institutions on individual loan projects and offer diversified value-added services such as credit card issuance and personal finance management. As of December 31, 2016, the balance of individual deposits of the LC Bank was RMB46.3 billion, representing an increase of RMB2.1 billion or 4.9% as compared with the beginning of 2016. The balance of individual loans as of December 31, 2016 was RMB31.2 billion, representing an increase of RMB5.7 billion or 22.5% as compared to the beginning of 2016.

Other businesses

The LC Bank is engaged in a number of other businesses, including international business, financial market business, asset management business and E-banking business. It offers a number of international business products, including inter-bank product of payment agency and overseas credit card issuance. For financial market business, the LC Bank offers a series of financial products including investment products and bond issuance. For LC Bank's asset management business, it includes, among others, credit asset securitization, underwriting debt financing investments and management of financing instruments. For LC Bank's E-Banking business, it has focused on the development of e-banking clients, which gain 0.3 million customers in 2016. As of December 31, 2016, the LC Bank had 39,700 online corporate banking customers and 0.5 million online personal banking customers.

BOARD OF DIRECTORS

The board of directors of the LC Bank as of the date of this offering circular consists of:

<u>Name</u>	<u>Age</u>	<u>Title</u>
Lu Guofeng	48	Secretary of the Party Committee and Chairman
Cheng Jinsong	49	Deputy Secretary of the Party Committee, Vice Chairman and President of the Bank
Zhang Tao	55	Member of the Party Committee, Executive Director and Vice President of the Bank

Name	Age	Title
Zhang Mengjun	52	Member of the Party Committee, Executive Director and Vice President of the Bank
Wang Wencheng	53	Non-Executive Director
Chen Chaohui	48	Non-Executive Director
Liu Mingchao	37	Non-Executive Director
Zhang Foen	64	Non-Executive Director
Lu Yuyan	40	Non-Executive Director
Jia Jianping	66	Independent director
Lu Jun	55	Independent director
Zhou Zhiwang	44	Independent director
Tan Fulong	44	Independent director
Cai Chuanli	42	Independent director

The business address of the LC Bank's directors is: No. 21, Tiyu Road Guangcheng District, Dongguan, Guangdong.

SHAREHOLDERS

The LC Bank had a total of 2,180,000,000 shares as of December 31, 2016, of which approximately 27.29% were stated-owned. As of December 31, 2016, the largest shareholder of the LC Bank was the Finance Bureau of Dongguan City, which had 484,396,000 shares, representing 22.22% of the total shares of the LC Bank.

GENERAL INFORMATION

The LC Bank's head office is located at No. 21, Tiyu Road Guangcheng District, Dongguan, Guangdong. The LC Bank's website is: <http://www.dongguanbank.cn/Channel/435067>. Information contained on the LC Bank's website is subject to change from time to time and does not form a part of this offering circular. No representation is made by the Company, the Joint Lead Managers, Fiscal Agent, the Agents, or any of their affiliates, employees or professional advisers, and none of the Company, the Joint Lead Managers, the Fiscal Agent, the Agents or any of their affiliates, employees or professional advisers take any responsibility, for any information contained on the LC Bank's website.

MANAGEMENT

DIRECTORS

The board of directors (the “Board”) of the Company is comprised of five directors. The principal focus of the Board is on overall strategic development, internal control system and risk management system. The Board provides guidance on business plans and monitors the results of such plans implemented by the management and reviews and approves its financial objectives and major financial activities.

The members of the Board and senior management as at the date of this Offering Circular are as follows:

<u>Name</u>	<u>Age</u>	<u>Title</u>
CHENG Rulin	54	Chairman of the Board, Chief Executive Officer, President and Secretary of Party Committee
NI Jingdong	53	Director and Secretary of Discipline Committee
YING Changchun	52	Director, Vice President and Member of Party Committee
GAO Jian	42	Director and Vice President
ZHENG Xiaojing	38	Director, Vice President and Member of Party Committee

Board

Mr. CHENG Rulin (程儒林), aged 54, is currently the chairman and president of the Company. From December 1983 to May 1991, He worked at Hefei Water Conservancy Bureau. From May 1991 to November 1996, he worked as secretary of Hefei Municipal People’s Government General Office, editor of Hefei Gazette and secretary of Executive Committee of Hefei Municipal People’s Government. From November 1996 to January 2004, he served as assistant director and deputy director of Beijing liaison office of Hefei City People’s Government and in the meantime served as deputy director of Hefei key project office. From September 2001 to November 2002, he served as deputy director of the general office of Integrated Research Division of State Department Reform Office. From February 2004 till now, he has served as vice president, president and chairman of the Board. During the time, he also served as director of Guoyuan Agricultural Insurance Co., Ltd. and since July 2008, he has served as chairman of Hefei Xingtai Assets Management Co., Ltd. He holds a postgraduate degree.

Mr. NI Jingdong (倪敬東), aged 53, is currently a director, secretary of Discipline Committee and a member of Party Committee. From September 1986 to April 1998, he served as clerk of Hefei Municipal Bureau of Statistics, deputy office director and director of supervision office. From April 1998 to May 2005, he served as branch secretary, director of business department, vice manager and manager of human resources department of Hefei State-owned Assets Holding Co., Ltd. From May 2005 to December 2007, he served as director of Hefei State-owned Assets Holding Co., Ltd. and manager of human resources

department. From November 2005 to February 2008, he served as chairman of the board of Jinfeng Pawn Company. From December 2007 to February 2015, he served as director, secretary of Discipline Committee and a member of Party Committee of Hefei State-owned Assets Holding Co., Ltd. From June 2013 to January 2015, he also served as chairman of the board of Anhui State-controlled Tourism Development Co., Ltd. He holds a postgraduate degree.

Mr. YING Changchun (應長春), aged 52, serves as deputy research scientist of SASAC of Hefei, director of development planning department and director and vice president of the Company. From December 1991 to July 2007, he served as clerk of general department of Hefei Municipal Finance Bureau, deputy director and director of infrastructure department, director of property department of enterprise department. From July 2007 to July 2010, he served as deputy research scientist of SASAC of Hefei and director enterprise reform department. From July 2010 to May 2014, he served as deputy research scientist of SASAC of Hefei and director of development planning department. From 29 May, 2014, he served as vice president of the Company. He holds a postgraduate degree.

Mr. GAO Jian (高健), aged 42, serves as director and vice president of the Company. From September 1993 to May 2003, he served as clerk of Central Bureau of Commerce, director of financial and audit department and economics and management department. From May 2003 to November 2007, he served as deputy director of Commerce Bureau of Luyang District. From November 2007 to August 2010, he served as deputy director of Finance Bureau of Luyang District, deputy director of State-owned Assets Supervision and Administration Commission, deputy director of Investment and Financing Management Center and general manager of State-owned Assets Holding Group. From August 2010 to March 2012, he served as secretary of audit office of Luyang District. From January 2012 to November 2013, he served as vice chairman of CPPCC of District. In July 2012, he also served as director of office and deputy director of command department of Dong and Da reservoir protection project in Luyang District. From February 2009 to February 2013, he served as chairman of the board of Hefei Luyang District Shiyu Micro-Loan Co., Ltd. Since November 2013, he has served as vice president of the Company. He holds a bachelor degree in economic management.

Ms. ZHENG Xiaojing (鄭曉靜), aged 38, serves as director and vice president of the Company. From April 2003 to September 2005, he served as clerk of Foreign Affairs Bureau (Non-Tax Bureau) of Hefei Finance Bureau. From September 2005 to July 2007, he served as clerk of office and deputy director of Hefei Finance Bureau. From July 2007 to July 2009, he served as deputy director of the budget department of Hefei Finance Bureau. From July 2009 to January 2011, he served as deputy director of budget department of Hefei Finance Bureau and deputy director of enterprise financing department under capital market department of corporate finance division of City Financial Management Office. From January 2011 to September 2011, he served as director of guarantee and insurance division of Hefei Finance Office. From September 2011 to August 2014, he served as director of capital market department of Hefei Finance Office. Since August 2014, he has served as vice president of the Company. He holds a postgraduate degree.

PRC LAWS AND REGULATIONS

SASAC APPROVAL

Pursuant to the Enterprise State-owned Assets Law of the People's Republic of China (《中華人民共和國企業國有資產法》) promulgated by the Standing Committee of the National People's Congress on October 28, 2008 and effective since May 1, 2009, and the Interim Regulation on the Supervision and Administration of State-owned Assets of Enterprises (《企業國有資產監督管理暫行條例》) promulgated by the State Council on May 27, 2003 and revised on January 8, 2011, decisions on mergers, divisions, increases or reductions in registered capital, issuance of bonds, profit distributions, dissolutions, applications for bankruptcy and other major events of SOE shall be decided by SASAC which invested in the SOE.

NDRC FILING

On September 14, 2015, the NDRC issued the NDRC Notice, which became effective on the same day. In order to encourage the use of low-cost capital in the international capital markets in promoting investment and steady growth and to facilitate cross-border financing, the NDRC Notice abolishes the case-by-case quota review and approval system for the issuance of foreign debts by PRC enterprises and sets forth the following measures to promote the administrative reform of the issuance of foreign debts by PRC enterprises or overseas enterprises and branches controlled by PRC enterprises:

- steadily promote the administrative reform of the filing and registration system for the issuance of foreign debts by enterprises;
- increase the size of foreign debts issued by enterprises, and support the transformation and upgrading of key sectors and industries;
- simplify the filing and registration of the issuance of foreign debts by enterprises; and
- strengthen the supervision during and after the process to prevent risks.

For the purposes of the NDRC Notice, "foreign debts" means RMB-denominated or foreign currency denominated debt instruments with a maturity of one year or above which are issued offshore by PRC enterprises and their controlled offshore enterprises or branches and for which the principal and interest are repaid as agreed, including offshore bonds and long-term and medium-term international commercial loans, etc. According to this definition, offshore bonds issued by both PRC enterprises and their controlled offshore enterprises or branches shall be regulated by the NDRC Notice.

Pursuant to the NDRC Notice, an enterprise shall: (i) apply to the NDRC for the filing and registration procedures prior to the issuance of the bonds; and (ii) shall report the information on the issuance of the bonds to NDRC within 10 working days after the completion of each issuance. The materials to be submitted by an enterprise shall include an application report and an issuance plan, setting out details such as the currency, volume, interest rate, term, use of proceeds and repatriation details. The NDRC shall decide whether to accept an application within 5 working days of receipt and shall issue an enterprise foreign debt pre-issuance registration certificate within 7 working days of accepting the application.

To issue foreign debts, an enterprise shall meet these basic conditions:

- have a good credit history with no default in its issued bonds or other debts;
- have sound corporate governance and risk prevention and control mechanisms for foreign debts; and
- have a good credit standing and relatively strong capability to repay its debts.

Pursuant to the NDRC Notice, the NDRC shall control the overall size of foreign debts that can be raised by PRC enterprises and their controlled overseas branches or enterprises. Based on trends in the international capital markets, the needs of the PRC economic and social development and the capacity to repay foreign debts, the NDRC shall reasonably determine the overall size of foreign debts and guide the funds towards key industries, key sectors, and key projects encouraged by the PRC, and effectively support the development of the real economy. When the limit of the overall size of foreign debts has been exceeded, the NDRC shall make a public announcement and shall no longer accept applications for filing and registration. According to the NDRC Notice, the proceeds raised may be used onshore or offshore according to the actual needs of the enterprises, but priority shall be given to supporting the investment in major construction projects and key sectors, such as “The Belt and Road,” the coordinated development of Beijing-Tianjin-Hebei, the Yangtze River Economic Belt, international cooperation on production capacity, and the manufacturing of equipment. As the NDRC Notice is newly published, certain detailed aspects of its interpretation and application remain subject to further clarification.

According to the NDRC Notice, an enterprise shall report the information relating to the issuance of the bonds to the NDRC within 10 PRC working days in the PRC after the completion of the issuance (the “NDRC Post-issuance Report”). The NDRC Notice provides that, in the case where the reported information relating to the issuance of foreign debts significantly varies from the information indicated in the filing and registration application filed with the NDRC the enterprise shall provide an explanation regarding such variance in the NDRC Post-issuance Report. In addition, if an enterprise maliciously and falsely reports the size of its issuance of foreign debts in the Post-issuance Report, the NDRC shall list the enterprise as an enterprise with poor credit in the national credit information platform.

Value Added Tax

On March 23, 2016, the Ministry of Finance and SAT issued the Circular of Full Implementation of Business Tax to 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 confirms that business tax will be completely replaced by value added tax (“VAT”) from May 1, 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, VAT.

According to Circular 36, the entities and individuals providing the services within China shall be subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in China. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon.

It is not clear from the interpretation of Circular 36, if the provision of loans to the Company could be consider services provided within the PRC, which thus could be regarded as the provision of financial services that could be subject to VAT. Furthermore, there is no assurance that the Company will not be treated as “resident enterprises” under the EIT Law. PRC tax authorities could take the view that the holders of the Bonds are providing loans within the PRC because the Company is treated as PRC tax residents. In which case, the issuance of the Bonds could be regarded as the provision of financial services within the PRC that is subject to VAT.

If the Company is treated as PRC tax residents and if PRC tax authorities could take the view that the holders of the Bonds are providing loans within the PRC, the holders of the Bonds shall be subject to VAT at the rate of 6% when receiving the interest payments under the Bonds. In addition, the holders of the Bonds shall be subject to the local levies at approximately 12% of the VAT payment and consequently, the combined rate of VAT and local levies would be around 6.7%. Given that the Company pays interest income to Bondholders who are located outside of the PRC, the Company, acting as the obligatory withholder in accordance with applicable law, shall withhold VAT and local levies from the payment of interest income to Bondholders who are located outside of the PRC.

Where a holder of the Bonds who is an entity or individual located outside of the PRC resells the Bonds to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, theoretically the Circular 36 does not apply and the Company does not have the obligation to withhold the VAT or the local levies. However, there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located within the PRC.

The Circular 36 has been issued quite recently and the above disclosure may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of the Circular 36.

State Council Decisions

According to the Decision of the State Council on the Reform of the Investment System (中共中央國務院關於深化投融資體制改革的意見) effective since July 2004, the PRC government’s approval is required only when the projects are of importance or in restricted industries according to public interest and security. For all other projects, regardless of their size or scale, filing at the relevant government agency is sufficient. Furthermore, the PRC government shall strictly limit the scope of its approval power and such scope shall be determined by the Catalogue of Investment Projects Subject to the Approval of Government (2016) 由政府核准的投資項目目錄 (2016年本)) (the “Catalogue”) as approved by the State Council. Without the State Council’s specific authorisation on doing so, local government shall not discretionarily expand or reduce the scope of the Catalogue.

Pursuant to the Catalogue as amended in December 2016, the direct current projects with a voltage of $\pm 500\text{KV}$ or more crossing the border or covering two or more provinces (autonomous regions or municipalities directly under the central government), and the alternating current projects with a voltage of 500KV, 750KV or 1,000KV crossing the border or covering two or more provinces (autonomous regions or municipalities directly under the central government) are subject to approval by the investment administrative department of the State Council, among which the direct current projects with a voltage of $\pm 800\text{KV}$ or more,

and the alternating current projects with a voltage of 1,000KV shall be reported to the State Council; the direct current projects with a voltage of ± 500 KV or more without crossing the border or covering two or more provinces (autonomous regions or municipalities directly under the central government), and the alternating current projects with a voltage of 500KV, 750KV or 1,000KV without crossing the border or covering two or more provinces (autonomous regions or municipalities directly under the central government) are subject to the approval by the provincial government according to the plan prepared by the state. The rest of projects are subject to the approval by the local government according to the plan prepared by the state.

Administrative License Law

Pursuant to the PRC Administrative License Law (中華人民共和國行政許可法), which became effective since July 2004, the administrative authority shall, after the examination in accordance with law, grant approval for engaging in certain activities to citizens, legal persons and other organisations upon their application. The imposition and implementation of administrative licensing shall be consistent with the authority, scope, conditions and procedures set forth by the law and follow the principles of publicity, fairness, impartiality, convenience for the public. The administrative licenses lawfully obtained by a citizen, a legal entity or other forms of organisations shall be protected by law. The administrative authority shall not alter an effective administrative license without legal basis.

Environmental Protection Law

The Environmental Protection Law of the PRC (中華人民共和國環境保護法) (the “Environment Protection Law”), which became effective since December 1989 and was amended in April 2014 and became effective since January 2015, is the principle law regulating the environmental protection within the PRC. It provides that all entities and individuals shall have the obligation to protect the environment and shall have the right to report on or file charges against the entities or individuals that cause pollution or damage to the environment. The competent department of environmental protection administration under the State Council shall conduct unified supervision and management of the environmental protection work throughout the country. Any violation of the Environmental Protection Law shall, according to the circumstances of the case, be warned, fined or penalised by the competent environmental protection administration.

The Law on Assessment of Environment Impact and the Catalogue for the Classified Administration of Environmental Impact Assessment for Construction Projects

Under the Law of the PRC on Assessment of Environment Impact (中華人民共和國環境影響評價法) which became effective since September 2003 and was amended in 2016, environment impact assessment documents consist of the report of environmental impact, the report form of environmental impact and the registration form of environmental impact according to the seriousness of the relevant environmental impact. Power transmission and transformation projects, according to the Catalogue for the Classified Administration of Environmental Impact Assessment for Construction Projects (環境保護部審批環境影響評價文件的建設項目目錄) (2015 Revision), executed in June 2015, shall obtain the following formats of environment impact assessment documents under different situations:

- Report of environmental impact for the construction projects with a voltage of 500 KV or above or the construction projects with a voltage of 330 KV or above and related to sensitive environmental areas; or
- Report form of environmental impact for other construction projects.

The Land Administration Law

The PRC resorts to a land regime under public ownership, according to which the land is either owned by the State or by collective economic organisations. Entities or individuals are allowed to acquire the land use right in accordance with the laws. According to the Land Administration Law of the PRC (中華人民共和國土地管理法) which became effective since January 1987 and was recently amended in August 2004, a land user shall compensate for the use of State-owned land unless the land use right is obtained through allocation by the State in accordance with the law. The State sets up general plans of land usage which classify the land as agricultural land, construction land and unused land. The entities and individuals who use the land shall strictly comply with the land usage plan.

According to the Interim Regulations of the PRC concerning the Assignment and Transfer of the Right to Use State-owned Land in the Urban Areas (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) which became effective since May 1990 and the Interim Rules on Administration of Allocated Land Use Right which became effective since March 1992, the right to use State-owned land can mainly be obtained through assignment, transfer and allocation.

- The assignment of the land use right refers to the act of the State as the owner of the land who, within the term of a certain number of years, assigns the land use right to users, who shall in turn pay fees for the assignment thereof to the State. Under this approach, an assignment contract shall be concluded between the State and the users. In respect of the land intended for industrial purposes, the maximum term of the assigned land use right is generally 50 years. The assignment of the land use right may be carried out by the following means: (i) by invitation to bid; (ii) by auction; or (iii) by listing for sale.
- The transfer of the land use right refers to the land use right owner's act of re-assigning the right to use land, including the sale, exchange, and donation thereof. Under this approach, a transfer contract shall be concluded between the transferor and transferee. The transferee shall acquire the term of use which is the remainder of the term specified in the original assignment contract concluded by the transferor minus the years which have been used. With the transfer of the land use right, the ownership of the buildings and other fixtures thereon shall be transferred accordingly.
- The allocated land use right refers to the land use right acquired in accordance with the law, by certain means, and without compensation. Generally, the allocated land use right may not be transferred, leased, or mortgaged.

The Urban and Rural Planning Law

The Urban and Rural Planning Law of the PRC (中華人民共和國城鄉規劃法), which became effective since January 2008 and was amended in April 2015, regulates the formulation and implementation of urban and rural planning and construction activities within the planned areas. Entities and individuals shall obtain a construction land planning permit and a construction project planning permit prior to their commencement of actual construction activities. In respect of any violations of any urban and rural planning, any entity or individual is entitled to report to or file charges with the competent urban and rural planning authority.

The Labour Contract Law and Regulations on the Implementation of the Labour Contract Law

The Labour Contract Law of the PRC (中華人民共和國勞動合同法), which became effective since January 2008 and was amended in December 2012, together with its implementation regulations as effective since September 2008, emphasises the conclusion of employment contracts in written form and imposes severe penalties for non-compliances. If the employer fails to conclude a written employment contract with an employee within the period of one month to one year after the actual commencement of work, the employer must pay the employee double salary for every month within the actual employment term. If the employer fails to conclude a written employment contract with an employee for more than one year after the actual commencement of work, an unfixed-term of contract is deemed to have been concluded. Enterprises and institutions are forbidden from forcing employees to work beyond the statutory time limits and the employers shall pay employees for overtime work in accordance with national regulations.

The Social Security Law

Under the Social Security Law of the PRC (中華人民共和國社會保險法) which became effective since July 2011, the State establishes social insurance systems such as basic pension insurance, basic medical insurance, occupational injury insurance, unemployment insurance and maternity insurance so as to ensure that citizens shall receive assistance from the State and the society at the time of retirement, sickness, occupational injury, unemployment and maternity. Individuals may enjoy social insurance benefits and are entitled to supervise the status of premium payment by their employers for them in accordance with the law.

TAXATION

The following summary of certain PRC tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at 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 holder of the Bonds 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 advisers concerning the possible tax consequences of buying, holding or selling any Bonds under the laws of the PRC and their country of citizenship, residence or domicile.

PRC

Enterprise Income Tax

Pursuant to the EIT Law and its implementation regulations and Individual Income Tax Law of the PRC, which was amended on June 30, 2011 and took effect on September 1, 2011, and its implementation regulations, an income tax is imposed on payment of interest by way of withholding in respect of debt securities, issued by PRC enterprises to non-PRC Bondholders, including non-PRC resident enterprises and non-PRC resident individuals. The current rates of such income tax are 10 per cent. for non-PRC resident enterprises and 20 per cent. for non-PRC resident individuals. 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 10 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 withholding and such PRC enterprise shall withhold the tax amount from each 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-PRC resident enterprise Bondholders. The tax so charged on interests paid on the Bonds to non-PRC Bondholders who, or which are residents of Hong Kong (including enterprise holders and individual holders) as defined in the Arrangement will be 7 per cent. of the gross amount of the interest pursuant to the Arrangement and relevant interpretation of the Arrangement formulated by the State Administration of Taxation of China. To enjoy this preferential tax rate of 7 per cent., the Issuer could apply, on behalf of the Bondholders, to the State Administration of Taxation of the PRC for the application of the tax rate of 7 per cent. in accordance with the Arrangement on the interest payable in respect of the Bonds.

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 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 Individual Income Tax 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 realised on the transfer of the Bonds by such non-resident Bondholders are regarded as derived from sources within the PRC, such gains may also be subject to PRC income tax. The 10 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, 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.

VAT

On March 23, 2016, the Ministry of Finance and the State Administration of Taxation (“SAT”) issued the Circular of Full Implementation of Business Tax to VAT 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 confirms that business tax will be completely replaced by VAT from May 1, 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, VAT.

According to Circular 36, the entities and individuals providing the services within China shall be subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in China. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of Bonds is likely to be treated as the holders of the Bonds providing loans to the Company, which thus shall be regarded as financial services subject to VAT. Further, given that the Company is located in the PRC, the holders of the Bonds would be regarded as providing the financial services within China and consequently, the holders of the Bonds shall be subject to VAT at the rate of 6% when receiving the interest payments under the Bonds. In addition, the holders of the Bonds shall be subject to the local levies at approximately 12% of the VAT payment and consequently, the combined rate of VAT and local levies would be around 6.72%. Given that the Company pays interest income to Bondholders who are located outside of the PRC, the Company, acting as the obligatory withholder in accordance with applicable law, shall withhold VAT and local levies from the payment of interest income to Bondholders who are located outside of the PRC.

Where a holder of the Bonds who is an entity or individual located outside of the PRC resells the Bonds to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, theoretically Circular 36 does not apply and the Company does not have the obligation to withhold the VAT or the local levies. However, there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC.

Circular 36 has been issued quite recently, the above statement may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

Pursuant to the EIT Law, the Business Tax Laws and the VAT reform detailed above, the Company shall withhold EIT, (should such tax apply) from the payments of interest in respect of the Bonds for any non-PRC resident Bondholder and the Company shall withhold business tax or VAT (should such tax apply) from the payments of interest in respect of the Bonds for any Bondholders located outside of the PRC.

Subject to certain exceptions, the Company has agreed to pay additional amounts to Bondholders so that Bondholders would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions. The requirement to pay additional amounts as a result of any such PRC withholding tax will increase the cost of servicing the debt and could have an adverse effect on the Company financial condition.

No PRC stamp duty will be imposed on non-resident holders either upon issuance of the Bonds or upon a subsequent transfer of Bonds to the extent that the register of holders of the Bonds is maintained outside the PRC and the issue and the sale of the Bonds is made outside of the PRC.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to modification and other than the words in italics, is the text of the Terms and Conditions of the Bonds which will appear on the reverse of each of the definitive certificates evidencing the Bonds:

The issue of the US\$100,000,000 in aggregate principal amount of 3.5 per cent. credit enhanced bonds due 2020 (the “Bonds”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) was authorised by a resolution of the board of directors of Hefei Xingtai Financial Holding Group Co., Ltd. (the “Issuer”) passed on September 28, 2016. The Bonds are subject of a fiscal agency agreement (as amended or supplemented from time to time, the “Agency Agreement”) dated on or about December 29, 2017 between the Issuer and Citicorp International Limited (the “Fiscal Agent”, which expression shall include any successor Fiscal Agent appointed from time to time in connection with the Bonds), Citibank, N.A., London Branch as principal paying agent (the “Principal Paying Agent”), as registrar (the “Registrar”) and as transfer agent (the “Transfer Agent”) and any other agents named therein, and DBS Bank Ltd. as the account bank (the “Pre-funding Account Bank”) where the Pre-funding Account (as defined below) is held, DBS Bank Ltd. as the account bank (the “LC Proceeds Account Bank”) where the LC Proceeds Account (as defined below) is held and other agents named in it and the Standby Letter of Credit (as defined below). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement, which includes the form of the Bonds. Copies of the Agency Agreement are available for inspection with prior written notice during normal business hours (being between 9.00 a.m. and 3.00 p.m.) at the specified office of the Fiscal Agent (being as at the date of issue of the Bonds at 39/F Champion Tower, Three Garden Road, Central, Hong Kong). “Agents” means the Fiscal Agent, the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds. The Bonds will have the benefit of an irrevocable standby letter of credit dated on or about December 22, 2017 (“Standby Letter of Credit”), issued by Bank of Dongguan Co., Ltd. (the “LC Bank”). The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Standby Letter of Credit.

All capitalised terms that are not defined in these terms and conditions (the “Conditions”) will have, unless the context otherwise requires, the meanings given to them in the Agency Agreement.

1. Form, Specified Denomination and Title

The Bonds are issued in the specified denomination of US\$200,000 and integral multiples of US\$1,000 in excess thereof.

The Bonds are represented by registered certificates (“Certificates”) and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Bonds by the same holder.

Title to the Bonds shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “Register”). Except as ordered by a court of competent jurisdiction or as required by law, the

holder (as defined below) of any Bond shall be deemed to be and may 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 representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, “Bondholder” and, in relation to a Bond, “holder” mean the person in whose name a Bond is registered.

Upon issue, the Bonds will be represented 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 (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”). The Conditions are modified by certain provisions contained in the Global Certificate. See “Summary of Provisions Relating to the Bonds in Global Form”.

Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

2. Transfers of Bonds and Delivery of New Certificates

- (a) **Transfer:** A holding of Bonds may, subject to Conditions 2(d) and 2(e), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or the relevant Transfer Agent may require. In the case of a transfer of part only of a holding of Bonds represented 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 shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

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

- (b) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within seven business days of receipt of a duly completed form of transfer or Put Exercise Notice (as defined in Condition 6(c)) and surrender of the existing Certificate(s). 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 or Put Exercise Notice and Certificate 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 Put Exercise Notice 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 2(b), “business day” means a day, other than a Saturday or Sunday or public holiday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

- (c) **Transfer or Exercise Free of Charge:** Certificates, on transfer, shall be issued and registered without charge to the relevant Bondholder by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment by the relevant Bondholder of any and all tax or other governmental charges that may be imposed in relation to them (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require in respect thereof).
- (d) **Closed Periods:** No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Bond, (ii) after a Put Exercise Notice has been deposited in respect of such Bond pursuant to Condition 6(c), (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)), or (iv) during the period of 15 days prior to (and including) any date on which Bonds may be called for redemption by the Issuer pursuant to Condition 6(b).
- (e) **Regulations:** All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfer and registration of Bonds scheduled to the Agency Agreement. Each of the Issuer and the Registrar may change the regulations from time to time, with the prior written approval of the Fiscal Agent and (in the case of any regulation proposed by the Issuer) of the Registrar. A copy of the current regulations will be mailed (free of charge to the Bondholder and at the Issuer’s expense) by the Registrar to any Bondholder upon written request and is available at the specified office of the Registrar.

3. Status, Standby Letter of Credit and Pre-funding

(A) Status

The Bonds constitute direct, unsubordinated, unconditional and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank *pari passu* with all the Issuer’s other present and future unsecured and unsubordinated obligations.

(B) Standby Letter of Credit and Pre-funding

The Bonds have the benefit of the Standby Letter of Credit, issued in favor of the Bondholders, which shall initially be Pingan Bank Co. Ltd., by the LC Bank. The Standby Letter of Credit shall be drawable by the Bondholders upon the presentation of a demand by authenticated SWIFT sent by the Bondholders to the LC Bank to the effect that (i) the Issuer has failed to comply with this Condition 3(B) in relation to pre-funding an amount that is payable under these Conditions and/or failed to provide the Required Confirmations (as defined in this Condition

3(B)) in accordance with this Condition 3(B) or (ii) an Event of Default (as defined in Condition 9) has occurred and the Bondholders have given notice to the Issuer that the Bonds are immediately due and payable in accordance with Condition 9 or (iii) the Issuer has failed to pay the fees, costs, expenses, indemnity payments and all other amounts in connection with the Bonds and/or the Agency Agreement when due and such failure continues for a period of seven days from the date the Bondholders delivered its demand therefor to the Issuer.

Each drawing on the Standby Letter of Credit will be payable in United States dollars to or to the order of the Bondholders at the time and to the account specified in the demand presented to the LC Bank. Payment received in respect of a demand will be deposited into the LC Proceeds Account.

Every payment made under the Standby Letter of Credit in respect of any amount payable under these Conditions or in connection with the Bonds or the Agency Agreement shall, to the extent of the drawing paid to or to the order of the Beneficiary, satisfy the obligations of the Issuer in respect of such amount payable under these Conditions or in connection with the Bond or the Agency Agreement.

The LC Bank's liability under the Standby Letter of Credit shall be expressed and payable in United States dollars and shall not, in aggregate, exceed US\$102,750,000 (the "Maximum Limit"). The Standby Letter of Credit expires at 5:00 p.m. (Beijing time) on January 21, 2021.

In order to provide for the payment of any amount in respect of 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 Business Day (the "Pre-funding Date") falling ten Business Days prior to the due date for such payment under these Conditions:

- (i) unconditionally pay or procure to be paid the Relevant Amount into the Prefunding Account; and
- (ii) deliver to the Pre-funding Account Bank by facsimile (x) a Payment and Solvency Certificate signed by any Authorized Signatory of the Issuer, 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 has been 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. (Beijing time) on the Business Day immediately preceding the due date for such payment (together, the "Required Confirmations").

If the Relevant Amount has not been paid into the Pre-funding Account in full, or the Pre-funding Account Bank does not receive the Required Confirmations, in each case by 10:00 a.m. (Beijing time) on the Business Day immediately following the Pre-funding Date, the Pre-funding Account Bank shall as soon as practicable notify the Bondholders, the LC Bank and the LC Proceeds Account Bank by facsimile or through the relevant clearing systems of the Issuer's failure to pre-fund the Relevant Amount in full and/or provide the Required Confirmations in accordance with these Conditions, and the Bondholders shall by no later than 11:00 a.m. (Beijing time) on

the second Business Day following the Pre-funding Date issue a demand notice under the Standby Letter of Credit to the LC Bank for amounts representing, in aggregate, 100 per cent. of the Relevant Amount (or if the Issuer has unconditionally paid or procured to be paid into the Pre-funding Account an amount less than the full amount of the Relevant Amount and the Pre-funding Account Bank has received Required Confirmations in respect of such lesser amount, amounts representing, in aggregate, 100 per cent. of the difference between (x) the full amount of the Relevant Amount and (y) the amount received in the Pre-funding Account) in accordance with the Standby Letter of Credit (each a “Demand”). The Bondholders, may, but need not physically present such Demands to the LC Bank and shall be entitled to submit such Demands by authenticated SWIFT. After receipt by the LC Bank of such Demand, the LC Bank shall by 11:00 a.m. (Beijing time) on the second Business Day immediately following receipt of such Demand (or, if such Demand is received after 11:00 a.m. (Beijing time) on a Business Day, the third Business Day immediately following receipt of such Demand), pay to or to the order of the Bondholders the amount in United States dollars specified in the Demand to the LC Proceeds Account. Any such Demand will be subject to the Maximum Limit.

For the purposes of these Conditions:

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which banks are open for business in Beijing and Hong Kong;

“**LC Proceeds Account**” means a non-interest bearing United States dollar account established in the name of the Bondholders with the LC Proceeds Account Bank;

“**Pre-funding Account**” means a non-interest bearing United States dollar account established in the name of the Issuer with the Pre-funding Account Bank; and

“**Payment and Solvency Certificate**” means a certificate stating the Relevant Amount in respect of the relevant due date in respect of the Bonds and confirming that (a) payment of the Relevant Amount has been made by the Issuer to the Pre-funding Account in accordance with Condition 3(B), and (b) the Issuer is solvent, in substantially the form set forth in the Agency Agreement.

4. Negative Pledge; Undertakings relating to the Bonds; Financial Statements

- (a) **Negative Pledge:** So long as any Bond remains outstanding (as defined in the Agency Agreement), the Issuer will not, and will ensure that none of its Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or to secure any guarantee or indemnity in respect of any such Relevant Indebtedness, without at the same time or prior thereto according to the Bonds (a) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (b) such other security as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Bondholders.

(b) **Undertakings relating to the Bonds:** The Issuer undertakes:

- (i) that it will (A) within five PRC Business Days after the Issue Date, register or cause to be registered with the State Administration of Foreign Exchange (“SAFE”) the Bonds pursuant to the Administrative Measures for Foreign Debt Registration and its operating guidelines, effective as of May 13, 2013 and the PBOC Circular on Issues Relating to the Macro-prudential Management of Overall Cross-border Financing issued by the PBOC on January 11, 2017, other applicable operating guidelines of SAFE and enquiries to local SAFE (“Foreign Debt Registration”), (B) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record from SAFE on or before the Registration Deadline and (iii) comply with all applicable PRC laws and regulations in relation to the Bonds;
- (ii) to file or cause to be filed with the National Development and Reform Commission of the PRC (the “NDRC”) the requisite information and documents, within 10 PRC Business Days after the Issue Date and in accordance with the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates promulgated by the NDRC on September 14, 2015 which came into effect immediately and any implementation rules as issued by the NDRC from time to time (the “Post-Issuance Filing”) and to comply with all applicable PRC laws and regulations in relation to the issue of the Bonds; and
- (iii) shall before the Registration Deadline and within five PRC Business Days after submission of the NDRC Post-issue Filing and receipt of the registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE), provide the Bondholders with (A) a certificate in English by an authorised signatory of the Issuer confirming (I) the completion of the NDRC Post-issue Filing and the Foreign Debt Registration and (II) no Change of Control, Event of Default or any event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 9 become an Event of Default has occurred; and (B) copies (each certified as true copies of the originals by a director of the Issuer) of the relevant documents evidencing due filing with the NDRC and SAFE registration certificates, any other document evidencing the completion of filing confirmed by NDRC and the registration issued by SAFE and the particulars of filing and registration (the items specified in (A) and (B) together, the “Registration Documents”).

The Fiscal Agent shall have no obligation or duty to:

- (i) monitor, assist with or ensure the completion of the Foreign Debt Registration with SAFE on or before the Registration Deadline and the Post-Issuance Filing with the NDRC within 10 PRC Business Days after the Issue Date;
- (ii) verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the Post-Issuance Filing and/or the Foreign Debt Registration and/or the Registration Documents; or

- (iii) give notice to the Bondholders confirming the completion of the Post-Issuance Filing and the Foreign Debt Registration, and shall not be liable to Bondholders or any other person for not doing so.
- (iv) **Financial Statements:** So long as any Bond remains outstanding, the Issuer shall furnish the Bondholders with a Compliance Certificate of the Issuer and a copy of the relevant Issuer Audited Financial Reports within 150 days of the end of each Relevant Period prepared in accordance with PRC GAAP (audited by the Issuer's then existing external auditor or a nationally recognised firm of independent accountants).

In these Conditions:

"Compliance Certificate" means a certificate of the Issuer in English signed by any of its directors, chief executive officer or chief financial officer who are also authorised signatories of the Issuer that, having made all reasonable enquiries, to the best knowledge, information and belief of the Issuer as at a date (the "Certification Date") not more than five calendar days before the date of the certificate that:

- (i) no Relevant Event (as defined in Condition 6(c)), Event of Default (as defined in Condition 9) or Potential Event of Default has occurred since the Certification Date of the last such certificate or (if none) the date of the Agency Agreement or, if such an event had occurred, giving details of it; and
- (ii) the Issuer has complied with all its covenants and obligations under the Agency Agreement and the Bonds.

"Control" means (where applicable): (i) the ownership, acquisition or control of more than 50 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, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise and the terms "controlling" and "controlled" have meanings correlative to the foregoing;

"Issue Date" means December 29, 2017;

"Issuer Audited Financial Reports" means, for a Relevant Period the annual audited consolidated financial statements 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, prepared in accordance with the applicable PRC GAAP;

"Issuer Unaudited Financial Reports" means, for a Relevant Period, the semi-annual (or any other interim reporting period required by applicable law or regulations) unaudited consolidated financial statements 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;

a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state, agency of a state (in each case whether or not being a separate legal entity);

“**Potential Event of Default**” means an event or circumstance which could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 9 become an Event of Default;

“**PRC**” means the People’s Republic of China, and for the purpose of these Conditions only, excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan;

“**PRC Business Day**” means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in the PRC;

“**PRC GAAP**” means the Accounting Standards for Business Enterprises in China issued by the Ministry of Finance of the PRC from time to time;

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

“**Registration Deadline**” means the day falling 90 Registration Business Days after the Issue Date or, with respect to further issues pursuant to Condition 15, the issue date of such further issues;

“**Relevant Indebtedness**” means any indebtedness incurred outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market. For the avoidance of doubt, Relevant Indebtedness shall not include any indebtedness under any transferrable loan facility, bilateral bank loan or syndicated bank loan (including any drawing down of any existing credit line or facility of the Issuer or any of its Subsidiaries);

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

a “**Subsidiary**” of any person means (i) any company or other business entity of which that person owns or Controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (ii) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws, 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

“**Voting Rights**” means the right generally to vote at a general meeting of shareholders of a person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency, and any such voting power shall therefore be excluded for the purpose of this definition).

5. Interest

The Bonds bear interest on their outstanding principal amount from and including December 29, 2017 at the rate of 3.5 per cent. per annum, payable semi-annually in arrear in equal instalments of US\$17.50 per Calculation Amount (as defined below) on June 29 and December 29 in each year (each an “Interest Payment Date”) commencing on June 29, 2018.

Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal 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 (a) the date on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder, and (b) the date falling seven days after the Fiscal Agent 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 Bondholder under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including December 29, 2017 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 US\$1,000 in principal amount of the Bonds (the “Calculation Amount”). The amount of interest payable per Calculation Amount for any period shall (save as provided above in relation to equal instalments) be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

Neither the Fiscal Agent nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption and shall not be liable to the Bondholders or any other person for not doing so.

6. Redemption and Purchase

- (a) **Final Redemption:** Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on December 29, 2020. 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 to the Bondholders (which notice shall be irrevocable), at their principal amount together with any interest accrued up to, but excluding the date fixed for redemption, if (i) that the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in Condition 8) 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, which change or amendment becomes effective on or after December 29, 2017 ; and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, *provided* that no such notice of redemption 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 publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver to the Bondholders (A) a certificate signed by two directors of the Issuer who are also authorised signatories of the Issuer 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 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 amendments, in which event the same shall be conclusive and binding on the Bondholders. All Bonds in respect of which any notice of redemption is given under Condition 6(b) shall be redeemed on the date specified in such notice in accordance with this Condition 6(b).

- (c) **Redemption for Relevant Events:** At any time 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 that holder's Bonds on the Put Settlement Date (as defined below) at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together with any interest accrued up to but excluding such Put Settlement Date. In order to exercise such right, the holder of the relevant Bond must deliver to the Issuer a duly completed and signed notice of redemption, in the form for the time being then current, obtainable from the specified office of the Principal Paying Agent or any other Paying Agent (a "Put Exercise Notice"), and deposit at the specified office of the Principal Paying Agent or any other Paying Agent the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16.

The "Put Settlement Date" shall be the fourteenth day (in the case of a redemption for a Change of Control) or the fifth day (in the case of a redemption for a No Registration Event)

after the expiry of such period of 30 days as referred to above. A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

The Issuer shall give notice in writing to Bondholders in accordance with Condition 16 and to the Fiscal Agent and the Principal Paying Agent in writing by not later than 14 days (in the case of a redemption for a Change of Control) or five PRC Business Days (in the case of a redemption for a No Registration Event) following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 6(c).

In this Condition 6(c):

a “**Change of Control**” occurs when:

- (i) State-owned Assets Supervision and Administration Commission of People’s Government of Hefei City (“Hefei SASAC”) ceases to, directly or indirectly, own or control 51 per cent. of the issued share capital of the Issuer;
- (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person or persons, acting together, except where such person(s) is/are Controlled, directly or indirectly by the Hefei SASAC; or
- (iii) a plan relating to the liquidation or dissolution of the Issuer is adopted;

a “**No Registration Event**” occurs when the Registration Conditions have not been satisfied in full on or before the Registration Deadline;

“**Registration Conditions**” means the receipt by the Bondholders of (i) a certificate in English signed by a director of the Issuer who is also an authorised signatory of the Issuer confirming the completion of the Foreign Debt Registration; and (ii) copies of the SAFE registration certificate, any other document evidencing the registration issued by SAFE and the particulars of registration, each certified in English by a director of the Issuer who is also an authorised signatory of the Issuer as being a true and complete copy of the original; and

a “**Relevant Event**” means a Change of Control or a No Registration Event.

- (d) **Notices 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 such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Bond (which shall include any 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 and in the event of two notices being given on the same date, the first to be given shall prevail.

- (e) **Purchase:** The Issuer and 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, among other things, the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 9, 12(a) and 13.
- (f) **Cancellation:** All Certificates representing Bonds purchased by or on behalf of the Issuer and its Subsidiaries shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so surrendered for cancellation 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 the Principal Paying Agent if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in Condition 7(a)(ii) below.
- (ii) Interest on each Bond shall be paid on the due date to the person 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 U.S. dollars by cheque drawn on a bank and mailed to the holder (or to the first named of joint holders) of such Bond at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, or at the option of the relevant Paying Agent, such payment of interest may be made by transfer to an account in U.S. dollars maintained by the payee with a bank.

So long as the Global Certificate is held on behalf of Euroclear and Clearstream or any other clearing system, 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 December 25 and January 1.

- (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 by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. 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.

- (b) **Payments subject to Fiscal Laws:** All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives 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 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreement thereunder, any official interpretations thereof, or (without prejudice to 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:** Where payment is to be made by transfer to an account in U.S. dollars, payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated, and where payment is to be made by cheque, the cheque will be mailed, on the due date for payment (or, if that date 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 or premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a Payment Business Day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.
- (d) **Appointment of Agents:** Each of the Agents initially appointed by the Issuer and their respective specified offices are listed below. Each of the Agents act solely as agents of the Issuer 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 Fiscal Agent to vary or terminate the appointment of the Principal Paying Agent, the Registrar or the Transfer Agent and to appoint additional or other Paying Agents and/or Transfer Agents, *provided* that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, and (iv) such other agents as may be required by the stock exchange on which the Bonds may be listed, in each case, as approved in writing by the Fiscal Agent. Notice of any such change or any change of any specified office shall promptly be given by the Issuer to the Bondholders in accordance with Condition 16.
- (e) **Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay in receiving the amount due on a Bond if the due date is not a Payment Business Day, or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).
- (f) **Non-Payment Business Days:** If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day, nor to any interest or other sum in respect of such postponed payment or if a cheque mailed in accordance with Condition 7(a)(ii) arrives after the due date. In this Condition 7, “Payment Business Day” means a day (other than a Saturday, a Sunday or a public holiday) on which banks and foreign exchange markets are generally open for business and settlement of U.S. dollars payments in Hong Kong and New York City and (if surrender of the relevant Certificate is required) the relevant place of presentation.

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, 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 the Issuer by or within the PRC at the rate of up to 10 per cent. (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 amount 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, then 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:

- (a) **Other Connection:** to 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
- (b) **Lawful avoidance of withholding:** to a holder, 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 representing the Bond is presented for payment; or
- (c) **Surrender more than 30 days after the Relevant Date:** in respect of which the Certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days (as if such last day were a Payment Business Day).

References in these Conditions to principal, premium 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 Agency Agreement.

In this Condition 8, “**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 falling seven days after that on which notice is duly given to the

Bondholders that, upon further surrender of the Certificate representing such Bond being made in accordance with the Conditions, such payment will be made, *provided* that payment is in fact made upon such surrender.

None of the Agents 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 none of them shall be responsible or liable for any failure by the Issuer, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

9. Events of Default

If any of the following events (each an “Event of Default”) occurs and is continuing:

(A) With respect to the Issuer:

- (a) **Non-Payment:** there has been a failure to pay (i) the principal of or any premium (if any); or (ii) interest on any of the Bonds when due within 14 days of the due date for payment thereof; or
- (b) **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 Agency Agreement (other than where such default gives rise to a Bondholder right to require the redemption of the Bonds pursuant to Condition 6(c)), which default is incapable of remedy or, if such default is capable of remedy, such default is not remedied within 30 calendar days after written notice of such default shall have been given to the Issuer by the Fiscal Agency; *provided* that if there has been a breach by the Issuer of its obligations to pre-fund any amount in respect of the Bonds and/or to provide the Required Confirmations in accordance with Condition 3(B) and such amount has subsequently been paid by the LC Bank following a drawing on the Standby Letter of Credit to or paid to holders of the Bonds, then such breach will not constitute an Event of Default under this Condition 9(A)(b); or
- (c) **Cross-Default:** (i) any other present or future indebtedness of the Issuer or any of its respective Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) 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 (as extended by any originally applicable grace period), *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(c) have occurred equals or exceeds

US\$20.0 million 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(c) operates); or

- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against 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 60 calendar days; or
- (e) **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 all or any material part of its assets 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 60 calendar days; or
- (f) **Insolvency:** the Issuer or any of its Principal Subsidiaries (i) is (or is deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt, or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or any material part of its debts as they fall due, or (ii) 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 *provided*, for the avoidance of doubt, this sub-clause (ii) shall not apply to an assignment, arrangement or composition with creditors entered into by the Issuer or any Principal Subsidiary on a solvent basis with respect to the indebtedness of any Principal Subsidiary (or any guarantee thereof granted by the Issuer) and on terms as notified to the Bondholders through a notice to be delivered on or before the commencement of such assignment, arrangement or composition, which notice should confirm that such assignment, arrangement or composition is conducted on a solvent basis and will not affect the Issuer's ability to perform its obligations under the Bonds and the Agency Agreement; or
- (g) **Winding-up:** an order is made by a court of competent jurisdiction or an effective resolution is 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 a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary of the Issuer, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of its Principal Subsidiaries; or
- (h) **Government Intervention:** (i) all or any substantial part of the assets or undertaking of the Issuer and any of its Principal Subsidiaries (taken as a whole) is seized, compulsory acquired or expropriated by any person acting under the authority of any national, regional or local government (ii) the Issuer

or any of its Subsidiaries is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets and revenues; or

- (i) **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 (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Agency Agreement, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds and the Agency Agreement and admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or
- (j) **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 and/or the Agency Agreement; or
- (k) **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
- (l) **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(d) to 9(g) (both inclusive).

then each Bondholder may declare the principal of the Bonds to be due and payable immediately by written demand given to the Issuer and the Fiscal Agent at the specified office of the Fiscal Agent, unless prior to receipt of such demand by the Fiscal Agent, all such defaults have been cured. The Issuer shall notify Bondholders and the Fiscal Agent promptly upon becoming aware of the occurrence of any Event of Default, but will not be obligated to furnish any periodic evidence as to the absence of defaults.

(B) With respect to the LC Bank

- (a) **Cross-Acceleration:**
 - (i) any other present or future Public External Indebtedness of the LC Bank or any of its Subsidiaries becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any default, event of default or the like (howsoever described) in respect of the terms thereof, or

- (ii) any such Public External Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period,

provided that the aggregate amount of the relevant Public External Indebtedness in respect of which one or more of the events mentioned above in this Condition 9(B)(a) have occurred equals or exceeds US\$50,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the US dollar as quoted by any leading bank on the day on which this Condition 9(B)(a) operates); or

- (b) **Insolvency:** the LC Bank or any of its Subsidiaries is (or is, or could be, 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 a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a material part of its debts, 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 part of the debts of the LC Bank or any of its Subsidiaries; or
- (c) **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 LC Bank or any of its Subsidiaries, or the LC Bank 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 a reconstruction, amalgamation, reorganization, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Subsidiary of the LC Bank, whereby the undertaking and assets of such Subsidiary are transferred to or otherwise vested in the LC Bank or another Subsidiary of the LC Bank; or
- (d) **Authorizations and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorization, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable LC Bank lawfully to enter into, exercise its rights and perform and comply with its obligations under the Standby Letter of Credit (other than with regard to the performance of and compliance with the obligations thereunder), (ii) to ensure that those obligations are legally binding and enforceable, and (iii) to make the Standby Letter of Credit admissible in evidence in the state and federal courts located in New York is not taken, fulfilled or done; or
- (e) **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; or
- (f) **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(B)(b) or 9(B)(c).

In this Condition 9:

“Principal Subsidiary” means, at any time, any Subsidiary of the Issuer:

- (i) whose total revenue (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Issuer as shown by its latest audited income statement, is at least five per cent. of the consolidated total revenues as shown by the latest published audited consolidated income statement of the Issuer and its consolidated Subsidiaries;
- (ii) whose gross profit (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Issuer as shown by its latest audited income statement, is at least five per cent. of the consolidated gross profit as shown by the latest published audited consolidated income statement of the Issuer and its consolidated Subsidiaries; or
- (iii) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Issuer as shown by its latest audited balance sheet, is at least five per cent. of the consolidated total assets as shown by the latest published audited consolidated balance sheet of the Issuer and its consolidated Subsidiaries; or
- (iv) 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 (i), (ii) or (iii) above of this definition,

provided that, in relation to paragraphs (i), (ii) and (iii) above of this definition:

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

- (c) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (a) above of this definition) 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 prepared by an authorised signatory of the Issuer stating that, in his opinion, a Subsidiary of the Issuer is or is not, or was or was not, a Principal Subsidiary of the Issuer shall, in the absence of manifest error, be conclusive and binding on the Bondholders and all parties. If there is a dispute as to whether any Subsidiary of the Issuer is or is not a Principal Subsidiary of the Issuer, such certificate shall be accompanied by a report by a nationally recognised firm of independent public accountants addressed to the Issuer as to proper extraction of the figures used by the Issuer in determining the Principal Subsidiaries of the Issuer, and mathematical accuracy of the calculation.

“Public External Indebtedness” means any indebtedness of the LC Bank or any Subsidiary of the LC Bank, or any guarantee or indemnity by the LC Bank or any Subsidiary of the LC Bank of indebtedness, for money borrowed which, (i) is in the form of or represented by any bond, note, debenture, loan stock, or other securities which for the time being are, or are intended to be or capable of being, listed, quoted or dealt in or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) outside the PRC (without regard, however, to whether or not such instruments are sold through public offerings or private placements); and (ii) has an original maturity of more than 365 days; and

“Subsidiary of the LC Bank” means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the LC Bank.

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 (as defined in Condition 8) in respect of them.

11. Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Bondholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. Meetings of Bondholders, Modification and Waiver

- (a) **Meetings of Bondholders:** The Agency Agreement contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Agency Agreement or the Standby Letter of Credit. Such a meeting may be convened by the Issuer and/or Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding. 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 principal amount of the Bonds for the time being outstanding, 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 consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds 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) modify any of Conditions 3(B) (*Standby Letter of Credit and Pre-funding*), to modify or release the Standby Letter of Credit or to change the governing law of the Standby Letter of Credit (except as necessary to provide for the issuance of further Bonds in accordance with Condition 15 (*Further Issues*)), in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. 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 Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of the Bonds outstanding (a “Written Resolution”) and consent given by way of electronic consents through the relevant clearing system(s) by or on behalf of the Bondholders of not less than 90 per cent. of the aggregate principal amount of the Bonds outstanding (an “Electronic Consent”) shall in each case for all purposes be as valid and effective as an Extraordinary Resolution. A Written Resolution may be contained in one document or several documents in like form, each signed by or on behalf of one or more Bondholders. A Written Resolution and/or Electronic Consent will be binding on all Bondholders whether or not they participated in such Written Resolution and/or Electronic Consent, as the case may be.

- (b) **Modification and Waiver:** The parties to the Agency Agreement may agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Bonds, the Standby Letter of Credit or the Agency Agreement that is in the opinion of the parties to the Agency Agreement of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Agency Agreement), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Bonds, the Standby Letter of Credit and/or the Agency Agreement that is in the

opinion of the parties to the Agency Agreement not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the parties to the Agency Agreement otherwise agree, such modification, authorisation or waiver shall be notified by the Issuer to the Bondholders as soon as practicable.

13. Enforcement

At any time after the Bonds become due and payable, the Bondholders may, at its discretion and without further notice, institute such proceedings against the Issuer or the LC Bank as it may think fit to enforce the terms of the Agency Agreement and/or the Bonds (as the case may be) and, where appropriate, to draw down on 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 principal amount of the Bonds outstanding, 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.

14. Indemnification of the Fiscal Agent

The Agency Agreement contains provisions for the indemnification of the Fiscal Agent and for its relief from responsibility including, without limitation, provisions relieving it from taking proceedings to enforce payment or taking other actions unless first indemnified and/or secured and/or pre-funded to its satisfaction. The Fiscal Agent is entitled to enter into business transactions with the Issuer, the LC Bank and any entity related to the Issuer and/or the LC Bank without accounting for any profit.

The Fiscal Agent may rely without liability to Bondholders, the Issuer or any other person on any report, confirmation, certificate or information from or any advice or opinion of any legal counsel, accountants, financial advisers, 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 Fiscal Agent or any other person in any other manner) by reference to a monetary cap, methodology or otherwise. The Fiscal Agent may accept and shall be entitled to rely on any such report, confirmation, certificate, information, advice or opinion, in which event such report, confirmation, certificate, information, advice or opinion shall be binding on the Issuer, the LC Bank and the Bondholders.

Whenever the Fiscal Agent is required or entitled by the terms of the Agency Agreement, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Fiscal Agent is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction or certification, to seek directions from the Bondholders by way of Extraordinary Resolution and shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including legal expenses) and liabilities which maybe incurred by it in connection therewith, and the Fiscal Agent 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 such action,

making such decision or giving such direction or certification as a result of seeking such direction from the Bondholders or in the event that no direction is given to the Fiscal Agent by the Bondholders.

None of the Agents shall be responsible for the performance by the Issuer and any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer to the contrary, each Agent shall be entitled to assume that the same are being duly performed. None of the Agents shall be liable to any Bondholder, the Issuer or any other person for any action taken by such Agent in accordance with the instructions of the Bondholders. The Fiscal Agent shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Agency Agreement. None of the Agents shall be under any obligation to ascertain whether any Event of Default, Potential Event of Default or Relevant Event has occurred or to monitor compliance by the Issuer with the provisions of the Agency Agreement or these Conditions, and shall not be liable to any Bondholder, the Issuer, the LC Bank or any other person for not doing so.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and its Subsidiaries, and the Fiscal Agent shall not at any time have any responsibility for the same and each Bondholder shall not rely on the Fiscal Agent in respect thereof.

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 except for the issue date, the first payment of interest on them, the timing for the Post-Issuance Filing with the NDRC and the timing for completion of the Foreign Debt Registration and, to the extent necessary, certain temporary securities law transfer restrictions) and so that such further issue shall be consolidated and form a single series with the Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any such other securities issued pursuant to this Condition 15 and forming a single series with the Bonds. However, such further securities may only be issued if 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 interest payments due on such further securities) and (iv) such supplemental documents are executed and further opinions are obtained as the Agents may require, as further set out in the Agency Agreement. References to the Standby Letter of Credit shall thereafter include such further or supplemental or replacement or amended standby letter of credit. Any further securities forming a single series with the Bonds may be subject to an agreement supplemental to the Agency Agreement.

16. Notices

Notices to the holders of Bonds shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a

Saturday or a Sunday) after the date of mailing. 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 such notice shall be deemed to have been given 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 Global Certificate is held by or on behalf of Euroclear and Clearstream, any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

17. Contracts (Rights of Third Parties) Ordinance (Cap. 623)

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Ordinance (Cap. 623), except and to the extent (if any) that the Bonds expressly provide for such Ordinance to apply to any of their terms.

18. Governing Law and Jurisdiction

- (a) **Governing Law:** The the Agency Agreement and the Bonds are governed by, and shall be construed in accordance with Hong Kong 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 or the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with any Bonds or the Agency Agreement (“Proceedings”) may be brought in such courts. The Issuer has irrevocably submitted to the exclusive jurisdiction of such courts.
- (c) **Agent for Service of Process:** The Issuer irrevocably appoints Xingtai Holding Company (Hong Kong) Limited of Unit F, 24/F, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong as its authorised agent in Hong Kong to accept service of process in any Proceedings based on any of the Bonds or the Agency Agreement. If for any reason the Issuer ceases to have such an agent in Hong Kong, it will promptly appoint a substitute process agent and notify the Bondholders of such appointment within 30 days of such cessation. Nothing herein shall affect the right to serve process in any other manner permitted by law.
- (d) **Waiver of Immunity:** The Issuer has waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has 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.

SUBSCRIPTION AND SALE

The Company have entered into a subscription agreement with the Initial Purchasers dated December 22, 2017 (the “Subscription Agreement”) pursuant to which and subject to certain conditions contained in the Subscription Agreement, the Company has agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed to severally and not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for an aggregate principal amount of US\$100,000,000 of the Bonds.

The Subscription Agreement provides that the Company will jointly and severally indemnify the Initial Purchasers and their affiliates against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Initial Purchasers are subject to certain conditions precedent and entitles the Initial Purchasers to terminate it in certain circumstances prior to payment being made to the Company.

The Initial Purchasers and their respective 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 Initial Purchasers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking

Services and/or Transactions with the Company for which they have received, or will receive, fees and expenses. Certain Initial Purchasers have extended loans to the Group and a portion of the net proceeds from the offering of the Bonds may be used to repay such loans.

In connection with the offering of the Bonds, the Initial Purchasers and/or their respective affiliates, or affiliates of the Company, may place orders, receive allocations and purchase Bonds for their own account (without a view to distributing such Bonds) and such orders and/or allocations of the Bonds may be material. Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Company, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the Bonds being ‘offered’ should be read as including any offering of the Bonds to the Initial Purchasers and/or their respective affiliates, or affiliates of the Company for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Bonds. If this is the case, liquidity of trading in the Bonds may be constrained (see “Risk Factors — Risks Relating to the Bonds — An active trading market for the Bonds may not develop”). The Company and the Initial Purchasers are under no obligation to disclose the extent of the distribution of the Bonds among individual investors.

In the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Company, including the Bonds and could adversely affect the trading prices of the Bonds. The Initial Purchasers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds or other financial instruments of the Company, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments.

In connection with the issue of the Bonds, the Initial Purchasers, as the stabilising coordinator (the “Stabilising Coordinator”) (or any person acting on behalf of a Stabilising Coordinator), may to the extent permitted by applicable laws and directives, over-allot the Bonds or 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 so doing, the Stabilising Coordinator or any person acting on behalf of a Stabilising Coordinator shall act as principal and not as agent of the Company. However, there is no assurance that the Stabilising Coordinator or any person acting on behalf of a Stabilising Coordinator will undertake stabilisation action. Any loss or profit sustained as a consequence of any such over- allotment or stabilisation shall be for the account of the Initial Purchasers.

GENERAL

None of the Company or the Initial Purchasers makes any representation that any action has been or will be taken in any jurisdiction by the Initial Purchasers or the Company that would permit a public offering of the Bonds, or possession or distribution of the Offering Circulars (in preliminary proof or final form) or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. The Initial Purchasers will comply to the best of their 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 distributes the Offering Circulars (in preliminary proof or final form) or any such other material, in all cases at its own expense. The Company and the Initial Purchasers will have no responsibility for, and the Initial Purchasers will obtain any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. Each of the Initial Purchasers is not authorised to make any representation or use any information in connection with the issue, subscription and sale of the Bonds other than as contained in, or which is consistent with, the Offering Circulars (in final form) or any amendment or supplement to it.

UNITED STATES

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each of the Initial Purchasers has represented that it has not offered or sold, and has agreed that it will not offer or sell, any of the Bonds constituting part of its allotment within the United States

except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Initial Purchasers has represented that it has not entered and agreed that it will not enter into any contractual arrangement with any distributor (as that term is defined in Regulation S) with respect to the distribution or delivery of the Bonds, except with its affiliates or with the prior written consent of the Company.

Each of the Initial Purchasers has represented and agreed that neither it nor any of their respective affiliates (as defined in Rule 501 (b) of Regulation D under the Securities Act (“Regulation D”)), nor any person acting on its or their behalf, has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with any offer and sale of the Bonds in the United States.

UNITED KINGDOM

Each of the Initial Purchasers has represented, warranted and agreed 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 any Bonds in circumstances in which Section 21 (1) of the FSMA does not apply to the Company; 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.

HONG KONG

Each of the Initial Purchasers has represented, warranted 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 (Cap. 571) of Hong Kong and any rules made under that Ordinance; 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 (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; 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 in 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 Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made under that Ordinance.

SINGAPORE

This Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”). Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person 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 Notes 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 (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, 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 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

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 Initial Purchasers has represented and agreed 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, ministerial guidelines and other relevant laws and regulations of Japan.

THE PEOPLE’S REPUBLIC OF CHINA

Each of the Initial Purchasers 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.

BRITISH VIRGIN ISLANDS

Each of the Initial Purchasers has represented, warranted and agreed that it has not made and will not make any offer to any person in the British Virgin Islands to purchase or subscribe for any of the Bonds.

GENERAL INFORMATION

- (1) **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream. The ISIN and the Common Code for the Bonds are XS1743518992 and 174351899, respectively.
- (2) **Authorisations:** The Company have obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds. The issue of the Bonds was authorised by resolutions of the Board of Directors of the Company passed on September 28, 2016.
- (3) **No Material Adverse Change:** Save as disclosed in this Offering Circular, there has been no material adverse change in the financial or trading position, prospects, properties, results of operations, business or general affairs of the Group since December 31, 2016.
- (4) **Litigation:** Save as disclosed in this Offering Circular, the Company is not involved in any governmental, litigation or arbitration proceedings nor is the Company aware that any such proceedings are pending or threatened. The Company may from time to time become a party to various legal, governmental or administrative proceedings arising in the ordinary course of its business.
- (5) **Available Documents:** Upon prior written request, copies of the Group's audited consolidated financial statements as at and for the years ended December 31, 2014, 2015 and 2016, the Agency Agreement and the Standby Letter of Credit will be available for inspection from the Issue Date at the specified office of the Fiscal Agent (subject to the Fiscal Agent having been provided with the same by the Company) upon prior written request and satisfactory proof of holding during normal business hours, so long as any Bond is outstanding.
- (6) **Independent Auditors of the Group and the LC Bank:** The Group's audited consolidated financial statements as at and for the years ended December 31, 2014, 2015 and 2016, which are included elsewhere in this Offering Circular, have been audited by Huapu Tianjian Certified Public Accountants (LLP), the independent auditor of the Company.

The LC Bank's audited consolidated financial statements as at and for the years ended December 31, 2014, 2015 and 2016, which are included elsewhere in this Offering Circular, have been audited by BDO China Shu Lun Pan Certified Public Accountants LLP, the independent auditor of the LC Bank.

- (7) **Listing of the Bonds:** Approval in-principle has been received from the SGX-ST for the listing and quotation of the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this offering memorandum. Approval in-principle from, admission to the Official List of, and listing and quotation of the Bonds on, the SGX-ST are not to be taken as an indication of the merits of the Company or the Bonds. For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Bonds, if traded on the SGX-ST, will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, the Bonds, if traded on the SGX-ST, will be traded in a minimum board lot size of US\$200,000.

For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that a Global Certificate is exchanged for definitive Certificates, we will appoint and maintain a paying agent in Singapore, where the definitive Certificates may be presented or surrendered for payment or redemption. 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 us 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.

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Note:

1. The attached auditors' reports and the review report on our consolidated financial statements for each of the years ended December 31, 2015 and 2016 are a reproduction of the auditors' reports prepared by Huapu Tianjian Certified Public Accountants (LLP) for the Group as of and for each of the years ended December 31, 2014, 2015 and 2016.

Audit Report

Hefei Xingtai Financial Holding Group Co., Ltd.

KSZ[2017] No. 3607

Huapu Tianjian Certified Public Accountants (LLP)

Beijing, China

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Audit Report

To: All shareholders of Hefei Xingtai Financial Holding Group Co., Ltd.,

We have audited the accompanying consolidated financial statements of Hefei Xingtai Financial Holding Group Co., Ltd. (“the Company”) and its subsidiaries (collectively referred to as the “Group”), including its consolidated and the Company’s balance sheets as of 31 December 2016, consolidated and the Company’s income statements for the year ended 31 December 2016, consolidated and the Company’s cash flow statement and consolidated and the Company’s statement of changes in the owner’s equity, as well as notes to the financial statements.

I. Management’s Responsibility for the Financial Statements

The preparation and fair presentation of these financial statements is the responsibility of the Company’s management. Such responsibility includes: (i) preparing financial statements in accordance with the Accounting Standards for Business Enterprises, and ensuring fair presentation of the financial statements; and (ii) designing, implementing and maintaining the necessary internal control to ensure that the preparation and fair presentation of financial statements are free from material misstatement due to fraud or error.

2. Certified Public Accountants’ Responsibility

Our responsibility is to express an audit opinion on these financial statements based on our audit. We conducted our audit in accordance with the China Standard on Auditing issued by the China Institute of Certified Public Accountants. Those standards require us to comply with ethical requirements and to plan and perform the audit to obtain reasonable assurances as to whether the financial statements are free from material misstatement.

An audit involves implementing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. Selection of the procedures depends on the auditor’s judgment,

including the assessment of the risks of material misstatement of the financial statements due to fraud or error. In making risk assessments, the auditor considers internal control in relation to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to give any opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the 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.

3. Audit Opinion

In our opinion, the consolidated financial statements of the Company are prepared in accordance with the Accounting Standards for Business Enterprises in all major aspects, and give a true and fair view of the financial position of the Group and the Company as of 31 December 2016, and of their consolidated financial performance and cash flow for the year ended 31 December 2016.

Huapu Tianjian Certified Public Accountants
(Special General Partnership)

Beijing, China

Certified Public Accountant of China:

Certified Public Accountant of China:

Certified Public Accountant of China:

27 April 2017

Consolidated Balance Sheet

Prepared by: Hefei Xingtai Financial Holding Group

December 31, 2016

Unit: RMB

Items	Notes	Ending balance	Beginning balance	Items	Notes	Ending balance	Beginning balance
Current assets:				Current liabilities:			
Monetary Assets	V. 1	10,095,692,823.36	4,940,824,912.54	Short-term borrowings	V. 27	1,327,000,000.00	1,435,000,000.00
Deposits with exchanges and financial institutions	V. 2	1,154,333,448.40	919,085,950.23	Borrowings from central bank			
Placements with banks and financial institutions				Deposit from customers and due to banks and other financial institutions			
Financial assets at fair value through profit or loss	V. 3	10,035,499.75	12,132,235.86	Placements from banks and financial institutions			
Derivative financial assets				Financial liabilities at fair value through profit or loss			
Bills receivables	V. 4	1,150,000.00	9,750,000.00	Derivative financial liabilities			
Accounts receivable	V. 5	10,239,531.91	21,130,101.80	Bills payables			
Amount of compensatory payment receivable	V. 6	335,320,400.19	373,545,603.89	Accounts payable	V. 28	726,563,790.70	9,220,712.32
Prepayment	V. 7	3,250,085,124.34	1,985,653.92	Receipt in advance	V. 29	4,011,305,194.18	222,932,695.40
Reinsurance receivable				Financial assets sold under repurchase agreement			
Reserves for reinsurance contract receivable				Commissions and brokerage payable			
Interest receivable	V. 8	5,027,320.94	3,280,039.08	Employee benefits payable	V. 30	35,364,654.14	14,597,557.59
Dividend receivable	V. 9	36,753,920.76	39,205,264.13	Taxes payable	V. 31	308,606,413.54	153,257,625.09
Other receivables	V. 10	350,838,393.11	693,169,876.10	Interest payable	V. 32	71,856,117.34	53,060,474.80
Financial assets held under resale agreements				Dividend payable	V. 33	881,985.75	
Inventory	V. 11	4,333,501,642.29	493,428.75	Other payables	V. 34	8,817,976,781.97	3,786,473,863.08
Assets classified as held-for-sale				Payable to reinsurers			
Non-current assets due within one year	V. 12	1,706,596,448.32	1,353,059,113.79	Guarantee contract provision	V. 35	372,927,033.62	296,715,916.48
Other current assets	V. 13	4,252,293,463.65	1,827,826,019.52	Customer brokerage deposit			
Total current assets		25,541,868,017.02	10,195,488,199.61	Customer underwriting deposit			
Non-current assets:				Liabilities classified as held-for-sale			
Loans and advances to customers	V. 14	1,459,396,619.82	1,221,243,283.62	Non-current liabilities due within one year	V. 36	1,926,366,202.35	675,097,139.52
Available-for-sale financial assets	V. 15	3,229,721,752.24	4,386,085,365.12	Other current liabilities			
Held-to-maturity investment	V. 16	21,377,479.53		Total current liabilities		17,598,848,173.59	6,646,355,984.28
Long-term receivables	V. 17	3,325,248,190.52	2,974,710,055.96	Non-current liabilities:			
Long-term equity investment	V. 18	2,932,733,540.77	2,425,555,650.93	Long-term borrowings	V. 37	5,719,388,302.46	3,111,133,387.95
Investment properties	V. 19	286,112,531.92	289,686,328.44	Bonds payable	V. 38	2,491,581,000.00	1,091,930,444.40
Fixed assets	V. 20	379,823,412.88	220,387,418.51	Including: Preference shares			
Construction in progress	V. 21	383,632,897.62	90,876,338.22	Perpetual bonds			
Construction materials				Long-term payables	V. 39	680,161,695.50	599,296,425.50
Fixed assets disposal				Long-term employee benefits payables			
Biological assets				Special payables	V. 40	199,180,601.65	93,382,029.09
Oil and gas assets				Estimated liabilities			
Intangible assets	V. 22	46,906,279.20	14,776,812.34	Deferred income			
Development expenditures				Deferred tax liabilities	V. 41	308,468,433.78	615,195,434.03
Goodwill	V. 23	1,344,587.74		Other non-current liabilities	V. 42	87,763,058.23	
Long-term prepaid expenses	V. 24	11,903,017.14	11,308,456.84	Total non-current liabilities		9,486,543,091.62	5,510,937,720.97
Deferred tax assets	V. 25	194,595,102.75	106,425,680.96	Total liabilities		27,085,391,265.21	12,157,293,705.25
Other non-current assets	V. 26	1,117,764,128.11	74,966,939.09	Owner's equity:			
Total non-current assets		13,390,559,540.24	11,816,022,330.03	Share capital	V. 43	2,000,000,000.00	2,000,000,000.00
				Other equity instruments			
				Including: Preference shares			
				Perpetual bonds			
				Capital reserve	V. 44	4,115,262,929.51	4,050,478,120.06
				Less: reserved shares			
				Other comprehensive income		956,535,334.95	793,598,646.04
				Special reserves			
				Surplus reserve	V. 45	257,674,822.63	218,918,870.35
				General risk reserve	V. 46	46,274,993.96	37,631,777.93
				Retained earnings	V. 47	2,313,541,239.00	1,654,270,005.51
				Total Equity attributable to owners of the holding company		9,689,289,320.05	8,754,897,419.89
				Non-controlling interests		2,157,746,972.00	1,099,319,404.50
				Total equity		11,847,036,292.05	9,854,216,824.39
Total assets		38,932,427,557.26	22,011,510,529.64	Total liabilities and equity		38,932,427,557.26	22,011,510,529.64

Legal representative:

Head of accounting department:

Head of the accounting firm:

Consolidated Income Statement

Prepared by: Hefei Xingtai Financial Holding Group Co., Lt FY2016

Unit: RMB

Items	Notes	Current period amount	Previous period amount
I. Total operating revenue	V. 48	4,083,110,859.15	857,126,734.83
Including: Operating revenue		3,668,884,330.19	554,237,787.79
Interest income		183,811,010.65	128,104,099.44
Guarantee fee income		230,415,518.31	174,784,847.60
Commission and brokerage income			
II. Total operating cost		3,711,122,290.38	908,656,239.43
Including: Operating cost	V. 48	2,541,704,440.53	165,647,982.95
Interest expenses			
Commission and brokerage expenses			
Surrender value			
Net payments for insurance claims			
Net change in guarantee contract liabilities	V. 49	123,614,763.29	80,447,823.24
Bond insurance expense			
Subcontract expense			
Taxes and surcharges	V.50	168,358,460.68	41,240,822.11
Selling expenses	V.51	72,699,824.68	11,127,818.98
Administrative expenses	V.52	264,245,308.01	152,719,235.14
Financial costs	V.53	295,654,861.74	292,937,669.57
Impairment losses	V.54	244,844,631.45	164,534,887.44
Add: gain arising from fair value changes (loss filled in with mark "-")	V.55	-2,096,736.11	3,545,534.93
Income from investment (loss filled in with mark "-")	V.56	505,965,183.94	513,107,805.84
Including: share of profit and losses from associates and joint ventures		218,938,240.30	345,704,477.60
Exchange gain (loss filled in with mark "-")			
III. Operating profit (loss filled in with mark "-")		875,857,016.60	465,123,836.17
Add: Non-operating income	V. 57	27,443,100.31	10,514,833.62
Including: gain on disposal of non-current assets		247,472.37	183,494.93
Less: Non-operating expense	V. 58	505,312.00	4,281,291.01
Including: loss on disposal of non-current assets		221,338.55	1,076,412.43
IV. Total profits (total loss filled in with mark "-")		902,794,804.91	471,357,378.78
Less: income tax expense	V. 59	107,487,282.20	34,993,082.51
V. Net profits (net loss filled in with mark "-")		795,307,522.71	436,364,296.27
Net profits attributed to equity owners of the Company		723,057,601.80	403,319,391.27
Non-controlling interest		72,249,920.91	33,044,905.00
VI. Other comprehensive income, net of tax	V.60	162,936,688.91	189,627,638.59
Other comprehensive income after tax attributable to equity owners of the Company		162,936,688.91	189,627,638.59
(1) Other comprehensive income that cannot be reclassified to the profit and loss			
1. Net change in indebtedness or assets of defined benefit plans			
2. Share of other comprehensive income of the investee recognised under equity method that cannot be classified to profit and loss			
(2) Other comprehensive income that will be reclassified to the profit and loss		162,936,688.91	189,627,638.59
1. Share of other comprehensive income that will be classified to profit and loss under equity method		32,605,309.11	12,953,797.54
2. Gain/loss from change in fair value of available-for-sale financial assets		136,466,514.56	170,538,706.29
3. Gain/loss from re-classification of investments held to maturity as financial assets available for sale			
4. Effective portion of gain / loss from cash flow hedging			
5. Exchange difference on translating financial statements in foreign currency		-6,135,134.76	6,135,134.76
6. Others			
Other comprehensive income after tax attributable to non-controlling interest			
VII. Total comprehensive income		958,244,211.62	625,991,934.86
Total comprehensive incomes attributable to equity owners of the Company		885,994,290.71	592,947,029.86
Total comprehensive incomes attributable to non-controlling interest		72,249,920.91	33,044,905.00

Legal representative:

Head of accounting department:

Head of the accounting firm :

Consolidated Cash Flow Statement

Prepared by: Hefei Xingtai Financial Holding Group Co., Ltd.

FY2016

Unit:RMB

Items	Notes	Current period amount	Previous period amount
I. Cash flow from operating activities:			
Cash received from sale of goods or rendering of services		7,198,683,297.58	2,011,435,194.89
Net increase in deposits and due from banks and financial institutions			
Net increase in deposits from policyholders			
Fair value change on financial assets at fair value through profit or loss			
Cash received from interests, commissions and brokerage		195,081,743.57	140,752,955.95
Net increase in placements from banks and financial institutions			
Net increase in capital for business under repurchase agreement			
Tax and levies refunded			
Cash received from other operating activities	V.61 (1)	5,496,524,499.52	3,099,089,452.51
Sub-total of cash inflows from operating activities		12,890,289,540.67	5,251,277,603.35
Cash payments for goods acquired and services received		6,738,717,208.83	3,730,662,867.13
Net increase in loans and advances to customers		-218,506,444.42	-69,798,750.27
Net increase of deposits in central bank and interbank			
Cash payment for the compensation of the original policies			
Cash paid for interests, commissions and brokerage			
Cash paid to or payments on behalf of employees		322,940,796.43	190,159,785.64
Payments of various taxes and levies		809,861,607.59	113,171,058.15
Cash paid for other operating activities	V.61 (2)	3,077,152,570.03	1,225,243,083.25
Sub-total of cash outflows from operating activities		10,730,165,738.46	5,189,438,043.90
Net cash flow from operating activities		2,160,123,802.21	61,839,559.45
2. Cash flows from investing activities:			
Cash received from disposal of investments		489,360,000.00	634,079,802.13
Receipt of returns from investments		113,127,459.02	157,776,148.57
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		8,127,109.57	225,861.70
Net cash received from disposal of subsidiaries and other business units			662,312.66
Cash received from other investment activities	V.61 (3)	2,498,719,731.72	263,193,268.29
Sub-total of cash inflows from investing activities		3,109,334,300.31	1,055,937,393.35
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		148,981,143.73	38,227,314.02
Cash paid for investments		2,509,924,065.10	1,201,880,062.78
Net increase in pledge loans			
Net cash paid for acquisition of subsidiaries and other business units			
Cash paid for other investment activities			
Sub-total of cash outflows from investing activities		2,658,905,208.83	1,240,107,376.80
Net cash flow from investment activities		450,429,091.48	-184,169,983.45
3. Cash flows from financing activities:			
Cash received from investors		193,780,000.00	505,331,554.55
Including: Cash received from non-controlling interest of subsidiaries		193,780,000.00	505,331,554.55
Inception of borrowings		5,438,223,977.34	4,256,147,705.52
Cash received from bond issue		1,500,000,000.00	1,000,000,000.00
Cash received from other financing activities	V.61 (4)	126,000,000.00	1,088,600,000.00
Sub-total of cash inflows from financing activities		7,258,003,977.34	6,850,079,260.07
Repayments of borrowings		3,442,700,000.00	3,300,488,122.49
Dividend, profits appropriation and interest payment settled by cash		499,433,452.40	331,709,158.30
Including: Dividends and profits paid to non-controlling interest of the subsidiaries		16,341,577.56	7,875,000.00
Cash paid for other financing activities	V.61 (5)	248,750,000.00	
Sub-total of cash outflows from financing activities		4,190,883,452.40	3,632,197,280.79
Net cash flow from financing activities		3,067,120,524.94	3,217,881,979.28
4. Effect of exchange rate changes on cash and cash equivalents			
		1,847,614.18	-3,697,131.83
5. Net increase in cash and cash equivalents			
		5,679,521,032.81	3,091,854,423.45
Add: Beginning balance of cash and cash equivalents		4,116,425,294.24	1,024,570,870.79
6. Ending balance of cash and cash equivalents			
		9,795,946,327.05	4,116,425,294.24

Legal representative:

Head of accounting department:

Head of the accounting firm:

Consolidated Statement of Changes in Equity

Prepared by: Hefei Xingtai Financial Holding Group Co., Ltd.

FY2016

Unit: RMB

Items	Current period												Total equity
	Equity attributable to owners of the holding company											non-controlling interests	
	Share capital	Other equity			Capital reserve	Less: reserved shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings		
	Preference shares	Perpetual bonds	Others										
1. Balance at the end of the preceding year	2,000,000,000.00				4,050,478,120.06		793,598,646.04		218,918,870.35	37,631,777.93	1,654,270,005.51	1,099,319,404.50	9,854,216,824.39
Add: Changes in accounting policies													
Adjustments of prior year error													
Merger under common control													
Others													
2. Balance at the beginning of the year	2,000,000,000.00				4,050,478,120.06		793,598,646.04		218,918,870.35	37,631,777.93	1,654,270,005.51	1,099,319,404.50	9,854,216,824.39
3. Movement during the year (decrease filled in with the mark "-")					64,784,809.45		162,936,688.91		38,755,952.28	8,643,216.03	659,271,233.49	1,058,427,567.50	1,829,882,778.75
(1) Total comprehensive income							162,936,688.91				723,057,601.80	72,249,920.91	958,244,211.62
(2) Investment by owners and capital reduction					64,784,809.45							1,009,256,816.15	1,074,041,625.60
1. Ordinary shares invested by shareholders												193,780,000.00	193,780,000.00
2. Capital investments by other equity holders													
3. Amount of equity-settled payments recognised in owners' equity													
4. Others					64,784,809.45							815,476,816.15	880,261,625.60
(3) Profits appropriation									38,755,952.28	8,643,216.03	-63,786,368.31	-23,079,169.56	-39,466,369.56
1. Appropriation of surplus reserve									38,755,952.28				
2. Appropriation of general risk reserve										8,643,216.03			
3. Distribution to owners (or shareholders)												-16,387,200.00	-23,079,169.56
4. Others													
(4) Transfers between owners' equity													
1. Capital surplus convert into capital (or capital stock)													
2. Surplus reserves convert into capital (or capital stock)													
3. Deficit settled by surplus reserve													
4. Others													
(5) Special reserve													
1. Amount recognised for the period													
2. Amount utilised for the period													
(6) Others													
4. Balance at the end of the current period	2,000,000,000.00				4,115,262,929.51		956,535,334.95		257,674,822.63	46,274,993.96	2,313,541,239.00	2,157,746,972.00	11,847,036,292.05

Legal representative:

Head of accounting department:

Head of the accounting firm:

Consolidated Statement of Changes in Equity

Prepared by: Hefei Xingtai Financial Holding Group Co., Ltd.

FY2016

Unit: RMB

Items	Preceding period amount												Total equity
	Equity attributable to owners of the holding company											non-controlling interests	
	Share capital	Other equity			Capital reserve	Less: reserved shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings		
	Preference shares	Perpetual bonds	Others										
1. Balance at the end of the preceding year	2,000,000,000.00				1,808,142,792.50		603,971,007.46		190,536,451.04	13,071,365.51	1,309,611,514.86	512,233,131.67	6,437,566,263.04
Add: Changes in accounting policies													
Adjustments of prior year error													
Merger under common control													
Others													
2. Balance at the beginning of the year	2,000,000,000.00				1,808,142,792.50		603,971,007.46		190,536,451.04	13,071,365.51	1,309,611,514.86	512,233,131.67	6,437,566,263.04
3. Movement during the year (decrease filled in with the mark "-")					2,242,335,327.56		189,627,638.59		28,382,419.31	24,560,412.42	344,658,490.65	887,086,272.83	3,416,650,561.35
(1) Total comprehensive income							189,627,638.59				403,319,391.27	33,044,905.00	625,991,934.86
(2) Investment by owners and capital reduction					2,242,335,327.56						18,915,438.49	561,916,367.83	2,823,167,133.88
1. Ordinary shares invested by shareholders												505,331,554.55	505,331,554.55
2. Capital investments by other equity holders													
3. Amount of equity-settled payments recognised in owners' equity													
4. Others					2,242,335,327.56						18,915,438.49	56,584,813.28	2,317,835,579.33
(3) Profits appropriation									28,382,419.31	5,644,973.93	-58,660,900.62	-7,875,000.00	-32,508,507.38
1. Appropriation of surplus reserve									28,382,419.31				
2. Appropriation of general risk reserve										5,644,973.93			
3. Distribution to owners (or shareholders)												-24,633,507.38	-7,875,000.00
4. Others													
(4) Transfers between owners' equity													
1. Capital surplus convert into capital (or capital stock)													
2. Surplus reserves convert into capital (or capital stock)													
3. Deficit settled by surplus reserve													
4. Others													
(5) Special reserve													
1. Amount recognised for the period													
2. Amount utilised for the period													
(6) Others													
4. Balance at the end of the current period	2,000,000,000.00				4,050,478,120.06		793,598,646.04		218,918,870.35	37,631,777.93	1,654,270,005.51	1,099,319,404.50	9,854,216,824.39

Legal representative:

Head of accounting department:

Head of the accounting firm:

Balance Sheet of the Company

Prepared by: Hefei Xingtai Financial Holding Group

December 31, 2016

Unit: RMB

Items	Notes	Ending balance	Beginning balance	Items	Notes	Ending balance	Beginning balance
Current assets:				Current liabilities :			
Cash and cash equivalents		5,089,331,273.79	2,162,344,359.66	Short-term borrowings		450,000,000.00	1,000,000,000.00
Financial assets at fair value through profit or loss		8,593,337.15	10,610,879.36	Financial liabilities at fair value through profit or loss			
Derivative financial assets				Derivative financial liabilities			
Bills receivables				Bills payables			
Accounts receivable				Accounts payable			
Prepayment		87,000.00		Receipt in advance			
Interest receivable		663,606.64		Employee benefits payable		379,210.47	223,698.22
Dividend receivable		14,962,309.77	2,451,343.37	Taxes payable		7,567.53	18,224.58
Other receivables	XI.1	1,212,361,026.91	1,025,902,281.24	Interest payable		60,963,384.31	40,104,456.12
Inventory				Dividend payable			
Assets classified as held-for-sale				Other payables		4,723,070,032.36	1,713,845,965.27
Non-current assets due within one year				Liabilities classified as held-for-sale			
Other current assets		38,177,078.81	270,000,000.00	Non-current liabilities due within one year		185,000,000.00	77,650,000.00
Total current assets		6,364,175,633.07	3,471,308,863.63	Other current liabilities			
Non-current assets:				Total current liabilities		5,419,420,194.67	2,831,842,344.19
Available-for-sale financial assets		1,898,795,496.29	3,287,403,525.26	Non-current liabilities:			
Held-to-maturity investment				Long-term borrowings		414,600,000.00	746,500,000.00
Long-term receivables				Bonds payable		2,491,581,000.00	994,219,333.33
Long-term equity investment	XI. 2	7,742,160,320.13	6,132,177,181.33	Including: Preference shares			
Investment properties				Perpetual bonds			
Fixed assets		7,141,350.01	1,610,727.75	Long-term payables			
Construction in progress				Long-term employee benefits payables			
Construction materials				Special payables			
Fixed assets disposal				Provisions			
Biological assets				Deferred income			
Oil and gas assets				Deferred tax liabilities		290,343,750.34	611,093,339.66
Intangible assets		1,073,992.04	12,800.01	Other non-current liabilities			
Development expenditures				Total non-current liabilities		3,196,524,750.34	2,351,812,672.99
Goodwill				Total liabilities		8,615,944,945.01	5,183,655,017.18
Long-term prepaid expenses				Owner's equity:			
Deferred tax assets				Share capital		2,000,000,000.00	2,000,000,000.00
Other non-current assets		498,500,000.00		Other equity instruments			
Total non-current assets		10,147,671,158.47	9,421,204,234.35	Including: Preference shares			
				Perpetual bonds			
				Capital reserve		3,340,709,701.34	3,682,003,480.31
				Less: reserved shares			
				Other comprehensive income		917,183,744.50	760,018,522.55
				Special reserve			
				Surplus reserve		257,674,822.63	218,918,870.35
				Retained earnings		1,380,333,578.07	1,047,917,207.59
				Total equity		7,895,901,846.53	7,708,858,080.80
Total assets		16,511,846,791.54	12,892,513,097.98	Total liabilities and equity		16,511,846,791.54	12,892,513,097.98

Legal representative:

Head of accounting department:

Head of the accounting firm:

Income Statement of of the Company

Prepared by: Hefei Xingtai Financial Holding Group Co., Ltd.

FY2016

Unit:RMB

Items	Notes	Current period amount	Previous period amount
I. Operating revenue		8,069,842.75	
Less: Operating cost		5,589,078.29	
Business tax and surcharges		218,052.95	11,283,666.05
Selling expenses			
Administrative expenses		20,228,030.40	18,787,534.51
Financial costs		115,036,142.36	145,214,653.57
Impairment losses		-3,173,074.90	-1,621,343.61
Add: Gains arising from fair value changes (loss filled in with mark "-")		-2,017,542.21	3,380,894.98
Gain from investment (loss filled in with mark "-")	XI. 3	520,908,102.62	453,777,808.60
Including: Share of profit and losses from associates and joint ventures		218,605,950.39	
II. Operating profit (loss filled in with mark "-")		389,062,174.06	283,494,193.06
Add: Non-operating income		39,861.10	330,000.00
Including: Gain on disposal of non-current assets		32,662.00	
Less: Non-operating expense		45,000.00	
Including: Loss on disposal of non-current assets			
III. Total profits (total loss filled in with mark "-")		389,057,035.16	283,824,193.06
Less: income tax expense		1,497,512.40	
IV. Net profits (net loss filled in with mark "-")		387,559,522.76	283,824,193.06
V. Other comprehensive income, net of tax		157,165,221.95	174,262,791.50
(1) Other comprehensive income that cannot be reclassified to the profit and loss			
1. Revaluation of net liabilities or net assets held under defined benefit plans			
2. Share of other comprehensive income of the investee recognised under equity method that cannot be classified to profit and loss			
(2) Other comprehensive income that will be reclassified to the profit and loss		157,165,221.95	174,262,791.50
1. Share of other comprehensive income of the investee recognised under equity method that will be classified to profit and loss		32,605,309.11	12,953,797.54
2. Gain/loss from change in fair value of available-for-sale financial assets		124,559,912.84	161,308,993.96
3. Gain/loss from re-classification of investments held to maturity as available-for-sale financial assets			
4. Effective portion of gain / loss from cash flow hedging			
5. Exchange difference on translating financial statements in foreign currency			
6. Others			
VI. Total comprehensive income		544,724,744.71	458,086,984.56

Legal representative:

Head of accounting department:

Head of the accounting firm :

Cash Flow Statement of the Company

Prepared by: Hefei Xingtai Financial Holding Group Co., Ltd.

FY2016

Unit: RMB

Items	Notes	Current period amount	Previous period amount
I. Cash flow from operating activities:			
Cash received from sale of goods or rendering of services		8,516,470.69	
Tax and levies refunded			
Cash received from other operating activities		3,542,130,992.62	1,458,301,488.02
Sub-total of cash inflows from operating activities		3,550,647,463.31	1,458,301,488.02
Cash paid for goods acquired and services received		7,337,347.68	
Cash paid to or payments on behalf of employees		11,383,827.68	9,170,616.16
Payments of various taxes and levies		398,518.24	11,643,701.95
Cash paid for other operating activities		1,320,943,571.72	1,430,523,656.32
Sub-total of cash outflows from operating activities		1,340,063,265.32	1,451,337,974.43
Net cash flow from operating activities		2,210,584,197.99	6,963,513.59
2. Cash flows from investing activities:			
Cash received from disposal of investments		270,000,000.00	87,779,802.13
Receipt of returns from investments		106,213,579.47	105,951,987.63
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			
Cash received from other investing activities		18,595,120.49	4,668,378.56
Sub-total of cash inflows from investing activities		394,808,699.96	198,400,168.32
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		7,435,976.18	570,392.00
Cash paid for investments		362,534,549.83	299,200,000.00
Net cash paid for acquisition of subsidiaries and other business units		241,600,000.00	628,166,340.00
Cash paid for other investing activities			
Sub-total of cash outflows from investing activities		369,970,526.01	927,936,732.00
Net cash flow from investment activities		24,838,173.95	-729,536,563.68
3. Cash flows from financing activities:			
Cash received from investors			
Inception of borrowings		805,000,000.00	1,618,250,000.00
Cash received from bond issue		1,500,000,000.00	1,000,000,000.00
Cash received from other financing activities		100,000,000.00	1,047,000,000.00
Sub-total of cash inflows from financing activities		2,405,000,000.00	3,665,250,000.00
Repayments of borrowings		1,579,550,000.00	1,020,050,000.00
Dividend, profits distribution and interest payment settled by cash		133,885,457.81	135,470,961.12
Cash paid for other financing activities			
Sub-total of cash outflows from financing activities		1,713,435,457.81	1,155,520,961.12
Net cash flow from financing activities		691,564,542.19	2,509,729,038.88
4. Effect of foreign exchange rate changes on cash and cash equivalents			
5. Net increase in cash and cash equivalents			
		2,926,986,914.13	1,787,155,988.79
Add: Beginning balance of cash and cash equivalents		2,162,344,359.66	375,188,370.87
6. Ending balance of cash and cash equivalents			
		5,089,331,273.79	2,162,344,359.66

Legal representative:

Head of accounting department:

Head of the accounting firm

Statement of Changes in Equity of the Company

Prepared by: Hefei Xingtai Financial Holding Group Co., Ltd.

FY2016

Unit: RMB

Items	Current period amount										
	Share capital	Other equity			Capital reserve	Less: reserved shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
		Preference shares	Perpetual bonds	Others							
1. Balance at the end of the preceding year	2,000,000,000.00				3,682,003,480.31		760,018,522.55		218,918,870.35	1,047,917,207.59	7,708,858,080.80
Add: Changes in accounting policies											
Adjustments of prior year error											
Others											
2. Balance at the beginning of the year	2,000,000,000.00				3,682,003,480.31		760,018,522.55		218,918,870.35	1,047,917,207.59	7,708,858,080.80
3. Movement during the year (decrease filled in with the mark “-”)					-341,293,778.98		157,165,221.95		38,755,952.28	332,416,370.48	187,043,765.73
(1) Total comprehensive income							157,165,221.95			387,559,522.76	544,724,744.71
(2) Investment by owners and capital reduction					-341,293,778.98						-341,293,778.98
1. Ordinary shares invested by shareholders											
2. Capital investments by other equity holders											
3. Amount of equity-settled payments recognised in owners' equity											
4. Others					-341,293,778.98						-341,293,778.98
(3) Profits appropriation									38,755,952.28	-55,143,152.28	-16,387,200.00
1. Appropriation of surplus reserve									38,755,952.28	-38,755,952.28	
2. Distribution to owners (or shareholders)										-16,387,200.00	-16,387,200.00
3. Others											
(4) Transfers between owners' equity											
1. Capital surplus convert into capital (or capital stock)											
2. Surplus reserves convert into capital (or capital stock)											
3. Deficit settled by surplus reserve											
4. Others											
(5) Special reserve											
1. Amount recognised for the period											
2. Amount utilised for the period											
(6) Others											
4. Balance at the end of the current period	2,000,000,000.00				3,340,709,701.34		917,183,744.50		257,674,822.63	1,380,333,578.07	7,895,901,846.53

Legal representative:

Head of accounting department:

Head of the accounting firm:

Statement of Changes in Equity of the Company

Prepared by: Hefei Xingtai Financial Holding Group Co., Ltd.

FY2016

Unit: RMB

Items	Preceding period amount										
	Share capital	Other equity			Capital reserve	Less: reserved shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
		Preference shares	Perpetual bonds	Others							
1. Balance at the end of the preceding year	2,000,000,000.00				1,358,613,001.35		585,755,731.05		190,536,451.04	817,108,941.22	4,952,014,124.66
Add: Changes in accounting policies											
Adjustments of prior year error											
Others											
2. Balance at the beginning of the year	2,000,000,000.00				1,358,613,001.35		585,755,731.05		190,536,451.04	817,108,941.22	4,952,014,124.66
3. Movement during the year (decrease filled in with the mark “-”)					2,323,390,478.96		174,262,791.50		28,382,419.31	230,808,266.37	2,756,843,956.14
(1) Total comprehensive income							174,262,791.50			283,824,193.06	458,086,984.56
(2) Investment by owners and capital reduction					2,323,390,478.96						2,323,390,478.96
1. Ordinary shares invested by shareholders											
2. Capital investments by other equity holders											
3. Amount of equity-settled payments recognised in owners' equity											
4. Others					2,323,390,478.96						2,323,390,478.96
(3) Profits appropriation									28,382,419.31	-53,015,926.69	-24,633,507.38
1. Appropriation of surplus reserve									28,382,419.31	-28,382,419.31	
2. Distribution to owners (or shareholders)										-24,633,507.38	-24,633,507.38
3. Others											
(4) Transfers between owners' equity											
1. Capital surplus convert into capital (or capital stock)											
2. Surplus reserves convert into capital (or capital stock)											
3. Deficit settled by surplus reserve											
4. Others											
(5) Special reserve											
1. Amount recognised for the period											
2. Amount utilised for the period											
(6) Others											
4. Balance at the end of the current period	2,000,000,000.00				3,682,003,480.31		760,018,522.55		218,918,870.35	1,047,917,207.59	7,708,858,080.80

Legal representative:

Head of accounting department:

Head of the accounting firm:

Hefei Xingtai Financial Holding Group Co., Ltd.

Notes to the Financial Statements

As at and for the year ended December 31, 2016

(All amounts denominated in RMB unless otherwise specified)

I. Company Information

1. Company Profile

Hefei Xingtai Financial Holding Group Co., Ltd. (hereinafter referred to as “the Company”), formerly known as Hefei Xingtai Holding Group Co., Ltd is a wholly-state-owned company incorporated on 18 January, 1999 with the approval of the State-Owned Assets Supervision and Administration Commission of Hefei Municipal Government (hereinafter referred to as the “Hefei SASAC), Anhui Province, with the registration number of Business License for Enterprises Legal Person 3401001004658. The Company’s registered capital was RMB872.0441 million and paid-up capital was RMB872.0441 million.

On 27 July, 2012, the Company increased its registered capital by RMB 1,127.9559 million and its registered capital was changed to RMB2,000 million pursuant to the approval of the Hefei SASAC and the resolution passed in the 13th meeting of its 1st session of the Board. This increase in capital was audited and verified by Huapu Tianjian Certified Public Accountants (Beijing) Co., Ltd and the Capital Verification Report was issued accordingly with KYZ 【2012】 No.2009.

On 15 June, 2015, the Company changed its name to Hefei Xingtai Financial Holding Group Co., Ltd and was granted a new business licence with the unified social credit code: 913401007199675462.

Legal representative: Cheng Rulin

Registered address: 45 Jiushiqiao, Luyang District, Hefei, Anhui

Scope of business: Engaged in operation of state-owned assets as authorized, corporate planning, management consultancy, financial advisory, corporate wealth management, project investment and other approved activities.

2. Basis of Consolidation

(1) Company’s subsidiaries consolidated

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is effected where the Company has more than 50% voting rights among its subsidiaries’ total voting capital, or has the power to control its subsidiaries even it has less than 50% voting rights.

The subsidiaries which were included in the consolidated statements are as below:

Serial No.	Company Name	Hierarchy	Registered Address	Abbreviation	Proportion of ownership	
					Directly (%)	Indirectly (%)
1	Hefei Xingtai Asset Management Co., Ltd.	Level II	Hefei	Xingtai Asset	100.00	-
2	Shanghai Hexin Investment Consulting Co., Ltd.	Level III	Shanghai	Shanghai Hexin	-	100.00
3	Hefei Meiling Financial Consulting Co., Ltd.	Level III	Hefei	Meiling Consulting	-	100.00
4	Hefei Xingmei Asset Management Co., Ltd.	Level III	Hefei	Xingmei Asset	-	51.72
5	Hefei Xingtai Small Loans Co., Ltd.	Level III	Hefei	Xingtai Small Loans	-	30.00
6	Anhui Xingtai Huizhong Financial Information Service Co., Ltd.	Level III	Hefei	Huizhong Financial	-	100.00
7	Hefei Xingtai Shiyu Micro-credit Co., Ltd.	Level III	Hefei	Shiyu Micro-credit	-	32.38
8	Hainan Jinhaian Investment Co., Ltd.	Level III	Haikou	Jinhaian	-	67.17
9	Haikou Huitong Hotel Co., Ltd.	Level IV	Haikou	Huitong Hotel	-	100.00
10	Hefei Xingtai Equity Investment Management Co., Ltd.	Level II	Hefei	Xingtai Equity	100.00	-
11	Hefei Xingtai Commercial Asset Operations Co., Ltd.	Level III	Hefei	Xingtai Commercial Asset	-	100.00
12	Lujiang Xingtai Venture Capital Investment Co., Ltd.	Level III	Lujiang	Lujiang Venture Capital	-	80.00
13	Hefei Guojia Project Capital Management Co., Ltd.	Level III	Hefei	Guojia Capital	-	100.00
14	Hefei Lilan Real Estate Co.,Ltd	Level III	Hefei	Lilan Real Estate		100.00
15	Anhui Xingtai Financial Leasing Co., Ltd.	Level II	Hefei	Xingtai Leasing	63.05	11.95
16	Anhui Xingtai Financial Consulting Co., Ltd.	Level III	Hefei	Financial Consulting	-	100.00
17	Hefei Xingtai Financial Guarantee Co., Ltd.	Level II	Hefei	Xingtai Guarantee	53.28	17.35
18	Hefei Chaohu Xingtai Financial Guarantee Co., Ltd.	Level III	Chaohu	Chaohu Guarantee	-	88.27
19	Hefei Changfeng Xingtai Financial Guarantee Co., Ltd.	Level III	Hefei	Changfeng Guarantee	-	47.96
20	Anhui Xingtai Pawn Co., Ltd.	Level II	Hefei	Xingtai Pawn	60.00	40.00
21	Xingtai Holdings (Hong Kong) Co., Ltd.	Level II	Hong Kong	Xingtai Hong Kong	100.00	-
22	Xinghe Financial Leasing (Shanghai) Co., Ltd.	Level III	Shanghai	Xinghe Leasing		100.00
23	XINGHE INTERNATIONAL LIMITED	Level III	Hongkong	Xinghe Int' 1		100.00
24	Hefei Xingtai Capital Management Co.,	Level II	Hefei	Xingtai Capital	60.00	40.00

	Ltd.					
25	Hefei Security Group Co., Ltd.	Level II	Hefei	Security Group	100.00	-
26	Hefei Security Intelligent Technology Co., Ltd.	Level III	Hefei	Intelligent Technology	-	100.00
27	Hefei City Parking Investment Management Co., Ltd.	Level III	Hefei	City Parking	-	100.00
28	Hefei Ruida Police Auxiliary Service Co.,Ltd	Level III	Hefei	Ruida Police Auxiliary		100.00
29	Hefei Ruida Vocational Training Co.,Ltd	Level III	Hefei	Ruida Training		100.00
30	Anhui Xingtai Financial Outsourcing Co., Ltd	Level III	Hefei	Financial Outsourcing		100.00
31	Fuyang Security Service Co.,Ltd	Level III	Fuyang	Fuyang Security		51.00
32	Fuyang Lutong Parking Management Co.,Ltd	Level IV	Fuyang	Fuyang Lutong		100.00
33	Fuyang Hengwei Security Service Co.,Ltd	Level IV	Fuyang	Fuyang Hengwei		100.00
34	Hefei Guokong Small Loans Co., Ltd.	Level II	Hefei	Guokong Small Loans	92.00	-
35	Hefei Guokong Construction Financial Guarantee Co., Ltd.	Level II	Hefei	Guokong Guarantee	100.00	-
36	Hefei Huiheng Property Management Co., Ltd.	Level III	Hefei	Huiheng Property	-	100.00
37	Hefei Xingtai Jichuang Information Technology Co., Ltd.	Level II	Hefei	Jichuang Information	100.00	-
38	Hefei Xingtai Guangdian Intelligent Venture Capital Investment Co., Ltd.	Level II	Hefei	Guangdian Intelligent	58.40	-
39	Anhui Public Resource Trading Group Co., Ltd.	Level II	Hefei	Public Resource Group	100.00	-
40	Anhui Chengxin Project Management Co.,Ltd	Level III	Hefei	Chengxin Project		100.00
41	Hefei Equity Exchange	Level III	Hefei	Equity Exchange		100.00
42	Anhui United Technology Equity Exchange Co.,Ltd	Level III	Hefei	Technology Equity Exchange		64.00
43	Anhui Province Cultural Equity Exchange Co.,Ltd	Level III	Hefei	Cultural Equity Exchange		100.00
44	Anhui Province Environmental and Energy Exchange Co.,Ltd	Level III	Hefei	Environmental and Energy Exchange		100.00
45	Anhui Province Country Comprehensive Equity Exchange Co.,Ltd	Level III	Hefei	Comprehensive Equity Exchange		100.00
46	Hefei Urban Construction Development Co.,Ltd	Level II	Hefei	Hefei Urban Construction	57.90	-

47	Hefei Urban Construction Bengbu Real Estate Co.,Ltd	Level III	Bengbu	Bengbu Real Estate		100.00
48	Hefei Urban Construction Chaohu Real Estate Co.,Ltd	Level III	Chaohu	Chaohu Real Estate		80.00
49	Hefei Urban Construction Guangde Real Estate Co.,Ltd	Level III	Guangde	Guangde Real Estate		100.00
50	Hefei Urban Construction Hupo Real Estate Co.,Ltd	Level III	Hefei	Hupo Real Estate Co.,Ltd		100.00
51	Xuancheng New World Real Estate Co.,Ltd	Level III	Xuancheng	Xuancheng Real Estate		100.00
52	Anhui Hupo Property Management Co.,Ltd	Level III	Hefei	Hupo Property		100.00
53	Hefei Urban Construction Donglu Real Estate Co.,Ltd	Level III	Hefei	Donglu Real Estate		65.00
54	Sanya Fengle Industry Co.,Ltd	Level III	Sanya	Sanya Fengle		51.00
55	Hefei Hupo Yangzhi Asset Management Co.,Ltd	Level III	Hefei	Hupo Yangzhi		100.00
56	Hefei Xingtai Guarantee Industry Security Fund Management Co.,Ltd	Level II	Hefei	SecurityFund	40.00	60.00

(2) Structured entities consolidated in current period

No	Full name of the structure entity	Abbreviation
1	Xingtai Asset Yuanfeng 1# PE Fund	Yuanfeng 1#

(3) Changes of consolidation scope during the reporting period

Company Name	Periods included in the consolidation	Notes
Hefei Urban Construction Development Co.,Ltd	January 2016 to December 2016	Transferred in 2016
Hefei Urban Construction Bengbu Real Estate Co.,Ltd	January 2016 to December 2016	Transferred in 2016
Hefei Urban Construction Chaohu Real Estate Co.,Ltd	January 2016 to December 2016	Transferred in 2016
Hefei Urban Construction Guangde Real Estate Co.,Ltd	January 2016 to December 2016	Transferred in 2016
Hefei Urban Construction Hupo Real Estate Co.,Ltd	January 2016 to December 2016	Transferred in 2016
Xuancheng New World Real Estate Co.,Ltd	January 2016 to December 2016	Transferred in 2016
Anhui Hupo Property Management Co.,Ltd	January 2016 to December 2016	Transferred in 2016
Hefei Urban Construction Donglu Real Estate Co.,Ltd	January 2016 to December 2016	Transferred in 2016
Sanya Fengle Industry Co.,Ltd	January 2016 to December 2016	Transferred in 2016
Hefei Hupo Yangzhi Asset Management Co.,Ltd	January 2016 to December 2016	Transferred in 2016
Hefei Lilan Real Estate Co.,Ltd	January 2016 to December 2016	Transferred in 2016

HefeiXingtai Guarantee Industry Security Fund Management Co.,Ltd	January 2016 to December 2016	Newly established in 2016
Fuyang Security Service Co.,Ltd	January 2016 to December 2016	Controlled in 2016
Fuyang Lutong Parking Management Co.,Ltd	January 2016 to December 2016	Controlled in 2016
Fuyang Hengwei Security Service Co.,Ltd	January 2016 to December 2016	Controlled in 2016
Hefei Ruida Police Auxiliary Service Co.,Ltd	January 2016 to December 2016	Transferred in 2016
Hefei Ruida Vocational Training Co.,Ltd	January 2016 to December 2016	Transferred in 2016
Anhui Xingtai Financial Outsourcing Co., Ltd	January 2016 to December 2016	Newly established in 2016
XINGHE INTERNATIONAL LIMITED	January 2016 to December 2016	Newly established in 2016
Anhui Chengxin Project Management Co.,Ltd	January 2016 to December 2016	Transferred in 2016
Hefei Equity Exchange	January 2016 to December 2016	Transferred in 2016
Anhui United Technology Equity Exchange Co.,Ltd	January 2016 to December 2016	Transferred in 2016
Anhui Province Cultural Equity Exchange Co.,Ltd	January 2016 to December 2016	Transferred in 2016
Anhui Province Environmental and Energy Exchange Co.,Ltd	January 2016 to December 2016	Transferred in 2016
Anhui Province Country Comprehensive Equity Exchange Co.,Ltd	January 2016 to December 2016	Transferred in 2016

II. Basis of preparation of the financial statements

1. Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with the Accounting Standards for Business Enterprises (“ASBE”), ASBE Guidelines and Interpretation based on the actual transactions and events, assuming the Company is a going concern.

2. Going concern

The Company assessed its ability to continue as a going concern for next 12 months following the date of the financial statements and did not find any event that may affect the Company’s capability to continue as a going concern. It was appropriate to prepare the financial statements on a going concern basis.

III. Significant Accounting Policies and Accounting Estimates

The following Company’s significant accounting policies and accounting estimates were made in accordance with the ASBE. For businesses not mentioned, the adoption of such policies and estimates were subject to the relevant accounting policies under the ASBE.

1. Statement of Compliance with the ASBE

The financial statements for the year ended 31 December, 2016 prepared by the Company are in compliance with the requirements of the ASBE, which truly and completely reflect the Company’s financial position, operation performance, movement in equity, cash flow and other relevant information for 2016.

2. Fiscal Year

The fiscal year of the Company is from 1 January to 31 December.

3. Operating cycle

The operating cycle of the Company is one year.

4. Functional currency

The functional currency of the Company is RMB.

5. Business combination under common control and not under common control

(1) Business combination under common control

The assets and liabilities acquired by the Company in a business combination are measured at the carrying amount as of the merger date as reflected in the consolidated financial statements of the merged entities. Where the accounting policies adopted by the merged entities are different from those of the Company, they are changed to consistent with those of the Company based on materiality. The acquired assets and liabilities carrying value should be adjusted in line with the policies of the Company. The difference between the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus (share premium). If the capital surplus (share premium) is not sufficient to offset the difference, the remaining balance is adjusted against the surplus reserve first and then the retained earnings.

(2) Business combination not under common control

The identifiable assets and liabilities obtained by the Company in a business combination are measured at fair value at the acquisition date. Where the accounting policies adopted by the acquired entities are different from those of the Company before the acquisition, the accounting policies were applied consistently based on materiality. Adjustments should be made to the carrying value of the acquired company's assets and liabilities based on the Company accounting policies. Where the consideration of the combination exceeds the Company's interest in the fair value of the acquired entities identifiable net assets, the difference is recognized as goodwill; where the consideration of combination is lower than the acquired entities interest in the fair value of the acquired entities' identifiable net assets, the consideration of the acquisition as well as the fair value of the acquired company's identifiable net assets and liabilities are re-examined. Where, after the aforesaid re-examination, it is found that the consideration of the acquisition is still lower than the fair value of the acquired company's identifiable net assets and liabilities, the difference is recognized in profit or loss.

6. Preparation of consolidated financial statements

(1) Basis of consolidation

The consolidated financial statements has been prepared based on the basis of control and they include the financial statements of the Company and the subsidiaries not only including the subsidiaries with voting rights (or similar voting rights) or which are determined by the other combined arrangements, but also including structured entities, which are determined by one or more contract arrangements.

“Control” means the power of the Company over the investee and entitlement of the Company to the

variable return by taking part in the related activities of the investee and capability of influencing the amount of money return by exercising the power on the investee. “Subsidiaries” refers to the entities controlled by the Company (including enterprises, the separate parts of the investee and structured entities controlled by the Company. “Structured entities” refers to the entities established specially when the controlling cannot be decided by voting right or similar right (Note : Sometimes refer to as special purpose entity).

(2) Preparation of the consolidated statements

The preparation of the consolidated financial statements is based on the Company’s own financial statements and those of its various subsidiaries and other relevant information.

In preparing the consolidated financial statements, the whole group was treated as one single accounting unit. Based on the relevant recognition, measurement and disclosure requirements under the ASBE, the Company used the consistent accounting policies to reflect the financial position, operation performance and cash flow of the group companies as a whole.

- ① Assets, liabilities, equity, revenues, expenses and cash flows of the Company and subsidiaries are consolidated.
- ② The Company’s long term equity investment and ownership interest in subsidiaries are eliminated.
- ③ Inter-company transactions between the Company and subsidiaries and those between subsidiaries are eliminated. Where impairment loss occurs to certain assets as a consequence of internal transaction, such loss is accounted for in full amount.
- ④ Exceptional transactions are adjusted based on the group’s point of view.

(3) Addition/disposal of subsidiaries during the reporting period

① Addition of subsidiaries or businesses

A. Addition for business combination under common control

(a) The beginning balances are adjusted and consolidated in preparation of the consolidated balance sheets, and at the same time the consolidated reports are adjusted after comparing related items of statements, as if the combined reporting entity has been existed from the point when the acquirer starts to control the investee.

(b) The revenues, expenses and profits of the subsidiaries and businesses for the period from the beginning of the combination to current period are consolidated in the consolidated profit statement and some relevant items are adjusted after comparing the statements, as if the combined reporting entity has been existed from the point when the acquirer starts to control the investee.

(c) The cash flows of the subsidiaries and businesses for the period from the beginning of the combination to current period are consolidated in the consolidated cash flow and the relevant items are adjusted after comparing the statements, as if the combined reporting entity has been existed from the point when the acquirer starts to control the investee.

B. Addition for business combination not under common control

(a) The beginning balance of the consolidated balance sheet is not adjusted in preparing the consolidated balance sheet.

(b) The revenues, expenses and profits of the subsidiaries and businesses for the period from the purchase date to the end of reporting period are consolidated in preparing the consolidated profit statement.

(c) The cash flows of the subsidiaries and businesses for the period from purchase date to end of reporting period are consolidated in preparing the consolidated cash flow statement.

② Disposal of subsidiaries or businesses

A. The beginning balance of the consolidated balance sheet is not adjusted in preparing the consolidated balance sheet.

B. The revenues, expenses and profits of the subsidiaries and businesses for the period from commencement of reporting period to disposal date are consolidated in preparing the consolidated profit statement.

C. The cash flows of the subsidiaries and businesses for the period from commencement of reporting period to disposal date are consolidated in preparing the consolidated cash flow statement.

7. Definition of cash and cash equivalent

Cash refers to cash on hand and savings that can be readily used for payment. Cash equivalent refers to short term (generally not longer than three months) and easily convertible investment instruments with strong liquidity and small risk in value change.

8. Foreign currency transaction translation of financial statements in foreign currency

(1) Exchange rates used in foreign currency transactions

Foreign currency transactions of the Company are translated into functional currency using the exchange rates rates or approximate exchange rates prevailing at the date of the transactions for initial recognition.

(2) Translation of foreign currency monetary items at balance sheet date

Foreign currency monetary items are translated at the exchange rates at the balance sheet date. Exchange difference resulting from the difference of the exchange rates at balance sheet date and the initial recognition date or previous balance sheet date is recognized in profit or loss.

(3) Translation of financial statements in foreign currency

Before the translation of financial statements from overseas operations, the accounting period and policies for such overseas operations are adjusted in line with the Company's accounting period and policies, and then the financial statements of the overseas operations are prepared in related currency (other than functional currency) based on the adjusted accounting policies and period, and the financial statements for such overseas operations are translated with the following methods.

① Assets and liabilities items at balance sheet date are translated at the exchange rates at the balance sheet date; equity items other than "retained earning" are translated at the exchange rates prevailing on the transaction dates.

② Revenues and expenses items on profit statement are translated at the exchange rates or an approximate

exchange rates prevailing on the transaction dates.

③ The differences arising from translation of financial statements in foreign currency are recognized separately in the owners' equity as other comprehensive income in the consolidated balance sheet.

④ The cash flows in foreign currency and of overseas operations are translated at the exchange rates or approximate exchange rates prevailing on the dates of the cash flows. The effect of exchange rate changes on cash flow is recognized separately in the cash flow statement as an adjustment item.

9. Financial instruments

(1) Classification of financial assets

① Financial assets measured at fair value through profit or loss

Financial assets include financial assets held-for-trading and those designated as at fair value through profit or loss on initial recognition. The financial assets held-for-trading refer to shares, bonds and fund investment that the Company holds for short term trading and derivatives for purposes other than hedging. For initial recognition, held-for-trading assets are recognized at fair value, with transaction cost recognized immediately in profit or loss. Where the amount paid for such assets includes those announced but undistributed cash dividend or due but undistributed bond interest, such dividend and interest are recognized separately as receivables. The interest or cash dividend earned during the period of holding are recognized as investment income. At the balance sheet date, financial assets held for trading are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise. Upon disposal, the difference between fair value and initial amount is recognized as investment income, and the gain or loss on fair value changed at the same time is adjusted.

② Held-to-maturity investment

Held-to-maturity investments are national bonds and company bonds etc with fixed maturity and fixed or determinable payments that management has the clear intention and ability to hold to maturity. Such financial assets are measured at fair value plus transaction cost at initial recognition. Where the amount paid for such assets includes due but undistributed bond interest, such interest is recognized separately as receivables. The interest for held-to-maturity investment during period of holding is calculated based on amortized cost and actual interest rates and recognized as investment income. Upon disposal of held-to-maturity investment, the difference between the amount received and the carrying value of such investment is recognized as investment income.

② Receivables

Receivables mainly include accounts receivable and other receivables. Accounts receivable arising from sale of goods or rendering of services are initially recognized based on contract price or negotiated price with the buyer.

③ Available-for-sale financial assets

Available-for-sale financial assets mainly refer to assets of the Company other than financial assets measured at fair value with changes recognized in profit or loss, held-to-maturity investment, loans or receivables. For initial recognition, available-for-sale financial assets are recognized at fair value plus transaction cost. Where the amount paid for such assets includes announced but undistributed cash dividend or due but undistributed bond interest, such dividend and interest are recognized separately as receivables. Accrual of interest and cash

dividend earned from such assets are recognized as investment income.

Where available-for-sale financial assets are foreign currency monetary assets, exchange gains and losses are recognized in profit or loss. Interest from available-for-sale debt instruments, measured by actual interest rate method, is recognized in profit or loss, cash dividend earned from these assets is recognized in profit or loss when the investee announces the dividend. At balance sheet date, available-for-sale financial assets are measured at fair value with changes recognized in other comprehensive income. Upon disposal, difference between the amount received and the carrying value is recognized in investment income while the original accumulated amount of changes in fair value recognized in owners' equity corresponding to the disposal is transferred out and recognized as investment income.

(2) Classification of financial liabilities

① Financial liabilities measured at fair value and with changes recognized in profit or loss include financial liabilities held for trading and designated financial liabilities measured at fair value and with changes recognized in profit or loss. For initial recognition, such financial assets are recognized at fair value, with transaction cost involved directly recognized in profit or loss. At balance sheet date, the changes of fair value are recognized in profit or loss.

② Other financial liabilities refer to financial liabilities other than financial liabilities measured at fair value and with changes recognized in profit or loss.

(3) Reclassification of financial assets

Where change of the Company's intention or capability makes it no longer appropriate to classify a certain investment as held-to-maturity investment, the Company will reclassify the investment as available-for-sale financial assets and measure it at fair value. Where the disposal portion for the held-to-maturity investment and the reclassification amount is significant, and not belong to section XIV of ASBE NO.22 – Recognition and Measurement of Financial Instruments, the remaining part of the investment is not appropriate to be classified as held-to-maturity investment; instead the Company will reclassify the remaining as available-for-sale financial assets and are subsequently measured at fair value. But, they will not be reclassified to held-to-maturity investment again in the current accounting period and in the next two complete accounting periods.

At date of reclassification, the difference between the carrying value and fair value of the investment is recognized in other comprehensive income. When there is impairment on the available-for-sale financial assets or derecognition on such assets, the difference is transferred out and recognized in profit or loss.

(4) Differentiation between financial liabilities and equity instruments

Apart from some exceptions, financial liabilities and equity instruments are differentiated based on the following principles:

① If the company cannot unconditionally avoid the delivery of cash or other financial assets to fulfill a contractual obligation, the contractual obligations are in line with the definition of financial liabilities. Some financial instruments do not state clearly the terms and conditions of the delivery of for cash or other financial obligations, but it is possible to form contractual obligations indirectly through other terms and conditions.

② If a financial instrument has to or may be settled with the company's own equity instruments, there is a

need to be considered for settlement of the company's own equity instruments, as for cash or other financial assets or substitute, or for the instrument holder to enjoy residual interest after deduction of all liabilities by the issuer. If it is the former, the instrument is the issuer's financial liability; if it is the latter, the instrument is the issuer's equity instruments. Under certain circumstances, certain financial instrument contracts stipulate that the Company must or may use her own equity instrument to settle the financial instrument, where the amount of the contract rights or contractual obligations is equal to the amount by multiplying the number of company's own equity instruments by the fair value at the time of settlement, regardless of whether the contract rights or obligations is fixed, or completely or partially vary based on variable in addition to the company's own equity instruments (such as interest rates, the market price of a commodity price or a financial instrument prices), the contract is reclassified as financial liabilities.

(5) Transfer of financial assets

The transfer of financial assets refers to the following two situations:

- A. The transfer of contractual rights of the cash flow of the financial asset to the other party;
- B. The whole or part of the financial asset is transferred to the other party, but the contractual right to receive the cash flow of the financial asset is reserved, and undertake the contractual obligation to pay the received cash flow to one or more recipients.

① Derecognizing the transferred financial assets

Where almost all risks and rewards of a financial asset is transferred to transferee or neither transferring the asset nor reserving almost all risks and rewards over the asset ownership but the Company gives up its control of a financial asset, such financial asset is derecognized.

The judgment of whether giving up control of a transferred financial asset is focused on transferee's ability to transfer the financial asset. If the transferee is able to separately sell the entire transferred financial asset to an independent third party, and without additional conditions to limit the sale, it shows that the enterprise give ups control of the financial asset.

The Company access the substance of the financial assets transferred to determine whether the transfer of financial assets has satisfied the derecognition requirements. When the transfer of financial assets as a whole satisfy the derecognition requirements, the difference between the following two amounts is recognized in profits or losses.

- A. The carrying value of the transferred financial assets;
- B. The sum of amount received in consideration of the transfer plus the accumulated amount of fair value change originally recognized in owner equity (where transferred financial assets are available-for-sale financial assets).

Where part of a financial asset is transferred and satisfied with the derecognition criteria, the carrying value of the entire financial asset between the derecognized part and the recognized part (the retained service assets are deemed as part of the remaining non-derecognized financial assets) is split in proportion to their respective fair value and the difference between the two parts is recognized in profit or loss:

- A. The carrying value of the derecognized part;
- B. The sum of the amount of the derecognized part plus the accumulated amount of fair value change

originally recorded in owner' equity relating to the amount of the derecognized part (where the transferred financial assets are available-for-sale financial assets).

② Continuous involvement in the transferred financial asset

Where the Company neither transfers nor retains almost all risks and rewards over the ownership of the financial assets and retains control of it, such financial assets are recognized according to the degree of the Company's continuous involvement in the transferred financial asset, and recognize the related liabilities.

The degree of the continuous involvement in the transferred financial asset is the level of risks due to the changes of this financial asset's value exposing to the Company.

③ Continuous recognition of the transferred financial asset

Where the Company retains almost all the risks and rewards over the ownership of a transferred financial asset, the recognition of the whole transferred financial asset continues and the amount received in consideration of the transfer is recognized as a financial liability.

The financial asset cannot offset the recognized financial liability. During the subsequent accounting period, the Company will continue the recognition of the income generated from such financial asset and expenses arising out of such financial liability. Where the transferred financial asset is measured by amortized cost, the recognized liability cannot be designated as "financial liability measured at fair value and with changes in fair value recognize in profit or loss.

(6) Derecognition of financial liabilities

Where current obligations over a financial liability have been released in part or in full, the financial liability is derecognized in part or in full correspondingly.

Where an asset with payment obligation has been transferred to another organization or set up a trust, the financial liability or transferred asset will not be derecognized as long as the payment obligation remains.

Where a contract is signed with creditor to replace the previous financial liability with a new one, the previous financial liability will be derecognized and the new one is recognized at the same time provided the new contract terms differ from the previous one substantially.

Where all or part of the contract terms about an existing financial liability are modified, the financial liability in part of in full is derecognized and the financial liability is recognized under the modified contract terms as a new financial liability.

Where a financial liability is derecognized in part or in full, the difference between the carrying value of the derecognized part and the amount paid (including the transferred non-cash assets and new financial liabilities undertaken) is recognized in profit or loss.

(7) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are separately disclosed on the balance sheet and they do not offset each other. In the following circumstances, however, the net amount after offsetting each other is disclosed on the balance sheet:

Company has legal right to offset the recognized amount and the legal right is currently operative; and the Company settles with net amount or sells the financial asset and pays off the financial liability at the same time. Where a transferred financial asset does not meet the requirements of derecognition, the transferor cannot offset the transferred financial asset and the liability with each other.

(8) Financial asset impairment test and impairment provision

(1) In the following circumstances, when there is evidence to show impairment of a financial asset, the impairment provision is provided:

- ① Bond issuer or debtor is in serious financial difficulty;
- ② Debtor violates the contract terms, e.g., defaulting on payment of interest or principle or failing to pay interest or principle on schedule;
- ③ Creditor makes a concession to debtor with financial difficulty in consideration of the economic or legal issues;
- ④ Debtor might go bankrupt or arranging other debt restructuring ;
- ⑤ Significant financial difficulty of issuer makes it impossible to trade financial assets on active market;
- ⑥ There's no way to identify whether the cash flow of an financial asset in a group has been reduced or not, but an overall assessment with the public data confirms that the estimated future cash flow of the financial assets has been reduced and can be measured since the initial recognition of this group of financial assets;
- ⑦ Material adverse changes in the technical, market, economic or legal environment of the debtor's operations make it hard for equity investors to recover their investment cost;
- ⑧ The fair value of equity investment instrument decreases seriously or has witnessed long period decline;
- ⑨ Other evidences showing the impairment of financial assets are found.

(2) Company performs impairment test for various financial assets by different methods and makes impairment provision:

① Financial assets held-for-trading: reflected at fair value on balance sheet date; change of fair value recognized in profit or loss.

② Held-to-maturity investment: where, at balance sheet date, the Company has evidence to show impairment of held-to-maturity investment, the difference between carrying value and estimated future cash flow is recognized as impairment loss and recognized in profit or loss.

In making impairment provision, a separate impairment test for a significant single amount held-to-maturity investment is performed; for a single small single amount of held-to-maturity investment, either a separate impairment test or an impairment test is done in a credit portfolio, as determined by customers' credit rating; where a separate test shows no impairment of held-to-maturity investment, a second test with a credit portfolio is performed based on the rating of customers's credit; where a separate test shows impairment of held-to-maturity investment, no more test will be performed in a credit portfolio according to customers' credit rating.

③ Loan: Unless evidence shows occurrence of impairment loss during the reporting period between two assessments, Company perform impairment loss test on loan portfolio only on a regular basis.

For loan portfolio in which no impairment of cash flow of any single loan is found, the Company will judge the evidence of impairment of foreseeable future cash flow to determine whether it is necessary to make impairment provision for this portfolio. Evidences of impairment loss include observable data showing problem of debtor (such as default on payment) or problem with national or local economy which may lead to default on the portfolio. For loan portfolio with similar credit risk status and impairment evidence, the Company measures the future cash flow of the portfolio based on historical impairment data about such similar assets. Company regularly reviews the method used and assumptions made for assessing the amount and time of future cash flow with a view to reduce the difference between estimated loan loss and actual impairment loss of the loan.

According to the above method to assess the loan, the part which recoverable amount is lower than the book value of the carrying value, impairment provision is provided with following standards:

Normal loans	Focused loans	Sub-ordinated loan	Doubtful loan	Defaulted loan
0%~1%	1%~15%	5%~25%	20%~50%	100%

④ Available-for-sale financial assets: At the balance sheet date, the Company's impairment of available-for-sale financial assets is analyzed to determine whether the fair value of the financial asset continues to decline. Normally, if the fair value of financial assets available-for-sale has decreased substantially, or in the comprehensive consideration of all relevant factors, this downward trend is expected as non-temporary, the difference between the fair value and the carrying value is recognized as impairment loss. In the recognition of impairment losses, the original fair value decline which is directly recognized in the owner's equity is transferred to the impairment loss.

(9) Method for determining the fair value of financial assets and financial liabilities

The company's fair value of the relevant assets or liabilities is measured at the price of the main market, if such main market does not exist, the fair value of the relevant assets or liabilities will be measured at the most favorable market price.

The main market refers to the largest and most active market of the related assets or liabilities ; The most favorable market refers to a market that is able to sell the related assets at the highest amount or transfer the relevant liabilities at the minimum amount after consideration of transaction costs and transportation costs. The Company takes the same assumption as market participants in the pricing of the asset or liability in order to maximize the economic benefits .

① Valuation techniques

The company uses applicable valuation techniques with sufficient available data and other information. The valuation techniques used mainly include the market approach ,the income approach, and the cost approach. The company uses one or more consistent approach to determine the fair value. If a variety of valuation techniques are used to measure fair value, the rationality of the valuation results will be considered and, the most appropriate one to represent the fair value in the current circumstances will be selected.

In the application of valuation techniques, the relevant observable input values will be used first. Only when the observable input values cannot be obtained or not practical to get, then to use the unobservable input values. Observable input value refers to data that can be obtained from market. Unobservable input value refers to the

data that cannot be obtained from the market. The input value is obtained based on the assumption that the market participants are using the best information for valuation of the relevant assets or liabilities.

② Fair Value Hierarchy

The Company divides the input value used for measuring fair value into three levels: level 1, level 2 and level 3. Input value of level 1 is used firstly, level 2 is used secondly, and level 3 is used finally. Level 1 input value refers to the unadjusted price for the same kind of assets or liabilities obtained on an active market on the measurement day. Level 2 input value refers to directly or indirectly observable value about the assets or liabilities other than level 1 value. Level 3 input value refers to unobservable value about the assets or liabilities.

10. Impairment test and provision for receivables

At the balance sheet date, the carrying value of the receivable is assess for impairment, when there is objective evidence that it is impaired, provision for impairment is made.

(1) Receivables with a single significant amount receivables with separate bad debt provision

Standard of single significant amount: Any single sum amount over RMB10 million is regarded as a significantly large single amount. Bad debt provision approach for significantly large single amount: receivables of significantly large single amount are subject to separate impairment test. Where impairment evidence is found, the difference between the present value of its future cash flow and its carrying value is recognized as impairment loss and used as the basis for bad debt provision.

(2) Receivables with bad debt provision by portfolio

Portfolio basis:

① Portfolios by age group

For receivables with significantly large single amounts that pass separate impairment test and receivables with immaterial amounts, the company creates credit risk portfolios by age group.

Bad debt provision by portfolio: age analysis method

Bad debt provision rate by age group is as below:

1) Similar Finance Industry

Age	Provision rate of accounts receivable	Provision rate of other receivable
1 year or shorter	-	-
1-2 years	10%	10%
2-3 years	20%	20%
3-4 years	50%	50%
4-5 years	80%	80%
Longer than 5 years	100%	100%

2) Real estate industry

Age	Provision rate of accounts receivable	Provision rate of other receivable
1 year or shorter	5%-	5%

1-2 years	10%	10%
2-3 years	20%	20%
Longer than 3 years	50%	50%

②Other portfolios

Bad debt provision is not made for receivables of the consolidated subsidiaries. Before the reform is finished, no bad debt provision is made for non-performing loans and disbursements allocated by SASAC Hefei arising from the reform of state-owned enterprise as a result of performing duties on behalf of the government.

(3) Receivables with a single insignificant amount but with a separate bad debt provision

For receivables of single insignificant amount and with evidence of impairment, bad debt provision calculation based on age analysis cannot reflect the truth, the Company will separately perform impairment tests for such receivable, and the difference between the current value of its future cash flow and its carrying value is recognized as impairment loss and the bad debt provision is made accordingly.

11. Impairment provision for on-lease assets

Company classifies the long-term and short-term receivable rentals generated from financial leasing assets by risks and made impairment provision for such assets at the following rates.

Normal	Focused	Sub-ordinated	Doubtful	Default
0.5%	10%	30%	50%	100%

12. Inventory

(1) Type of inventory : Company's inventory mainly includes development cost and developed product.

(2) Developed product is recognized based on actual cost, base on actual cost divided by available-for-sale area to calculate the unit cost for the developed product; sales cost of developed product equals actual sold area multiplied by unit cost.

(3) Calculation method for land use right for development purpose: Price for purchasing land for development purpose shall be paid according to Land Transfer Agreement. Upon reception of ownership certificate, the price is recorded in the account of "development cost – land requisition and relocation compensation cost". Where project to be developed in one phase, the price is transferred to developed product upon completion of the project; where project development involving more than one phase, Company allocates the cost of commodity flats for each phase in proportion to the percentage of area developed against the total of the land for development purpose. Cost of land for later development still remains in the account of "development cost – land requisition and relocation compensation cost".

(4) Calculation method of public facilities fees: ①Public facilities not allowed paid transfer: for projects involving more than one development phase, Company makes provision to recognize such fees in the development cost and upon completion recognize the cost for each phase of commodity flats in proportion to the percentage of area developed against the total of the land for development purpose. For project involving only one development phase, actual cost incurred is recognized in the account of Development Cost –Public facilities

fees Cost and upon completion of the project all cost is transferred to the cost of commodity flats. ②Public facilities allowed paid transfer: cost is measured for each project as an independent cost object.

(5)Pricing method for dispatched inventory: Inventory is stated at actual cost of purchase and cost for inventory dispatched is determined using weighted-average method.

(6)Consumable materials are written off immediately when delivered to user.

(7)Perpetual inventory system is adopted.

(8)Company performs entire inventory count at period end and makes provision for obsolescence when the single project cost is higher than the net realizable value of inventory. Net realizable value of inventory is determined based on the reliable evidence and factors of the purpose of keeping inventory and influence of events after balance sheet date, the details as below: ① Under normal operation condition, net realizable value of constructions equals the estimated selling price minus estimated selling and tax cost; ② Under normal operation condition, net realizable value of constructions in-process (included in Development Cost) equals estimated selling price minus construction cost and estimated selling and tax cost; ③Where, at balance sheet date, part of the inventory price was bound by contract while the other part is not, then their net realizable value of the two parts is measured separately and compared with their respective cost to determine amount of provision for obsolescence or amount to be transferred back.

(9) At the balance sheet date, the inventory is measured at the lower of cost and net realizable value, the part that the inventory cost is exceeding the net realizable value is recognized as provision for inventories and is recognized in profit or loss.

Net realizable value of inventory is determined based on the reliable evidence and factors such as the purpose of keeping inventory and influence of events after balance sheet date.

①Under normal operation condition, finished goods, commodities and available-for-sale materials are based on estimated selling price minus estimated selling and tax cost as net realizable value. For inventories held for sales or service contracts, contract price is used as the basis for measuring their net realizable value; if inventories on hand is more than the quantity of purchase order, the net realizable value in excess is measured based on general selling price. For available-for-sale materials, market price is used as the basis for measurement of net realizable value.

②For raw materials to be processed, under normal operation condition, the estimated selling price of finished goods produced from such raw materials minus estimated construction cost upon completion and selling and tax cost is recognized as net realizable value. If net realizable value of the finished goods is higher than cost, the materials are measured by cost; if, due to price fall, the net realizable value of finished goods is lower than cost, the materials are measured by net realizable value and the difference between the two is used as the basis for provision for obsolescence .

③Provision for obsolete stock is made by individual item; for inventory involving a great quantity and low unit price, provision is made by types of inventory

④ If factors for inventory provision are gone at balance sheet date, the provided amount will be restored and reversed from the previous provision for inventory , the reversed amount is recognized in profit or loss.

13. Long term equity investment

Company's long term equity investment includes investment under control and equity investment where the Company can exercise significant influence and equity investment in joint venture. Where the Company is capable of exercising significant influence on the investee, it is the Company's associated company.

(1) Common control of and significant influence on investee

Common control means shared control of a certain arrangement based on relevant agreement and the decision for relevant activity of the arrangement may not be made unless with unanimous agreement of all parties sharing the controlling right. To judge whether there is common control, the first thing is to determine whether the arrangement is under collective control of all participating parties or groups of participating parties. If decision on the activities of certain arrangement may not be made unless all participating parties or one group agree, it is deemed that all participating parties or one group of participating parties control the arrangement. Second, to figure out whether the decision on the relevant activities of the arrangement calls for the unanimous agreement of all the participating parties that control the arrangement. Where two or more groups of participating parties can collectively control an arrangement, it is not deemed common control. Protective rights are no need to be taken into account when judging if there is common control.

Significant influence means investor has the right to participate in the decision-making process of the investee but does not have control alone or in conjunction with others over the decision-making process. When determining investor's ability to significantly influence the investee, the Company will consider the voting shares that investor holds directly or indirectly in the investee and the impact on investee when the potential voting right investor and other parties hold in the current period are, presumably, converted into equity in investee, including impact of convertible equity warrant, stock option and convertible corporate bonds that investee issues during the current period.

Generally, the Company is deemed to have a significant influence on an investee's in which Company holds, directly or through subsidiary, 20% (including 20%) or more but less than 50% voting shares, unless there is a clear evidence showing that Company is not able to participate in the investee's operation decision-making process or exercise significant influence on it.

(2) Determining initial investment cost

① Long term equity investment cost arising from business combination activities is determined by rules below:

A. Where, in the case of merger with a target company under the common control, the Company pays the consideration with cash or non-cash assets by taking over the liabilities of the target company, the carrying value of the owners' equity in the target company as reflected in Company's consolidated financial statements at the merger date is recognized as Company's initial cost for long term equity investment. Capital reserve is adjusted according to the difference between the Company's initial cost for long term equity investment and the cash and

non-cash assets that the Company pays and liabilities that the Company takes over; where capital reserve is not enough for offsetting, retained earnings will be adjusted.

B. For business combination under the common control, the acquirer pays the consideration with equity securities, then the carrying value of the owners' equity in the target company is recognized as the initial cost of long term equity investment in the acquirer's consolidated financial statement at the merger date. The difference between the initial cost for long term equity investment and total par value of the issued shares is adjusted to capital reserve account, if capital reserve is not enough for offsetting, retained earnings is adjusted.

C. If business combination is not under common control, the initial cost of long term equity investment is determined by the fair value of the assets liability to bear and issued bond that the acquirer pays to get control of the acquiree. The intermediary expenses arising from consolidation, such as audit, legal services, assessment, as well as other relevant administrative expenses are recognized in the acquirer's profit or loss in the current period.

② For long term equity investments other than those arising from business combination, cost is determined by the rules below:

A. For long term equity investment acquired by cash payment, the actual payment is the initial cost. Initial investment cost includes costs, taxes and other necessary expenses directly related to the long term equity investment.

B. For long term equity investment paid by equity securities issued, the fair value of the issued equity securities is recognized as the initial investment cost.

C. For long term equity investment exchanged with non-cash asset, if the transaction has commercial substance and the non-cash assets fair value is measurable, then the fair value of the exchanged asset and tax cost involved is recognized as initial investment cost and the difference between fair value and carrying value of the exchanged asset is recognized profit or loss. Where the above two conditions cannot be satisfied at the same time for the exchanged non-cash asset, the carrying value of the exchanged asset and tax cost involved are recognized as initial investment cost.

D. For long term equity asset obtained through debt restructuring, the fair value of the share obtained is recognized as initial investment cost and the difference between initial investment cost and the carrying value of the debts is recognized in profit or loss.

(3) Subsequent measurement and profit and loss recognition

Cost method is used to account for long term equity investment if the Company can exercise control on the investee and equity method is used to account for long term equity investment in associated company and joint venture.

① Cost method

For long term equity investment adopting cost method, the cost of long term equity investment is adjusted when such investment is increased or disposed; cash dividend or profit announced by the investee is recognized as

investment income.

②Equity method

Generally, for long term equity investment with equity method, accounting practice is as below:

When the Company's cost for long term equity investment is more than the fair value of the target's net identifiable asset that the Company is entitled to, the initial cost for long term equity investment is not adjusted; when the company's cost for long term equity investment is less than the fair value of target's net identifiable assets that the Company is entitled to, the difference is recognized in profit or loss and the cost of long term equity investment is adjusted accordingly.

The Company recognizes investment income and other comprehensive income respectively for the share of the net profit or loss and other comprehensive income of the investee and the carrying value of long term equity investment is adjusted; the Company reduces the carrying value of long term equity investment according to the investee's announced profit or cash dividend; the Company also adjusts carrying value of long term equity investment and recognize it in owners' equity to reflect change of owner's equity of the investee other than net profit or loss, other comprehensive income and distributable profit. In recognizing the investee's net profit or loss, the Company will base on the fair value of the net identifiable assets of the investee at time of acquisition to adjust the investee's net profit. Where the accounting policy and period adopted by the investee are different from those of the Company, the investee's financial statements are adjusted to comply with the Company's own accounting policy and period and investment income and other comprehensive income is recognized accordingly. The Company's profit arising from unrealized internal transaction is offset between Company and associated company or joint venture and investment income is recognized accordingly. Where any asset impairment loss is provided due to unrealized internal transaction loss between the Company and the investee, such loss is recognized in full amount.

Due to the reasons such as additional investment, the Company can exercise significant influence or common control, but not control on the investee or the sum of the fair value of the equity originally held and new investment cost is recognized as the initial investment cost using equity method. The equity investment original held which is classified as financial assets available for sale, the difference between the fair value and carrying value and the cumulative fair value changes included in other comprehensive income of this equity investment is transferred to the profit or loss using equity method.

Due to partial disposal of the equity investment, the Company loses the joint control or significant influence on the investee, the remaining equity investment is measured at fair value, the difference between the fair value and its carrying amount is recognized in profit or loss at the date when joint control or significant influence is lost. The other comprehensive income arising from the original equity investment using the equity method is adjusted with the same accounting treatment as the treatment to the relevant assets and liabilities of the investee when stop using equity method.

14. Fixed assets

Fixed assets are valuable tangible assets held for producing commodities, providing services, renting or

operation management, which have an useful life of more than one year.

(1) Recognition of fixed assets

A fixed asset is recognized according to the cost of purchase at date of purchase when all the following conditions are satisfied:

- ① It is probable that economic benefits associated with the asset will flow to the enterprise.
- ② The cost of the asset can be reliably measured.

Subsequent expenditures incurred for the fixed assets are included as part of the cost of fixed assets if the expenditures meet the aforementioned conditions, otherwise the expenditures are recognized as expense in profit or loss when they are incurred.

(2) Depreciation methods of different categories of fixed assets

Fixed assets are depreciated on a straight-line method starting from the next month after they are ready for intended use. The depreciation life and annual depreciation rates are determined according to the category of fixed assets, estimated useful life and estimated residual rate.

Category	Depreciation life (Year)	Residual rate (%)	Annual depreciation rate (%)
Building	20-50	0-5.00	1.90-5.00
Plant and machinery	5-10	0-5.00	9.50-20.00
Transportation equipment	5-10	0-5.00	9.50-20.00
Electronic and other equipment	3-5	0-5.00	19.00-33.33

When making provision for depreciation for impaired fixed assets, the provision is based on the fixed assets value after impairment.

At the end of every year, the Company will review the fixed assets' useful life, estimated net residual value and depreciation methods. The useful life is subject to adjustment if the estimated useful life is different from the prior estimation.

(3) Recognition ,valuation and depreciation of fixed assets under finance leases

When the company leases a fixed asset and substantially transfers all risks and rewards associated with the assets, this asset is recognized as a fixed asset acquired under finance lease. The cost of the fixed assets acquired under finance lease is recognized by fair value of the asset on inception of lease or the present value of the minimum

lease payment, whichever is lower. The same depreciation policy applies to both fixed asset acquired under finance lease and self-owned fixed asset. When the Company is reasonably sure that it will acquired the asset it leased after the expiry of the term of lease, the asset will be depreciated over its useful life; when the Company is not sure whether it will be able to acquire the ownership of the asset it leased after the expiry of the term of lease, the asset will be depreciated over the term of lease or its useful life, whichever is shorter.

15. Construction in progress

- (1) Construction in progress is accounted for on project basis
- (2) Basis and timing for transferring construction in progress to fixed assets

All expenditures incurred before a construction in progress is ready for its intended use is recognized as cost of fixed assets when transferred from this construction in progress. Such expenditures include construction fees, purchase cost of machinery and equipment, necessary expenses incurred for the construction in progress's to get ready for its intended use, as well as borrowing costs and expenses incurred for the fixed to get ready for its intended use. The Company will transfer the construction in progress to fixed asset when the installation or construction is completed and ready for its intended use. For fixed assets that have been ready for intended use but completion accounts is not yet finalized, the asset's estimate value is based on the project budget, its construction cost or actual cost, and the asset is depreciated according to the Company's asset depreciation policies. After the completion account is finalized, the estimated value is adjusted according to the actual cost, but the provisions for depreciation that have already been recognized are not adjusted.

16. Borrowing costs

(1) Basis of capitalizing borrowing costs and period of capitalization

Borrowing costs incurred by the Company that can be directly attributable to asset construction or production is capitalized and recognized as asset cost when they meet all of the following conditions:

- ① Expenditures for the assets have been incurred;
- ② Borrowing costs have been incurred;
- ③ Asset construction or production activities that were necessary to get the assets ready for intended use have begun.

Other interest expenses on borrowings, discount or premium and exchange difference is recognized in profit or

loss.

When the asset construction or production was abnormally disrupted, and the disruption lasts for more than three consecutive months, capitalization of the borrowing costs is suspended.

When the asset construction or production eligible for capitalization is ready to be used or sold, capitalization of the borrowing costs is suspended; future borrowing costs is recognized as expenses when they are incurred.

(2) Capitalization rate of borrowing costs and computing of capitalization

When the Company makes special borrowings to construct or produce assets that can be capitalized, the capitalization amount on the special borrowings shall be determined by the interest expenses on the special borrowings minus the interest income generated by depositing the unused borrowing money in the bank or investment income generated making temporary investment with the unused borrowed money.

When the Company takes up general borrowings to construct or produce assets that can be capitalized, the capitalization amount on the general borrowings shall be determined by the weighted average of the excess of accumulated expenditure over the expenditure from special borrowing, multiplying the capitalization rate of the used general borrowings and interest to be capitalized is determined. The capitalization rate is determined according to the weighted average interest rate of the general borrowings.

17. Intangible assets

(1) Measurement method of intangible assets

Intangible assets are recognized by their initial cost of acquisition.

(2) Useful life and amortization of intangible assets

① Estimation of the useful life of intangible assets with finite useful lives

Item	Expected useful life	Basis
Land use right	40-50 years	Statutory useful lives
Computer software	3-5 years	Useful lives is determined according to a period in which the asset brings economic benefits to the Company

At the end of each report period, the Company reviews the useful lives and amortization method for intangible assets with finite useful lives. Review at the end of the current reporting period indicates that the intangible

assets' useful lives and amortization method are of no difference as compared with previous estimation.

② When the period of economic benefits that the intangible assets bring to the Company is unpredictable, it will be categorized as intangible assets with indefinite useful lives. For such kind of intangible assets, the Company reviews their useful life at the end of each reporting period. If the respective useful life remains unable to be determined, the assets would be tested for impairment on the balance sheet date.

③ Amortization of intangible assets

For the usage of intangible assets with finite useful lives, the Company determines its useful lives and at its acquisition and amortized over the useful lives using the straight-line method, the amount of amortization is recognized in profit or loss according to its usage. The amortization amount is computed by acquisition cost net of estimated residual value, and recognized in profit or loss. The computation of amortization amount should also net of the accumulated provision for impairment losses if an impairment loss was provided for such intangible assets. The intangible asset's residual value shall be considered zero except for the following circumstances: A third party committed to acquire the intangible asset when its useful life expires, or the residual value can be estimated in an active market, and the market is likely to exist when the useful life expires.

Intangible assets with indefinite useful lives are not amortized. At the end of each reporting period the Company reviews the useful lives of intangible assets with indefinite useful life. If there are evidences that suggest the intangible assets have finite useful lives, the Company will estimate the assets' useful lives and provide reasonable amortization during the estimated useful life.

(3) Specific basis for distinguishing the stages of internal research and development projects

① The Company defines information searching and relevant preparing work for future development as research stage. The expenditure incurred during research stage is recognized in profit or loss.

② The Company defines the development activities occur after the research stage as the development stage.

(4) Specific conditions for capitalizing expenditures incurred during the development stage

Expenditures incurred during the development stage will be recognized as intangible assets when all of the following conditions are satisfied:

- A. It has technical feasibility that these intangible assets can be completed that they can be used or sold;
- B. Have the intention to complete the intangible assets and use or sell it;

C. The ways that the intangible asset generates economic benefits, including evidences that there is a market for the goods produced by using the intangible assets or the intangible asset itself can be sold on the market.

For intangible assets that use internally, there is evidence to prove its usefulness;

D. There are adequate technical, financial and other resource support to complete development of the intangible assets and eligible for use or for sale;

E. Expenditures attributed to the development stage of the intangible asset can be reliably measured.

18. Long-term asset impairment

(1) Impairment test and accounting methods for long-term equity investment

The Company examines each long-term equity investments at the balance sheet date to determine whether there are evidence that the value of its long-term equity investments should be impaired according to various changes in the invested entity's business policies, legal environment, market demand, industry ,profitability and etc. When the recoverable amount of a long-term equity investment is lower than its carrying value, an impairment loss would be recognized at the difference between the carrying value of the long-term equity investment and its recoverable value. Once the loss of asset impairment is recognized, it cannot be reversed in the future accounting periods.

(2) Impairment test and accounting methods for fixed asset

The Company assesses the fixed assets at the balance sheet date, when there is any evidence that the estimated recoverable amount is lower than its carrying value, the carrying value is write down to its recoverable amount, the write-down amount is recognized as impairment loss in profit or loss, the corresponding provision for asset impairment is accrued at the same time. Once the loss of asset impairment is recognized, it will not be reversed in the future accounting periods. When any of the following conditions exist, impairment loss is provided in full for the fixed assets.

①The fixed assets which were idle for a long period, not expected to use in the foreseeable future and has no value to be transferred;

② The fixed asset can no longer be used because of technology change or other reasons;

③Although the fixed assets still can be used, a large amount of sub-standard products would be produced in using such fixed assets ;

- ④ The fixed asset has been damaged that it has no value to be used or transferred;
- ⑤ Other fixed assets that can no longer bring any real economic benefits to the Company.

(3) Impairment test and accounting methods for construction in progress

The Company conducts comprehensive inspection of the construction in progress at the balance sheet date, if there is evidence that the construction in progress has been impaired, the recoverable amount estimated is lower than its carrying value, the carrying value is reduced to its recoverable amount, the reduced amount is recognized in profit or loss, an impairment provision is made accordingly. Once the loss of asset impairment is recognized, it cannot be reversed in the future accounting periods. If any one or more of the following conditions exist, impairment tests for construction in progress are conducted.

- ①The construction in progress has been expended for a long period, and is not expected to reopen in the next three years;
- ②The construction projects have lagged behind whether in performance or in technology, and there is fundamental uncertainty for bringing economic benefits to the enterprise;
- ③Other evidences which prove that the construction in progress has been impaired.

(4) Impairment test and accounting methods for intangible asset

When the intangible asset's recoverable amount is lower than its carrying value, the carrying value of the asset is reduced to its recoverable amount, the reduced amount is recognized as impairment loss and recognized in profit or loss, a provision for impairment of intangible assets is made accordingly. Once the impairment loss of intangible assets is confirmed, it cannot be reversed in the future accounting periods. If any one or more of the following conditions exist, impairment tests for intangible assets are performed.

- ①The intangible asset has been replaced by new technologies, and its ability to create economic benefits for the Company has been adversely affected significantly;
- ② The intangible asset's market value has fallen sharply in the current period and may not restore in the remaining useful life;
- ③Other evidences to prove that the intangible asset's carrying value has been higher than its recoverable amount.

19. Long-term prepaid expenses

Long-term prepaid expenses refer to the expenses that have already been incurred by the Company and will be amortized over a period of more than one year for the current and subsequent accounting periods.

20. Employee benefits

Employee benefits represent various remuneration and compensation provided by the Company to obtain the service or to terminate the employment relations. Employee benefits include short term salaries, welfare after leaving , welfare of dismissal and other long-term employee benefits. The welfares provided to employees' spouses , children, dependents, deceased employee and other beneficiaries also belong to the employee benefits.

(1) Accounting for short-term employee benefits

① Basic benefits (salary, bonus, allowance, subsidy)

During the reporting period in which the employees provide service for the Company, the short-term compensation which actually occurs is recognized as a liability, and shall be recognized in profit or loss, other than the exception that is required or permitted to be included in the cost of assets pursuant to other accounting standards.

② Staff welfare

Staff welfare are recognized in profit or loss or related cost of assets when they are incurred. If the welfare benefits are not monetary, they are measured by fair value.

③ Medical insurance, employee injury insurance, maternity insurance and other social insurance and housing fund, as well as labor union fee and staff education fee

The Company pays the medical insurance, employee injury insurance, maternity insurance and other social insurance and housing fund for employee, and provide labor union fee and employee education fee according to the regulations, computes the employee benefits on the regulated accrual basis and percentage, and recognizes the corresponding liability and also recognizes it in profit or loss or related cost of assets.

④ Short-term compensated leaves

The Company recognizes employee benefits for cumulative compensated leaves as the employee provide services and increase their rights to enjoy paid leaves, and measured by the increased expected paying amount in

respect of the cumulative unexercised rights. The Company recognizes the employee benefits associated with the non-cumulative compensated absence during the accounting period when employees take leaves.

⑤ Short-term profit sharing plan

When a profit sharing plan meets all of the following conditions, the Company recognizes the employee benefits payable.

A. When the Company has a present legal or constructive obligation to pay employee benefits as a result of past events;

B. The employee benefits payable resulting from the profit sharing plan can be reliably estimated.

(2) Accounting method for post-employment benefits

① Defined contribution plan

During the accounting period when employees render service to the Company, the amount of contributions payable are recognized as liabilities and recognized in profit or loss or related asset cost.

Pursuant to defined contribution plan, the amount of payable is not expected to be settled in full within the 12 months immediately after the end of the reporting period. The Company would discount the payables to its present value at the corresponding discount rate. (The discount rate is determined by reference to the yield on government debts or high-quality corporate bonds with deep markets, which subject to the same period and currency as that of the Company's obligation under the defined contribution plan at the end of the reporting period.) The entire payable to employee's benefits is stated at the discounted amount.

② Defined benefit plan

A. Determine the present value and current service cost of the defined benefit plan

According to the projected unit credit method, the Company adopts unbiased and consistent actuarial assumptions to estimate the demographic variables and financial variables, measure the obligations under the defined benefit plan and determine the time period in which the obligations are vested. (The Company would discount the payables to its present value at the corresponding discount rate. The discount rate is determined by reference to the yield on government debts or high-quality corporate bonds with deep markets, which subject to the same period and currency as that of the Company's obligation under the defined benefit plan at the end of the reporting period.) The obligation under defined benefit plan is discounted to determine its present value and

current service cost.

B. Determine the net liability or net asset of the defined benefit plan

When there are assets under the defined benefit plan, the net liability or net asset of the plan is measured by the deficit or surplus resulting from the difference of the present value of obligation under defined benefit plan and the fair value of those assets.

If a defined benefit plan has a surplus, the Company will measure the plan's net asset as the lower of the surplus and its asset ceiling.

C. Determine the amount that recognized as cost of assets or in profit or loss.

Service cost including current service cost, past service cost and profit or loss at settlement. Unless required or permitted by other accounting principles that the current service cost to be capitalised into the cost of assets, other service cost is recognized profit or loss.

Net interest generated from the net liability or net asset of the defined benefit plan, including interest income from the plan's assets, interest expense from the plan's liability and interest relating to the impact of the plan's asset ceiling, is recognized profit or loss.

D. Determine the amount that recognised in other comprehensive income

Remeasure the changes of the net liability or net asset of the defined benefit plan, including:

(a) Actuarial gains or losses, that is, increase or decrease in the present value of the obligation of the defined benefit plan arised from actuarial assumptions and experience adjustments;

(b) Return on the plan's asset, net of the net interest arising from the plan's net liability or net asset;

(c) Changes relating to the impact of the plain's asset ceiling, net of the net interest arising from the plan's net liability or net asset.

The changes arising from the remeasurement of the net liability or net asset of the defined benefit plan are recognized immediately in other comprehensive income, and are not permitted to be retransferred into the profit or loss in the future accounting periods, but the Company can appropriate these amounts recognized in other comprehensive income.

(3) Accounting method for termination benefits

The Company provides termination benefits to its employees, liability of termination benefits are recognised and recognized in profit or loss at the earlier of the following dates:

- ① When the Company can not unilaterally withdraw the termination benefits it provided under the termination plan or the voluntary redundancy plan;
- ② When the Company recognizes costs or expense for a restructuring plan which involves the payment of termination benefits.

When the sum of termination benefits is not expected to be settled in full within the 12 months immediately after the end of the reporting period, the amount is discounted to its present value at the corresponding discount rate. The discount rate is determined by reference to the yield on government debts or high quality corporate bonds with deep markets, which subject to the same period and currency as that of the Company's obligation under the defined benefit plan as at the end of the reporting period. The accrued termination benefit is stated at the discounted amount.

(4) Accounting method of other long-term employee benefits

- ① Fulfilling the conditions of defined contribution plan

When the other long-term employee benefits provided by the Company fulfill the conditions of defined contribution plan, employee benefits payable is measured by discounted value of the total amount payable.

- ② Fulfilling the conditions of defined benefit plan

At the end of a reporting period, the Company recognize the cost of employee benefits arising from other long-term employee benefits to the following components:

- A. Service cost;
- B. Net interest arising from the net liability or net asset of other long-term employee benefits;
- C. Changes arising from the re-measurement of the net liability or net asset of other long-term employee benefits.

For the purpose of simplified accounting treatment, the net sum of the items above is recognized in the profit or loss of the current period, or the corresponding cost of assets.

21. Estimated Liabilities

(1) Recognition of estimated liabilities

Provision is recognized when the Company has an obligation related to a contingency, which meets all of the following conditions:

- ① It is a present obligation assumed by the Company;
- ② It is probable that an outflow of economic benefits will be required to settle the obligation;
- ③ The amount of the obligation can be reliably measured.

(2) Measurement method of Estimated Liabilities

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation, taking into account such factors as risk, uncertainty associated to contingency and the time value of money. At balance sheet date, the company reviews the carrying amount of provision. If there are conclusive evidences which indicate the carrying amount cannot reflect the best estimate, the carrying amount is adjusted to reflect the best estimate.

22. Surplus reserve

Statutory surplus reserve is appropriated at an amount of 10% of net profit, until the statutory surplus reserve has accumulated to 50% of the registered capital.

23. Guaranteed contract reserve

Guaranteed contract reserve consists of unearned premium reserve and guaranteed compensation reserve.

Provision of unearned premium revenue regarding financing guarantee is recognised at the difference of the balance of the reserve and 50% of the revenue generated from financing guarantee for the year. Provision of guaranteed compensation reserve is recognised at 1% of the outstanding obligation as at the end of the reporting period, and accumulated until the reserve has accumulated to 10% of the outstanding obligation.

24. Principles for recognizing revenue and methods of measurement**(1) Revenue from sales of goods**

Revenue from sales of goods is recognized when all the following conditions are satisfied: The Company has transferred the significant risks and rewards of ownership of the goods to the buyer; the Company maintains neither managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; it is probable that related economic benefits will flow to the Company; the related cost that has

incurred or might be incurred and can be reliably measured.

(2) Revenue from provision of labor service

When the result of the labor service can be reliably estimated at the date of balance sheet, the revenue from provision of labor service is recognized according to the percentage of completion method. The stage of completion of the labor service is determined according to the certified completed work.

The result of the labor service can be reliably estimated when all of the following conditions are satisfied: A), the revenue can be reliably measured; B), it is probable that related economic benefits will flow to the Company; C), the progress of the labor transaction can be reliably measured; and D), the related cost that has incurred or might be incurred can be reliably measured.

The Company calculates the total revenue of labor service according to the amount indicated in the contract or agreement that have already been received or to be received, unless the amount indicated in the contract or agreement received or not received is not fair. At the balance sheet date, the Company recognises the revenue of labor service for a period by multiplying the total revenue of labor service with the stage of completion, minus the revenue of labor service that has been recognized at previous accounting periods. The Company recognises the cost of labor service for a period by multiplying the total estimated cost of labor service with the percentage of work progress, minus the cost of labor service that has been recognized in previous accounting periods.

If the result of labor services cannot be reliably estimated at balance sheet date, the revenue from provision of labor services is recognised according to the following basis:

① When the incurred labor cost is expected to be compensated, the incurred labor cost is recognized as the revenue of labor service, and recognize the same amount as labor cost.

② When the incurred labor cost is not expected to be compensated, the incurred labor cost is recognized in profit or loss, and the revenue of labor service is not recognized.

(3) Revenue from transfer of right to use of assets

When it is probable that the related economic benefits will flow to the Company, and the revenue can be reliably measured, the revenue from transfer of right to use assets is recognized as follows.

① Interest income is calculated according to the period of time the borrowers have the right to use the Company's cash and the actual interest rate.

② Revenue from the right of use is determined according to the time of use and basis as stated in the relevant contracts or agreements.

(4) Revenue from finance lease

Finance lease receivables are initially recognized as the sum of the minimum lease receivables at the beginning of the lease term and the initial direct costs, presented as long-term receivables at the balance sheet, and the non-guaranteed residual value is recognized as well. The difference between the total of the minimum lease receivable, initial direct cost and non-guaranteed residual value and their present values is recognized as unrealized finance lease income, and recognized as lease income for reporting periods within the lease period according to the effective interest rate method.

(5) Revenue from operating lease

Rental income received is recognised during the lease period by using straight-line method. When there is a rent-free period, the total rental income is attributed to the entire lease term according to the straight-line method or other reasonable approach, that the lessor also recognizes rental income during the rent-free period.

(6) Revenue from guarantee

Revenue from guarantee is recognized when all of the following conditions are satisfied: The guarantee contract is established and the guarantor assumes its guarantee responsibility, the economic benefits related to the guarantee contract will flow to the Company, and the revenue associated with the guarantee contract can be reliably measured.

Revenue from guarantee is collected from the guaranteed entity according to the guarantee contract. If the guarantee fee is collected from the guaranteed entity on a lump-sum basis, the entire fee is recognized as revenue from financial guarantee immediately.

25. Government grants

The Company recognizes the non repayable monetary assets or non-monetary assets obtained from the government, excluding capital investment made by the government as an investor, as government grants.

Government grants include asset-related grants and revenue-related grants.

(1) Basis of judgment on asset-related government grants and accounting methods

The Company recognizes grants obtained from the government for the purpose to acquire and develop, or other mean of grants which constitute long-term assets as asset-related government grants.

(2) Basis of judgment on revenue-related government grants and accounting methods

The Company recognizes various rewards, fixed subsidies, interest subsidies, R&D grants (excluding appropriations for acquiring or building fixed assets) from the government that are unrelated to asset as revenue-related government grants.

Revenue-related government grants are separately accounted for as follows:

- ① The government grants which are intended to compensate the Company's related expenses and losses in subsequent periods are recognized as deferred income and recognized in profit or loss in the period when the related expenses are recognized;
- ② The government grants which are intended to compensate the Company's incurred expenses and losses are recognized in profit or loss.

26. Deferred income tax assets and deferred income tax liabilities

The Company generally recognizes and measures deferred tax liabilities and deferred tax assets arising from the tax effect of taxable temporary differences and deductible temporary differences by using the balance sheet liability method, according to the temporary differences between the carrying amounts of assets and liabilities at the balance sheet date and their tax base. The Company does not discount the deferred tax assets and deferred tax liabilities.

(1) Recognition of deferred income tax assets

With respect to deductible temporary difference, the income tax effect will be measured according to the income tax rate to be levied during the expected period of expatriation, and the effect will be recognized as deferred income tax assets, However, it is limited to the expected future taxable profits available for offsetting with those deductible taxable difference, deductible tax losses and tax deductions.

Deferred tax assets are not recognized when the effect to income tax of deductible temporary differences arose from the initial recognition of assets and liabilities from transactions or events that fulfill the following characteristics:

- A. The transaction is not a corporate merger;
- B. It has no impact on accounting profit or taxable income (or deductible loss) when the transaction took place.

The deductible temporary differences related to the Company's investments in subsidiaries, associated companies and joint ventures are recognized as deferred income tax asset, only when the following two conditions are satisfied.

A. It is probable the temporary differences will be reversed in the foreseeable future;

B. It is probable to have taxable income that can be used to offset deductible temporary differences in the future.

At the balance sheet date when there are solid evidences suggesting the Company will likely get enough taxable income in the future to offset deductible temporary differences, deferred tax assets not recognized in prior periods should be recognized.

The Company reviews the carrying value of deferred tax assets at the balance sheet date. When it is unlikely to have enough taxable income in the future to offset deductible deferred tax asset, the deferred income tax asset's carrying value is written down. If it is probable that the Company will get enough taxable income, the write-down is reversed.

(2) Recognition of deferred tax liabilities

The Company adopts the income tax rate during the expected reversal period to measure the impact on income tax arose from taxable income's provisional differences, and recognizes the impact as deferred income tax liabilities, except for the following circumstances:

① The impact of taxable temporary differences arose from the following transactions or events is not recognized as deferred tax liabilities:

A. Initial recognition of goodwill;

B. Initial recognition of an asset or liability in transactions that are not business combinations and, at the time of the transaction, affects neither the accounting profit, taxable income nor deductible losses.

② Under general circumstances, the impact of taxable temporary differences relating to the Company's investments in subsidiaries, associated companies and joint ventures, are recognized as deferred tax liabilities, except when the following two conditions apply:

A. The Company can control when to reverse the temporary differences;

B. The temporary differences are probably not going to be reversed in the foreseeable future.

(3) Recognition of deferred tax liabilities or assets relating to specific transactions or events

① Deferred tax liabilities or assets relating to business combination

For taxable temporary differences or deductible temporary differences arose from business combinations not under common control, the deferred tax expenses (or credits) would generally be adjusted to goodwill under the business combination when the deferred tax liabilities or assets are recognized.

② Items directly recognized in the owner's equity

Income tax and deferred tax in relation to transactions or events that should be directly recognized in owner's equity, is directly recognized in the owner's equity. Such transactions or events include: Other comprehensive income from changes in fair value of available-for-sale financial assets, retained earnings adjustment from adoption of new accounting policies or correcting accounting errors retrospectively, and hybrid financial instruments consisting of debt and equity interest which is recognized in owner's equity at initial recognition.

③ Reparable losses and tax credits

A. Reparable losses and tax credits generated by the Company from its operations

Deductible loss is a loss allowed by the tax law to be offset by taxable income in the subsequent financial years. Unutilized losses (Deductible losses) and tax credits that are allowed to be reversed in subsequent financial years are treated as deductible temporary differences. If the Company expects to get enough taxable income to offset reparable losses or tax credits, the deferred tax asset is recognized as much as the taxable income it expects to get, and is used to be set off with the income tax expenses in the profit or loss.

B. Unutilized losses of the merged enterprise caused by business combinations

In a business combination where the Company obtains the acquiree's deductible temporary differences, it should not recognize them if they do not meet the conditions to be recognized as deferred tax assets at the date of acquisition. Within 12 months from the date of acquisition, if new or further information suggests the economic benefits to be brought by the deductible temporary differences can be realized, the deferred tax asset is recognized and goodwill is decreased. If goodwill is not enough to offset, the shortfall is recognized in profit or loss. Except for the aforementioned circumstances, the deferred tax assets relating to business combination are recognized in profit or loss.

④ Temporary differences caused by elimination due to combination

When the Company prepares consolidated financial statements, if there are temporary differences between the carrying value of its assets and liabilities and its tax base, the differences are recognized as deferred tax assets or deferred tax liabilities in the consolidated balance sheet, and the income tax expenses in the consolidated income statement is adjusted accordingly, except for deferred tax for transactions or events relating to business combinations which is directly recognized in owner's equity.

⑤ Equity-settled share-based payments

When the tax law allows pretax deductions of expenses relating to share-based payments, during the period when the cost is recognized according to accounting principles, the Company determines its tax base and temporary differences according to information it obtains at the end of financial period, and recognizes the deferred tax if relevant conditions are satisfied. When it expects the pretax deductions exceed the cost associated with equity payments recognized according to accounting principles, the excessive income tax impact is recognized directly to income tax benefits.

27. Significant changes to accounting policies and estimates

(1) Significant changes to accounting policies

According to "Regulations on accounting for value added tax (Accounting No. [2016]22)", which was issued by the Ministry of Finance on Dec 3, 2016, the Company changes the account of "business tax and surcharges" to "tax and surcharges" in the income statement. This account is for measuring the excise duty, urban maintenance and construction tax, resource tax, education surcharges and property tax, land use tax, vehicle and vessel tax., stamp duty and other related taxes in enterprises' business activities; and reclass the debit side of prepaid tax, VAT input to deduct, VAT retained and other items under "taxes payable" to the item of other current assets. The regulation comes into force on May 1, 2016

During the reporting period, the Company did not have any significant changes to its accounting policies except above change.

(2) Significant changes to accounting estimates

During the reporting period, the Company did not have any significant changes to its accounting estimates.

(3) Correction of accounting errors in prior period

During the reporting period, the Company did not discover any accounting errors in prior period that need to be corrected.

IV Tax items

1. Major tax items and tax rates

Tax items	Taxation basis	Tax rate
Value-added tax	Sell goods or provide taxable labor services	3%、5%、6%、11%、13%、17%
Business tax	Business revenue	5%
Urban maintenance and construction tax	Turnover tax payable	5%、7%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%
Enterprise income tax	Income tax payable	20%、25%
Corporate income tax	Income tax payable	16.5% [Note]
Land appreciation tax	Tax to pay is based on the real estate sales revenue after deducting required items with the progressive tax rates	The land appreciation tax applies to four progressive rates: for ordinary standard residential housing projects, if the appreciation amount does not exceed 20% deduction part of the project amount, this part is subject to tax rate 0%; if the appreciation amount does not exceed 50% deduction part of the project, this part is subject to tax rate 30%; if the appreciation amount exceeds 50% deduction part of the project, not more than 100% deduction part of the project, this part is subject to tax rate 40%; if the appreciation amount exceeding 100% deduction part of the project, not more than 200% deduction part of the project, this part is subject to tax rate 50%; if the appreciation amount exceeds 200% deduction part of the project, this part is subject to tax rate 60%

Note: Xingtai Holdings (Hong Kong) Co., Ltd, the subsidiary of the Company, which was registered in Hongkong is subject to a profits tax rate at 16.5% as per Hong Kong Special Administrative Region' s Inland Revenue Ordinance. The subsidiary Xinghe International was incorporated in the Cayman Islands, the company

is not subject to corporate income tax.

2. Other tax items

Other tax items are paid subject to relevant national and local regulations.

3. Tax privileges

(1) According to the "Ministry of Finance State Administration of Taxation Notice on the pilot of full implementation of changing business tax to VAT " (Caishui 2016 No. 36), credit guarantee or re guarantee business income of the qualified guarantee institutions engaging in SME credit guarantee or re guarantee business, is exempt from VAT, and is exempted from value-added tax three years since the date of completion of filing procedures. The subsidiaries, Xingtai Guarantee and Chaohu Guarantee's guarantee fee earned in 2016 is exempted from VAT, the subsidiary "Changfeng Guarantee" is exempted from VAT for the guarantee income earned during the period from May 1, 2016 to December 31, 2016.

(2) According to the related regulations of " Notice of the State Administration of Taxation on implementing further application of corporate income tax 50% cut to small scale and micro profit enterprises " (2015 No 17) , and "Notice of small scale and micro profit enterprise income tax preferential policies " (Caishui 2015 No34), from January 1, 2015 to December 31, 2017, where the annual taxable income of less than RMB200 thousand (including RMB200 thousand) of small-scale enterprises, the taxable income is cut by 50% in corporate income tax calculation and is subject to 20% corporate income tax , a subsidiary , the FupoYangtze has enjoyed the preferential policies in 2016.

V. Notes to the consolidated financial statements

1. Monetary Assets

Items	Ending balance	Beginning balance
Cash	807,514.16	507,630.77
Bank deposits	9,782,859,468.98	4,113,489,569.13
Other monetary assets	312,025,840.22	826,827,712.64
Total	10,095,692,823.36	4,940,824,912.54
Of which: Sum of the deposits in Overseas	90,251,993.70	107,251,542.31

(1) The ending balance of other monetary assets comprised mainly of RMB245,384,517.21 in deposits for housing provident fund, RMB54,361,979.10 for deposits pledged to bank , RMB10,071,675.41 cash in investment accounts and RMB2,207,668.50 in Sina Weibo Wallet.

(2) Deposits for housing provident funds represent the deposits received by Hefei Guarantee, a subsidiary of the Company, from property developers at a rate of 5% to 20%.The deposits would be refunded to the

developers after completion of the mortgage procedures of the properties.

(3) Cash in investment accounts are funds that the Company has transferred to its securities account for investing in securities.

(4) The ending balance of monetary assets increased by 104.33% compared with the beginning balance, mainly due to the receiving of the large government guidance fund by Hefei Urban Construction and Public Resources Group, the newly merged subsidiaries.

2. Deposits with exchanges and financial institutions

Items	Ending balance	Beginning balance
Deposits with exchanges and financial institutions	1,154,333,448.40	919,085,950.23
Total	1,154,333,448.40	919,085,950.23

Deposits with exchanges and financial institutions are deposits held by Hefei Guarantee, Guokong Guarantee, Changfeng Guarantees and Chaohu Guarantee and pledged to banks for loans granted to other corporation, the deposit pledged to banks are fixed at 5%-20% of the loan amount drawn and refundable when the obligation under such guarantee is released.

3. Financial assets measured at fair value through profit or loss

(1) Classification of financial assets held for trading

Items	Ending balance	Beginning balance
Stock	1,442,162.60	1,521,356.50
Fund	8,593,337.15	10,610,879.36
Total	10,035,499.75	12,132,235.86

(2) The stock includes 208,405.00 shares of Heifei Meiling (ticker symbol: 000521), market price on 31 December 2016 was RMB6.92 per share; The fund was 9,162,317.04 shares of Harfor Fund - Huaifu Competitiveness (ticker symbol: 410001), net value on 31 December 2016 was RMB0.9379 per unit.

4. Bills receivable

(1) Classification of bills receivable

Category	Ending Balance	Beginning Balance
Banker's bills	1,150,000.00	9,750,000.00
Commercial bills	-	-
Total	1,150,000.00	9,750,000.00

(2) The ending balance of bills receivable had decreased by 88.21% when compared with that of the beginning balance, mainly due to less settlements by bills receivable during the current period.

(3) The Company has no bills receivable that were pledged at the end of the current reporting period.

5. Accounts receivable

(1) Accounts receivable by category

Category	Ending balance			
	Carrying amount		Bad debt provision	
	Amount	Share(%)	Amount	Share(%)
Accounts receivable with a single significant amount and a separate bad debt provision	11,120,433.00	24.00	11,120,433.00	100.00
Accounts receivable for which a bad debt provision has been made on a group basis	10,889,871.67	23.50	650,339.76	5.97
Of which: the group of accounts receivable with a credit risk portfolio identified by aging	10,889,871.67	23.50	650,339.76	5.97
Other groups	-	-	-	-
Accounts receivable with a single insignificant amount but with a separate bad debt provision.	24,328,895.00	52.50	24,328,895.00	100.00
Total	46,339,199.67	100.00	36,099,667.76	77.90

(Continued)

Category	Beginning balance			
	Carrying amount		Bad debt provision	
	Amount	Share(%)	Amount	Share(%)
Accounts receivable with a single significant amount and a separate bad debt provision	-	-	-	-
Accounts receivable for which a bad debt provision has been made on a group basis	21,708,513.78	100.00	578,411.98	2.66
Of which: the group of accounts receivable with a credit risk portfolio identified by aging	21,708,513.78	100.00	578,411.98	2.66
Other groups	-	-	-	-
Accounts receivable with a single insignificant amount and a separate bad debt provision	-	-	-	-
Total	21,708,513.78	100.00	578,411.98	2.66

①Accounts receivable with a single significant amount and a separate bad debt provision

Unit name	Amount	Rate of provision (%)	Reason of provision
Huangshan Wufu Real Estate Co.,Ltd	11,120,433.00	100.00	Expected to be uncollected

②Accounts receivable for which a bad debt provision has been made under the aging method on a group basis:

Age	Ending balance			Beginning balance		
	Carrying amount		Bad debt provision	Carrying amount		Bad debt provision
	Amount	Share(%)		Amount	Share(%)	
Within one year	9,760,194.32	89.63		20,623,814.43	95.00	-
1-2 years	66,596.00	0.61	6,659.60	535,963.74	2.47	53,596.37
2-3 years	490,927.74	4.51	98,185.55	29,900.00	0.14	5,980.00
3-4 years	53,318.00	0.49	26,659.00	-	-	-
4-5 years	-	-	-	-	-	-
Over 5 years	518,835.61	4.76	518,835.61	518,835.61	2.39	518,835.61
Total	10,889,871.67	100.00	650,339.76	21,708,513.78	100.00	578,411.98

③Accounts receivable with a single insignificant amount but with a separate bad debt provision.

Unit Name	Amount	Rate for bad debt provision (%)	Reason of provision
Maanshan Zhongtian New Type Construction Materials Co.,Ltd	7,219,484.00	100.00	Expected to be uncollected
Anhui Lung And Real Estate co., Ltd	5,061,700.00	100.00	Expected to be uncollected
Nanling Technology Venture Investment Co.,Ltd	4,891,536.00	100.00	Expected to be uncollected
Li hanyue	1,892,453.00	100.00	Expected to be uncollected
Ningguo Shengli Industrial Co. Ltd	1,550,000.00	100.00	Expected to be uncollected
Xu Heng	1,409,018.00	100.00	Expected to be uncollected
Hefei Changrun Automobile Service Co., Ltd	1,268,400.00	100.00	Expected to be uncollected
Anhui Tai Hai Grain & Oil Group Co., Ltd.	1,022,971.00	100.00	Expected to be uncollected
Zhang benyou	13,333.00	100.00	Expected to be uncollected
Total	24,328,895.00		

(2) Entities which contribute significantly to the ending balance of accounts receivable are as follows:

Unit Name	Relationship with the Company	Amount	Percentage of total accounts receivable (%)	Bad debt provision balance
Huangshan Wufu Real Estate Co.,Ltd	Non-related party	11,120,433.00	24.00	11,120,433.00
Maanshan Zhongtian New Type Construction Materials Co.,Ltd	Non-related party	7,219,484.00	15.58	7,219,484.00
Anhui Lung And Real Estate Co., Ltd	Non-related party	5,061,700.00	10.92	5,061,700.00
Nanling Technology Venture Investment Co.,Ltd	Non-related party	4,891,536.00	10.56	4,891,536.00
Li hanyue	Non-related party	1,892,453.00	4.08	1,892,453.00
Total		30,185,606.00	65.14	30,185,606.00

(3)The ending balance of accounts receivable had increased by 113.46% as compared with that of the beginning balance, mainly represented by a substantial increase in receivable of pawn fees .

6. Amount of compensatory payment received

(1) Balance of amount of compensatory payment received is as follow:

Item	Ending balance	Beginning balance
Receivables for repayments under guarantee arrangements	335,320,400.19	373,545,603.89
Total	335,320,400.19	373,545,603.89

(2) The top five entities included in the ending balance of receivables for repayments under guarantee arrangements are as follows:

Entity Name	Relationship with the Company	Amount	Age	Percentage among the total (%)
Hefei Yusheng Wood industry Co.,Ltd	Non-related party	33,012,030.35	Within two year	9.84
Anhui Shanghetu Trading Co.,Ltd	Non-related party	18,329,892.85	Within one year	5.47
Anhui Hengshi Construction Co.,Ltd	Non-related party	14,892,684.00	Within one year	4.44
Anhui Huguang Curtain Construction Co.,Ltd	Non-related party	14,461,439.27	Within one year	4.31

Anhui Shuangxiang Trading Co.,Ltd	Non-related party	10,813,669.66	Within one year	3.22
Total		91,509,716.13		27.28

7. Prepayment

(1) Prepaid expenses by age

Age	Ending balance		Beginning balance	
	Amount	Share (%)	Amount	Share (%)
Within one year	3,229,048,391.95	99.35	620,362.32	31.24
1-2 years	323,657.38	0.01	1,261,401.60	63.53
2-3 years	651,292.70	0.02	39,390.00	1.98
More than 3 years	20,061,782.31	0.62	64,500.00	3.25
Total	3,250,085,124.34	100.00	1,985,653.92	100.00

(2)The ending balance of prepaid expenses mainly represents prepaid expense for purchasing land by Hefei Urban Construction, a subsidiary of the Company.

(3)The ending balance of prepaid expenses had increased by Rmb 3,248,099,470.42 compared with that of the beginning balance, mainly due to the substantial increase of prepayment for purchasing land by Hefei Urban Construction, a newly merged subsidiary of the Company.

8. Interest receivable

Category	Ending balance	Beginning balance
Interest on entrusted loans	3,438,606.64	3,280,039.08
Interest receivable from financial management	1,588,714.30	-
Total	5,027,320.94	3,280,039.08

9. Dividend receivable

Entity Name	Ending balance	Beginning balance
Hexian Hongtu Real Estate DevelopmentCo.,Ltd	36,753,920.76	36,753,920.76
Hefei Daminghu Mingcheng SME Innovation and Development Fund(Limited partnership)	-	2,451,343.37
Total	36,753,920.76	39,205,264.13

10. Other receivables

(1) Other receivables by category

Category	Ending balance			
	Carrying Amount		Bad debt provision	
	Amount	Share(%)	Amount	Share(%)
Other receivable with a single significant amount and a separate bad debt provision	28,832,319.72	6.06	28,832,319.72	100.00
Other accounts receivable for which a bad debt provision has been made on a group basis	441,302,893.33	92.79	90,464,500.22	20.50
Of which: the group of accounts receivable with a credit risk portfolio identified by aging	285,072,375.09	59.94	90,464,500.22	31.73
Other groups	156,230,518.24	32.85	-	-
Other receivable with a single insignificant amount but with a separate bad debt provision	5,479,014.25	1.15	5,479,014.25	100.00
Total	475,614,227.30	100.00	124,775,834.19	26.23

(Continued)

Category	Beginning Balance			
	Carrying Amount		Bad debt provision	
	Amount	Share (%)	Amount	Share (%)
Other receivable with a single significant amount and a separate bad debt provision	28,832,319.72	3.58	28,832,319.72	100.00
Other accounts receivable for which a bad debt provision has been made on a group basis	772,574,405.03	95.80	79,404,528.93	10.28
Of which: the group of accounts receivable with a credit risk portfolio identified by aging	616,343,886.79	76.43	79,404,528.93	12.88
Other groups	156,230,518.24	19.37	-	-
Other receivable with a single insignificant amount but with a separate bad debt provision.	5,032,081.25	0.62	5,032,081.25	100.00
Total	806,438,806.00	100.00	113,268,929.90	14.05

① Other receivables with a single significant amount and a separate bad debt provision

Unit name	Carrying amount	Amount of bad debt	Rate of provision rate (%)	Reason of provision
Payment on behalf	28,832,319.72	28,832,319.72	100.00	Expected uncollectible

② Other receivables for which a bad debt provision has been made under the aging method on a group basis:

Age	Ending balance			Beginning balance		
	Carrying amount		Bad debt provision	Carrying amount		Bad debt provision
	Amount	Share (%)		Amount	Share(%)	
Within one year	113,954,980.12	39.97	456,445.22	344,221,197.85	55.85	-
1-2 years	66,007,141.39	23.15	6,600,714.13	192,463,611.37	31.23	19,246,361.14
2-3 years	14,005,062.91	4.92	2,801,012.59	12,344,872.16	2.00	2,468,974.44
3-4 years	14,048,593.80	4.93	7,024,296.91	19,230,252.46	3.12	9,615,126.23
4-5 years	16,619,790.00	5.83	13,245,432.00	49,429.16	0.01	39,543.33
More than 5 years	60,436,806.87	21.20	60,336,599.37	48,034,523.79	7.79	48,034,523.79
Total	285,072,375.09	100.00	90,464,500.22	616,343,886.79	100.00	79,404,528.93

③ Other receivable with bad debt provision under other method on group basis: if the Company provides funds on behalf of the government to companies for the purpose of state-owned enterprises' restructuring, provision of bad debt is no need to provided:

Entity name	Amount	Nature of fund
Dongfang Interior Decoration Company	2,133,373.00	Funds for the restructuring of state-owned enterprises advanced on behalf of the government
Hefei Dongfeng General Chemical Plant	36,230,929.72	Funds for the restructuring of state-owned enterprises advanced on behalf of the government
Community Leadership Team	25,000.00	Funds for the restructuring of state-owned enterprises advanced on behalf of the government
Dongfang Furniture Factory	4,432,509.23	Funds for the restructuring of state-owned enterprises advanced on behalf of the government
Five collectively-owned enterprises	10,389,810.00	Funds for the restructuring of state-owned enterprises advanced on behalf of the government

Hefei Collective Industry Association	49,122,057.52	Funds for the restructuring of state-owned enterprises advanced on behalf of the government
Hefei Taipu Water Supply Engineering Co. Ltd.	11,000.00	Funds for the restructuring of state-owned enterprises advanced on behalf of the government
Guofeng Group	34,924,983.96	Funds for the restructuring of state-owned enterprises advanced on behalf of the government
13 entities including Feidong Textile Mill	18,960,854.81	Funds for the restructuring of state-owned enterprises advanced on behalf of the government
Total	156,230,518.24	

④ Other accounts receivable with a single insignificant amount but with a separate bad debt provision.

Unit name	Carrying amount	Amount of bad debt	Rate of provision (%)	Reason of provision
Anhui Province Liuben Food Co.,Ltd	5,032,081.25	5,032,081.25	100.00	Expected uncollectible
Hefei Cheng Gong Engineering Cost Consulting Co., Ltd.	414,533.00	414,533.00	100.00	Expected uncollectible
Hefei Municipal Engineering Group Co., Ltd.	32,400.00	32,400.00	100.00	Expected uncollectible
Total	5,479,014.25	5,479,014.25		

(2) Major other receivables at the end of period

Entity name	Relationship with the Company	Amount	Age	Percentage among the total (%)
Hefei Collective Industry Association	Non-related party	49,122,057.52	2-3 year	10.33
Hefei Dongfeng General Chemical Plant	Non-related party	36,230,929.72	4-5years and more than 5 years	7.62
Hefei Guofeng Holding Group Co.,Ltd	Non-related party	34,924,983.96	More than 5years	7.34
Hefei Yuanquan Finance Gurantee Co.,Ltd	Non-related party	34,154,057.59	Within 1 year	7.18
Hotel of Jinmanlou	Non-related party	31,410,982.90	Within 1 year	6.60
Total		185,843,011.69		39.07

(3) The ending balance of other receivable decreased by 41.02% against the beginning balance, mainly because of the substantial decrease of due from customers for business in this period.

11. Inventory

(1) Inventory Classification

Item	Ending balance			Beginning balance		
	Carrying value balance	Provision for obsolete inventory	Carrying value	Carrying value balance	Provision for obsolete inventory	Carrying value
Finished goods	29,201.70	-	29,201.70	107,354.17	-	107,354.17
Product developed	1,603,844,945.72	22,236,531.56	1,581,608,414.16	-	-	-
Development cost	2,751,648,914.77	-	2,751,648,914.77	-	-	-
Consumable materials	215,111.66	-	215,111.66	386,074.58	-	386,074.58
Total	4,355,738,173.85	22,236,531.56	4,333,501,642.29	493,428.75	-	493,428.75

(2) Provision for obsolete inventory

Category	Beginning balance	Increase in the current period		Increase in the current period		Ending balance
		Provision made for the current period	Increase due to combination	Reversal	Transferred	
Product developed	-	-648,855.58	26,609,645.03	3,724,257.89	-	22,236,531.56
Total	-	-648,855.58	26,609,645.03	3,724,257.89	-	22,236,531.56

Note: The provision for product developed is for developing car parks by Hefei Urban Construction, a subsidiary of the Company.

(3) At the end of the reporting period, the 70000 square meters of land use rights for developing Hupo Manor Project owned by Feidong branch of Hefei Urban Construction, a subsidiary of the Company, was pledged; the 159,885.00 square meters of land use rights for developing Hupo Mingjun project owned by Donglu Real Estate, a subsidiary of Hefei Urban Construction was pledged; the 37,950.00 square meters of land use rights for developing Hupo New World project owned by Xuancheng Real Estate, a subsidiary of Hefei Urban Construction, was pledged; the 103,103.67 square meters of land use rights for developing Hupo New World project owned by Chaohu Real Estate, a subsidiary of Hefei Urban Construction, was pledged.

(4) The ending balance of inventory increased by RMB4,355,244,745.10 compared with that of the beginning balance, mainly due to a newly merged subsidiary, Hefei Urban Construction.

12. Non-current assets due within one year

Item	Ending balance	Beginning balance
Long-term receivables due within one year	1,668,035,760.66	1,242,892,447.11
Entrusted loans	38,560,687.66	110,166,666.68
Total	1,706,596,448.32	1,353,059,113.79

Non-current assets due within one year mainly include long-term receivables due within one year as per the finance lease contract.

13. Other current assets

Item	Ending balance	Beginning balance
Entrusted loans	1,719,327,639.54	787,524,300.00
Financial products	1,995,887,397.43	821,036,071.57
VAT to be deducted and prepaid VAT	373,206,256.42	64,365,049.83
Short-term lease receivables	102,377,623.77	129,613,821.70
Provision for impairment of short-term finance lease receivables	-36,966,894.99	-23,976,314.54
Discounted assets (commercial bills)	10,155,332.88	-
Trust fund	10,000,000.00	-
Lending	30,000,000.00	-
Income from finance leases	48,306,108.60	49,263,090.96
Total	4,252,293,463.65	1,827,826,019.52

Notes:

(1) The ending balance of other current assets increased by 132.64% compared with that of the beginning balance, mainly due to the reasons such as increase in entrusted loans, increase in financial products and increase in prepaid cooperate income tax from Hefei Urban Construction, a newly merged subsidiary.

(2) Short-term lease receivables arose from the finance lease contract signed by Xingtai Leasing with the customer with lease term not more than one year.

(3) In short-term leases receivable, the rental income with book value of RMB 9,641,804.57 was used for loan collateral.

14. Loans and advances to customers

Item	Ending balance			Beginning balance		
	Carrying amount	Provision for loan loss	Book value	Carrying amount	Provision for loan loss	Book value

Mortgage loans	83,906,145.50	472,161.45	83,433,984.05	105,602,000.00	4,845,000.00	100,757,000.00
Secured loans	247,860,000.00	21,320,453.10	226,539,546.90	216,800,000.00	15,725,000.00	201,075,000.00
General loans	1,231,836,504.00	82,413,415.13	1,149,423,088.87	988,340,979.00	68,929,695.38	919,411,283.62
Total	1,563,602,649.50	104,206,029.68	1,459,396,619.82	1,310,742,979.00	89,499,695.38	1,221,243,283.62

Mortgage loans and secured loans represent the mortgage loans made by a subsidiary of the Company, Xingtai Pawn to outsiders, general loans are the small guarantee loans made by Guokong Small Loan, Xingtai Small Loan and Shiyu Small Loan.

15. Available-for-sale financial assets

(1) Available-for-sale financial assets

Item	Ending balance	Beginning balance
Available-for- sale equity instruments	3,229,721,752.24	4,386,085,365.12
Total	3,229,721,752.24	4,386,085,365.12

(2) Details of available-for-sale financial assets

Investee	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance
Huishang Bank Corporation Limited	1,010,943,503.07	223,718,565.62	-	1,234,662,068.69
Guoyuan Securities Company Limited	400,031,581.32	-	47,635,456.12	352,396,125.20
Hefei Department Store Group Co.,Ltd.	1,242,421,439.58	-	1,242,421,439.58	-
Hefei Meiling Co., Ltd.	349,110,827.30	-	349,110,827.30	-
Hefei Science&Technology Rural Commercial Bank Co., Ltd.	254,457,302.89	-	10,084,427.00	244,372,875.89
Guotong Pipes Industry Co., Ltd.	17,298,315.00	-	489,678.50	16,808,636.50
Hefei Dahu Mingcheng Innovation Fund	130,000,000.00	-	-	130,000,000.00
Anhui Equity Exchange Co., Ltd.	10,000,000.00	-	-	10,000,000.00
Guoyuan Agricultural Insurance Co., Ltd.	114,233,174.00	-	-	114,233,174.00
Hefei Huohua Venture Capital Co., Ltd.	302,999.99	-	-	302,999.99
Chizhou Juhua Rural Commercial Bank	40,360,000.00	-	-	40,360,000.00
Hefei Xingtai Guangdian Intelligent Venture Capital Investment Co., Ltd.	41,600,000.00	-	-	41,600,000.00
Hefei Damingcheng Xingke SME Development Fund (Limited partnership)	-	40,000,000.00	-	40,000,000.00

Anhui Zhengxin Co.,Ltd	-	12,500,000.00	-	12,500,000.00
Haitong Xinchuang Investment Management Co.,Ltd	-	2,000,000.00	-	2,000,000.00
Chaohu Jinyuan Financial Leasing Co.,Ltd	-	21,000,000.00	-	21,000,000.00
Feidong County SME Financial Guarantee Co.,Ltd	-	21,000,000.00	-	21,000,000.00
Hefei Binghu Financial Guarantee Co.,Ltd	-	24,650,000.00	-	24,650,000.00
Hefei High-tech Financial Guarantee Co.,Ltd	-	17,000,000.00	-	17,000,000.00
Lujiang County SME Financial Guarantee Co.,Ltd	-	24,000,000.00	-	24,000,000.00
Hefei Jinding Financial Guarantee Co.,Ltd	-	13,000,000.00	-	13,000,000.00
Hefei Yuanquan Financial Guarantee Co.,Ltd	-	25,000,000.00	-	25,000,000.00
Anhui Hengniu Property Co., Ltd.	6,191,150.00	34,464,850.00	-	40,656,000.00
Hefei Damei Construction and Decoration Engineering Co.,Ltd		27,577,500.00	-	27,577,500.00
Shanghai Pujiang Leasing Information Service Platform Management Co., Ltd.	400,000.00	-	-	400,000.00
Hefei Meiling Solar Energy Science and Technology Co., Ltd.	2,230,626.67	-	-	2,230,626.67
Hefei Meilianheng Real Estate Co., Ltd.	1,200,000.00	-	-	1,200,000.00
Hefei Meiling Aokai Electrical Equipment Co., Ltd.	8,571,728.33	-	-	8,571,728.33
Hefei Hengtong Glass Product Co., Ltd.	11,382,041.73	-	-	11,382,041.73
Hefei Meiling Small Appliance Co., Ltd.	6,447,591.26	-	-	6,447,591.26
Hefei Meiling Vehicle Industry Co., Ltd	1,569,928.68	-	-	1,569,928.68
Hefei MeiLing Cabinet Electric Appliance Co., Ltd	870,063.07	-	-	870,063.07
Hefei Meiling Environmental Equipment Technology Co., Ltd.	300,000.00	-	-	300,000.00
Hefei Huibang High Polymer Materials Co., Ltd	1,075,278.56	-	-	1,075,278.56
Anhui Huaxing Metal Structural Steel Engineering Co., Ltd.	7,037,297.56	-	-	7,037,297.56
Changjiang United Development (Group) Co., Ltd.	4,900,000.00	-	-	4,900,000.00
Hefei Anli Polyurethane New Material Co., Ltd.	5,858,676.33	-	-	5,858,676.33
Hefei Tiannian MeiLing Environmental technology Co.,Ltd	2,468,684.94	-	-	2,468,684.94

Shanghai United Financial Guarantee Co., Ltd.	30,012,000.00	-	-	30,012,000.00
Anhui Shucheng Rural Commercial Bank Co., Ltd.	91,000,000.00	-	-	91,000,000.00
Hefei Hi-tech Development Zone Management Committee	200,000.00	-	-	200,000.00
Hefei Meiling Huanyu Plastic Co., Ltd.	3,173,554.84	-	-	3,173,554.84
Hefei Urban and Rural Construction & Development Co., Ltd.	12,250,000.00	-	-	12,250,000.00
Hefei Xinlide Fund Management Co., Ltd.	300,000.00	-	-	300,000.00
Hefei Xingtai New-type Urbanization Development Fund Partnership (Limited Partnership)	5,000,000.00	-	-	5,000,000.00
Hefei Mingcheng Construction Development Co., Ltd.	5,000,000.00	-	-	5,000,000.00
Southern Capital & Equity Management Co., Ltd.	495,000,000.00	-	-	495,000,000.00
Hefei Taiwoda Intelligent Equipment Co. Ltd	-	3,000,000.00	-	3,000,000.00
Suzhou Security Service Co., Ltd.	-	25,500,000.00	-	25,500,000.00
Chizhou Security Service Co., Ltd.	-	51,854,900.00	-	51,854,900.00
Fuyang Security Service Co., Ltd.	72,887,600.00	-	72,887,600.00	-
Total	4,386,085,365.12	566,265,815.62	1,722,629,428.50	3,229,721,752.24

16. Held to Maturity Investment

(1) Detail

Item	Ending balance	Beginning balance
Bond	21,377,479.53	-
Total	21,377,479.53	-

(2) Held to Maturity Investments that are material at the end of period

Item	Par Value(Dollar)	Nominal interest rate	Actual interest rate	Due date
BOND-A XS1107634682	2,000,000.00	2.50%	1.20%	Sep 17,2017
BOND-A XS1124348878	1,070,000.00	2.88%	1.21%	Nov 3,2017
Total	3,070,000.00			

17. Long-term receivables

(1) Detail of long-term receivables

Item	Ending balance	Beginning balance
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Finance lease receivables	4,391,233,983.65	3,818,076,361.73
Unrealized financing income	-720,354,745.24	-637,793,413.03
Provision for depreciation on assets rented out	-345,631,047.89	-205,572,892.74
Total	3,325,248,190.52	2,974,710,055.96

(2) Xingtai Leasing, a subsidiary of the Company, with its all legal lease receivables and rights of income as security to obtain bank loans. The sum of the pledged lease receivables and accounts receivable of such financing lease income is RMB1,306,147,898.15

18. Long-term equity investments

(1) Carrying value

Investee	Ending balance			Beginning balance		
	Book Cost	Provision for impairment	Carrying value	Book Cost	Provision for impairment	Carrying value
Investments in subsidiaries	-	-	-	-	-	-
Investment in associated companies	2,932,733,540.77	-	2,932,733,540.77	2,425,555,650.93	-	2,425,555,650.93
Investment in other companies	-	-	-	-	-	-
Total	2,932,733,540.77	-	2,932,733,540.77	2,425,555,650.93	-	2,425,555,650.93

(2) Detail of long-term equity investments

Investee	Method of recognition	Beginning balance	Increase during the current period	Decrease during the current period	Ending balance
CCB Trust Co., Ltd.	Equity method	2,300,412,858.52	422,867,585.28	-	2,723,280,443.80
Harfor Fund Management Co., Ltd.	Equity method	93,640,923.08	12,130,299.03	1,200,000.00	104,571,222.11
Anhui Spark Technology Venture Investment Co., Ltd.	Equity method	24,631,909.33	628,310.54	-	25,260,219.87
SAIF XINGHE Investment Fund L.P.	Equity method	6,869,960.00	22,008,263.03	-	28,878,223.03
Hefei City Card Co.,Ltd	Equity method	-	50,743,431.96	-	50,743,431.96
Total		2,425,555,650.93	508,377,889.84	1,200,000.00	2,932,733,540.77

Investee	Proportion of the investee's shares held by the Company (%)	Proportion of the investee's voting shares held by the Company (%)	Difference between the proportion of the investee's shares held by the Company and the proportion of the investee's voting shares held by the Company	Provision for impairment	Provision for impairment made for the current period	Cash dividend
CCB Trust Co., Ltd.	27.50	27.50	-	-	-	-
Harfor Fund Management Co., Ltd.	24.00	24.00	-	-	-	1,200,000.00
Anhui Spark Technology Venture Investment Co., Ltd.	25.00	25.00	-	-	-	-
SAIF XINGHE Investment Fund L.P.	32.00	32.00	-	-	-	-
Hefei City Card Co.,Ltd	32.31	32.31	-	-	-	-

19. Investment properties

Item	Beginning balance	Increase during the current period	Decrease during the current period	Ending balance
1.Total original carrying value	396,472,857.91	11,378,893.48	-	407,851,751.39
Buildings and structures	396,472,857.91	11,378,893.48	-	407,851,751.39
2. Accumulated depreciation:	106,786,529.47	14,952,690.00	-	121,739,219.47
Buildings and structures	106,786,529.47	14,952,690.00	-	121,739,219.47
3. Total net carrying value of fixed assets	289,686,328.44	-	-	286,112,531.92
Buildings and structures	289,686,328.44	-	-	286,112,531.92
4. Total provision for impairment	-	-	-	-
Buildings and structures	-	-	-	-
5. Total carrying value of fixed assets	289,686,328.44	-	-	286,112,531.92
Buildings and structures	289,686,328.44	-	-	286,112,531.92

Xingtai Equity, a subsidiary of the Company, used the negative one to five layers of North Building of Xiaoyao Square, one to three layers of South Building, office 5101 of South Building, Nine Lion Bridge Road No. 45 South building of the market comprehensive building as mortgage to obtain bank loans .The book value of mortgage assets at the end of the period was Rmb135,089,743.65 ..

20. Fixed assets

Item	Beginning balance	Increase during the current period	Decrease during the current period	Ending balance
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1. Total original carrying value:	287,727,971.08	218,937,077.99	15,515,718.75	491,149,330.32
Buildings and structures	184,222,827.07	162,819,479.51	10,932,503.70	336,109,802.88
Equipment	8,896,588.93	4,700.00	636,995.27	8,264,293.66
Transportation equipment	74,054,126.11	36,469,772.43	1,957,857.87	108,566,040.67
Electronic and other equipment	20,554,428.97	19,643,126.05	1,988,361.91	38,209,193.11
2. Accumulated depreciation:	63,779,675.38	53,607,674.49	9,592,309.62	107,795,040.25
Buildings and structures	22,719,915.75	17,355,164.86	6,385,781.32	33,689,299.29
Equipment	4,001,321.46	84,472.32	65,557.41	4,020,236.37
Transportation Equipment	26,630,476.72	25,886,540.02	1,903,969.78	50,613,046.96
Electronic and other equipment	10,427,961.45	10,281,497.29	1,237,001.11	19,472,457.63
3. Total net carrying value of fixed assets	223,948,295.70			383,354,290.07
Buildings and structures	161,502,911.32			302,420,503.59
Machinery and equipment	4,895,267.47			4,244,057.29
Transportation equipment	47,423,649.39			57,952,993.71
Electronic and other equipment	10,126,467.52			18,736,735.48
4. Total provision for impairment	3,560,877.19		30,000.00	3,530,877.19
Buildings and structures	-	-	-	-
Equipment	3,466,971.31	-	-	3,466,971.31
Transportation equipment	93,905.88	-	30,000.00	63,905.88
Electronic and other equipment	-	-	-	-
5. Total carrying value of fixed assets	220,387,418.51			379,823,412.88
Buildings and structures	161,502,911.32			302,420,503.59
Equipment	1,428,296.16			777,085.98
Transportation equipment	47,329,743.51			57,889,087.83
Electronic and other equipment	10,126,467.52			18,736,735.48

Notes:

(1) The depreciation of fixed assets increased by RMB53,607,674.49 in this period, of which the current provision for the depreciation is RMB 35,221,413.39, the accumulated depreciation of fixed assets is RMB18,386,261.10, which were transferred from the subsidiaries, Hefei Urban Construction, Public Resources .

(2) The net book value of 1-27 floors of Zhenye Building Block A held by Xingtai Equity ,a subsidiary of the Company is RMB 113,192,111.92, which has been used as mortgage to obtain bank loans.

(3) The balance of fixed assets increased by 70.70% over the beginning balance of the period, mainly due to a significant increase in the value of houses and buildings resulted from the newly merged subsidiaries, Hefei Urban Construction, Public Trading Group and Fuyang Security

21. Construction in progress

(1) Detail of Construction in progress

Item	Ending balance			Beginning balance		
	Cost	Provision for impairment	Carrying value	Cost	Provision for impairment	Carrying value
Huitong Building	148,464,698.30	-	148,464,698.30	90,115,681.22	-	90,115,681.22
Fuyang Finance Service Center Works	27,565,825.00		27,565,825.00	-	-	-
Sanrong Building	206,875,800.32	-	206,875,800.32	-	-	-
Other miscellaneous works	726,574.00		726,574.00	760,657.00	-	760,657.00
Total	383,632,897.62	-	383,632,897.62	90,876,338.22	-	90,876,338.22

(2) The ending balance of Construction in progress increased by 322.15% over the beginning of the year, mainly due to the increase of Sanrong Building and Fuyang Finance Service Center Works resulted from the newly merged units, Lilan Real Estate and Fuyang Security.

(3) All items of Construction in progress at the end of the period are not pledged, guaranteed or under other ownership restrictions.

22. Intangible assets

Item	Beginning balance	Increase during the current period	Decrease during the current period	Ending balance
1. Total original carrying value	16,204,436.51	35,294,889.56	309,950.00	51,189,376.07
Land use rights	13,047,388.68	32,842,445.26		45,889,833.94
Software	3,157,047.83	2,452,444.30	309,950.00	5,299,542.13
2. Accumulated amortization	1,427,624.17	2,967,457.01	111,984.31	4,283,096.87
Land use rights	817,851.95	1,276,199.06		2,094,051.01
software	609,772.22	1,691,257.95	111,984.31	2,189,045.86

3. Total net carrying value of intangible assets	14,776,812.34	-	-	46,906,279.20
Land use rights	12,229,536.73	-	-	43,795,782.93
Software	2,547,275.61	-	-	3,110,496.27
4. Total provision for impairment	-	-	-	-
Land use rights	-	-	-	-
Software	-	-	-	-
5. Total carrying value of intangible assets	14,776,812.34	-	-	46,906,279.20
Land use rights	12,229,536.73	-	-	43,795,782.93
software	2,547,275.61	-	-	3,110,496.27

23. Goodwill

(1) Original book cost of goodwill

Investee or Event giving rises to the Goodwill	Dec 31,2015	Increase during the current period		Decrease during the current period		Dec 31,2016
		Arising from combination	Other	Disposal	Other	
Sanya Lefeng Industry Co.,Ltd	-	1,344,587.74	-	-	-	1,344,587.74
Total	-	1,344,587.74	-	-	-	1,344,587.74

(2) Impairment provision of Goodwill

Investee or Event giving rises to the Goodwill	Dec 31,2015	Increase during the current period		Decrease during the current period		Dec 31,2016
		Provision	Other	Disposal	Other	
Sanya Lefeng Industry Co.,Ltd	-	-	-	-	-	-
Total	-	-	-	-	-	-

The increase of the goodwill was resulted from the merger of Sanya Lefeng Industry Co.,Ltd by Hefei Urban Construction , a subsidiary of the Company.

24. Long-term prepaid expenses

Item	Ending balance	Beginning balance
Decoration	10,685,967.19	8,339,467.93

Other	1,217,049.95	2,968,988.91
Total	11,903,017.14	11,308,456.84

Note: The ending balance of the long-term prepaid expenses mainly included the office building decoration fees and construction expenses for centres and security room for the gold bar of some subsidiaries, Security Groups and Guokong Guarantee, etc.

25. Deferred tax assets

Category	Ending balance	
	Deferred tax assets	Deductible temporary differences
Effect of the provision for bad debts	42,701,859.20	170,807,436.80
Effect of the provision for impairment of short-term lease receivables	9,241,723.75	36,966,895.00
Effect of the provision for losses on loans and entrusted loans	45,811,487.73	183,245,950.92
Effect of the provision for impairment on long-term receivables	86,407,761.98	345,631,047.92
Provision for guarantee	6,938,179.75	27,752,719.00
Other effects	3,494,090.34	13,976,361.36
Total	194,595,102.75	778,380,411.00

Continue:

Category	Beginning balance	
	Deferred tax assets	Deductible temporary differences
Effect of the provision for bad debts	25,199,847.91	100,799,391.64
Effect of the provision for impairment of short-term lease receivables	5,994,078.64	23,976,314.54
Effect of the provision for losses on loans and entrusted loans	23,295,476.49	93,181,905.96
Effect of the provision for impairment on long-term receivables	51,393,223.19	205,572,892.76
Other effects	543,054.73	2,172,218.92
Total	106,425,680.96	425,702,723.82

The balance of deferred income tax assets increased by 82.85% over the beginning balance of the period, mainly due to the increase of the ending balance of the provision for bad debts and the impairment of long-term receivables compared with the beginning balance of the period.

26. Other non-current assets

Item	Ending balance	Beginning balance
Entrusted loans	209,112,900.77	20,358,440.69
Impairment of entrusted loans	-17,622,992.65	-7,690,865.54
Demolition of properties	2,072,585.77	1,162,474.73
Properties held for sale	7,224,976.40	24,505,479.56
Small and micro debt	498,500,000.00	-
Asset management plan	358,010,000.00	-
Foreclosed assets	56,492,603.95	36,631,409.65
Other	3,974,053.87	-
Total	1,117,764,128.11	74,966,939.09

(1) Entrusted loans resulted from the loan of over 1 year of external entrusted loans issued by Xingtai Leasing, a subsidiary of the Company.

(2) Foreclosed assets mainly are the real estate assets that Xingtai Guarantee obtained from the clients to offset the liability after Xingtai Guarantee repaid for guarantee of the clients.

(3) The asset management plan is the asset management plan purchased by the Security Fund Company.

(4) Small and micro debt is the bonds of Rmb500 million issued by the Company for loans to small and micro enterprises and for a period of more than 1 year.

(5) The ending balance of other non-current assets increased by RMB1,042,797,189.02 over the beginning balance of this year, mainly due to the new increase of small and micro debts and investment asset management plans for the current period.

27. Short-term borrowings

(1) Balance of short-term borrowings

Item	Ending balance	Opening balance
Guaranteed loans	877,000,000.00	1,435,000,000.00
Credit loans	150,000,000.00	-
Pledge loans	300,000,000.00	-
Total	1,327,000,000.00	1,435,000,000.00

(2) The guarantee loans are mainly the loans obtained by the Company with the guarantee provided by Hefei Industry Investment Holding Co., Ltd, and the loans obtained by the subsidiaries with the guarantee

provided by the Company. The pledge loans are the loans obtained by Xingtai Leasing, a subsidiary of the Company with the pledge of its legal lease receivables and financial leasing income right, the pledge details see " Note V, 13 (3), Note five, 17 (2)".

28. Accounts payable

(1) Balance of Accounts payable:

Item	Ending balance	Beginning balance
Within one year	455,699,509.65	7,903,337.72
1-2 years	133,841,723.13	237,306.42
2-3 years	100,603,444.21	22,108.09
More than 3 years	36,419,113.71	1,057,960.09
Total	726,563,790.70	9,220,712.32

(2) The accounts payable with the age of more than 3 years is from the subsidiary of the Company, Hefei Urban Construction's construction cost payable is a subsidiary of the Hefei Urban Construction payables.

(3) The closing balance of the accounts payable increased by RMB 717,343,078.38 over the beginning balance of the year, which was resulted from the increase of the payable project due to the newly added subsidiary of Hefei Urban Construction.

29. Receipt in advance

(1) Balance of receipt in advance:

Item	Ending balance	Beginning balance
Within one year	3,357,667,970.60	219,672,572.92
1-2 years	606,300,582.36	166,252.00
2-3 years	39,522,973.19	-
More than 3 years	7,813,668.03	3,093,870.48
Total	4,011,305,194.18	222,932,695.40

(2) The advance from customers with a large single amount and more than 3 years of aging is mainly due to the restricting debt of Hefei Meiling Huanyu Plastic transferred free of charge and advance of Hefei Urban Construction, a newly added subsidiary in this period.

(3) The ending balance of advance receivable balance increased by RMB 3,788,372,498.78 compared with that of the beginning balance of the year, mainly due to the increase of the advance for houses selling of Hefei Urban Construction, a newly added subsidiary.

30. Employee benefits payable**(1) Detail of Payroll payable**

Item	Beginning balance	Increase during the current period	Decrease during the current period	Ending balance
1. Short-term compensation	14,570,782.09	317,280,682.49	296,509,647.24	35,341,817.34
2. Post-employment benefits-defined contribution plans	26,775.50	31,007,603.17	31,011,541.87	22,836.80
3. Termination benefits	-	-	-	-
4. Other benefits due within one year	-	-	-	-
Total	14,597,557.59	348,288,285.66	327,521,189.11	35,364,654.14

(2) Detail of Short-term remuneration

Item	Beginning balance	Increase during the current period	Decrease during the current period	Ending balance
1. Wages, bonuses, allowances and subsidies	13,103,485.22	267,521,235.02	253,027,096.82	27,597,623.42
2. Employee benefits	162,717.52	16,033,174.08	14,418,423.81	1,777,467.79
3. Social insurance	11,602.80	13,150,673.16	13,151,398.20	10,877.76
Of which: medical insurance	9,759.00	11,277,720.73	11,278,274.43	9,205.30
Work-related injury insurance	526.80	654,309.53	654,373.57	462.76
Maternity insurance	1,317.00	1,218,642.90	1,218,750.20	1,209.70
4. Housing provident fund	-	10,342,053.68	10,335,517.58	6,536.10
5. Trade union funds and funds for the education and training of employees	1,292,976.55	10,233,546.55	5,577,210.83	5,949,312.27
6. Other	-	-	-	-
Total	14,570,782.09	317,280,682.49	296,509,647.24	35,341,817.34

(3) Detail of Defined contribution plans

Item	Beginning balance	Increase during the current period	Decrease during the current period	Ending balance
1. Endowment insurance	24,800.00	29,176,139.66	29,179,312.56	21,627.10
2. Unemployment insurance	1,975.50	1,831,463.51	1,832,229.31	1,209.70
Total	26,775.50	31,007,603.17	31,011,541.87	22,836.80

(4) The ending balance of payroll payable increased by 142.26% over the beginning balance of the period, mainly due to the addition of new subsidiaries and the increase in staff size.

31. Taxes payable

Items	Ending balance	Beginning balance
VAT	11,613,866.27	1,829,350.68
Business tax	-	12,232,320.20
Enterprise income tax	133,606,485.46	134,355,395.89
City maintenance and construction tax	759,277.59	978,713.90
Education surcharge	978,166.46	683,230.36
Land use tax	4,897,502.10	248,616.59
Property tax	2,308,086.36	2,627,198.71
Land appreciation tax	147,124,145.38	5,250.00
Stamp duty	3,622,674.27	-
Individual income tax	2,380,028.75	-
Fund for water works	694,945.38	-
Other	621,235.52	297,548.76
Total	308,606,413.54	153,257,625.09

The ending balance of the tax payable increased by 101.36% over the beginning balance of the period, mainly due to the increase of the land appreciation tax and other taxes due to the newly merged subsidiary, Hefei Urban Construction.

32. Interest payable

Item	Ending balance	Beginning balance
Interest payable on short-term borrowings	6,757,770.35	3,157,920.82
Interest payable on long-term borrowings	5,614,646.99	9,184,162.90
Bond interest payable	59,483,700.00	37,911,122.27
Other	-	2,807,268.81
Total	71,856,117.34	53,060,474.80

Note: The ending balance of interest payable increased by 35.42% over the beginning balance of the period, mainly due to the corresponding interest expense arising from the issue of bonds in this period.

33. Dividend payable

Entity	Ending balance	Beginning balance
Anhui Weihong steel structure group Co.,Ltd	881,985.75	-
Total	881,985.75	-

34. Other payables

(1) Carrying Amount

Item	Ending balance	Beginning balance
Within one year	6,227,745,410.73	3,021,350,379.74
1-2 years	1,986,839,844.95	655,070,300.01
2-3 years	455,131,059.67	12,807,451.43
More than 3 years	148,260,466.62	97,245,731.90
Total	8,817,976,781.97	3,786,473,863.08
合 计	7,107,916,505.92	

(2) Major items included in the ending balance of other payables:

Entity name	Amount	Age	Nature
Hefei Municipal Bureau of Finance	3,362,949,833.56	Within 2 years	Transfer fund
Hefei Housing Fund Management Center	2,026,770,570.26	Within 3 years	Deposit
Hefei Municipal Government Investment Guidance Fund Co., Ltd.	1,512,567,000.00	Within 2 years	Current account
Bureau of Finance of Changfeng County	105,000,000.00	Within 2 years	Transfer fund
Saif Fortune International Holding Co.,Ltd	100,629,102.10	Within 1 years	Entrusted investment
Total	7,107,916,505.92		

(3) The ending balance of Other payables increased by RMB5,031,502,918.89 over the beginning balance ,mainly due to the newly consolidated subsidiaries of Hefei Urban Construction, receiving large government guidance fund and provident fund deposit and investments entrusted by Saif Fortune in domestic market.

35. Guarantee contract provision

Item	Ending balance	Beginning balance
Guaranteed compensation reserve	281,861,807.60	219,545,389.25
Unearned premium reserve	91,065,226.02	77,170,527.23
Total	372,927,033.62	296,715,916.48

As of the end of the accounting period, the Company's financial guarantee balance is RMB 12,845,120,450 .00.

36. Non-current liabilities due within one year

(1) Balance of Non-current liabilities due within one year

Item	Ending balance	Beginning balance
Guaranteed loans	1,257,977,916.64	521,903,333.32
Credit loans	400,000,000.00	-
Mortgage loans	15,000,000.00	153,193,806.20
Pledge loans	253,388,285.71	-
Total	1,926,366,202.35	675,097,139.52

(2) The guaranteed loans at the end of the period are mainly the loans of the Company guaranteed by Hefei Industry Investment holding Co.,Ltd and the loans of the subsidiaries guaranteed by the Company; mortgage loans are the loans of Hefei Urban Construction, the details of mortgage of these loans see Note V, 11 (3), Note V, 13 (3); the pledge loans are the loans of Xingtai Leasing with the pledge of its legitimate lease receivables, the details of the pledge for these loans see NoteV 17 (2).

37. Long-term borrowings

(1) Balance of Long-term borrowings

Item	Ending balance	Beginning balance
Guaranteed loans	2,581,867,625.04	2,227,658,666.68
Credit loans	50,000,000.00	-
Mortgage loans	2,628,475,000.00	542,849,721.27
Pledge loans	459,045,677.42	340,625,000.00
Total	5,719,388,302.46	3,111,133,387.95

(2)) The guaranteed loans at this period end are the loans of the Company guaranteed by Hefei State-owned Assets Holding Co.,Ltd, and the loans of the subsidiaries guaranteed by the Company; mortgage loans are for Hefei Urban Construction, a subsidiary of the Company, the details of mortgage see NoteV 19 and NoteV 20(2); the pledge loans are the loans with the pledge of Xingtai Leasing's all legal lease receivables and financial leasing income right pledge, the details of pledge see NoteV 13(3) and Note V 17(2).

(3) The balance of long-term borrowings increased by RMB2,608,254,914.51 over the beginning balance of the period, mainly due to the increase in mortgage loans of Hefei Urban Construction, a new subsidiary of this period.

38. Bonds payable

(1) Bonds payable

Category	Ending balance	Beginning balance
Corporate bonds	1,992,914,333.33	994,219,333.33
Private placement bonds	-	97,711,111.07
Small micro bonds	498,666,666.67	
Total	2,491,581,000.00	1,091,930,444.40

(2) Detail of bonds payable

Bonds	Face value	Issue date	Maturity	Interest rate	Ending balance
Xingtai 15	1,000,000,000.00	2015.4.29	7 Years	5.60%	995,331,000.00
Xingtai 16	1,000,000,000.00	2016.6.22	3Years	3.38%	997,583,333.33
Xingtai 16 small 01	500,000,000.00	2016.9.8	3Years	3.50%	498,666,666.67

39. Long-term payable

(1) Balance of Long-term payable

Item	Ending balance	Beginning balance
Within 1 year	171,832,670.00	214,624,705.50
1-2 years	211,493,305.50	135,511,780.00
2-3 years	96,711,780.00	91,202,815.00
More than 3 years	200,123,940.00	157,957,125.00
Total	680,161,695.50	599,296,425.50

(2) Entities which contribute significantly to the ending balance of long-term accounts payable

Entity name	Amount	Age
Huaibei City Construction Investment Holding Group Co., Ltd.	25,000,000.00	1-2 years
Yangzhou Guangling Economic Development Zone Development and Construction Co., Ltd.	25,000,000.00	Within 1 year
Chizhou Guanhua Gold Smelting Co., Ltd.	15,000,000.00	1-2 years
Yiyang Group Co.,Ltd	15,000,000.00	Within1 year
Bengbu third sewage treatment Co., Ltd	15,000,000.00	Within1 year
Total	95,000,000.00	

(3) The ending balance of Long-term payables mainly are the deposit of finance lease received by Xingtai Leasing from the customers.

40. Special payable

Item	Ending balance	Beginning balance
Relocation compensation	9,829,635.01	9,159,984.57
Special funds for the formation of a fund company	41,600,000.00	41,600,000.00
Special funds for supporting the private sector	10,600,000.00	10,600,000.00
Guarantee funds for rural small and medium-sized enterprises	32,022,044.52	32,022,044.52
Growth loan risk compensation	5,128,922.12	-
Policy finance guarantee risk deposit	100,000,000.00	-
Total	199,180,601.65	93,382,029.09

(1) The ending balance of relocation compensation of RMB 9,829,635.01 represents the unpaid portion of the total compensation RMB9,913,635.01 from the administrative committee of Hefei Longgang Economic Development Zone as part of the compensation for the demolition of the rental buildings near Rail Line No.2 due to construction needs, of which RMB84,000.00 have been paid during the current period. The demolition work was still in progress at the end of the reporting period.

(2) The special funds for the formation of a fund company of RMB41.6 million represents a special fund obtained by the Company's subsidiary Xingtai Capital from Hefei Municipal Finance Bureau upon approval of "Request for Instructions on Application for the Formation of the Hefei Xingtai Intelligent Photoelectric Industry Investment Fund (in its preparatory phase)" by Hefei Financial Work Office, Hefei Development and Reform Commission and Hefei Municipal Finance Bureau through the issuance of He Jin Ban Document (2015) No.92.

(3) The special funds for supporting the private sector of RMB10.6 million represents special funds for supporting the private sector previously obtained from Hefei Yaohai District State-Owned Assets Management by the Company's newly included subsidiary State-Owned Guarantee who are entrusted for the project management during the current period.

(4) The guarantee funds for rural small and medium-sized enterprises comprise a fund of RMB32,022,044.52 of which the management committee for guarantee funds for rural small and medium-sized enterprises of Hefei has paid to a subsidiary of the Company, Guokong Guarantee, and entrusted it to manage this fund in previous year.

(5) Growth loan risk compensation of RMB 5 million is the special fund transferred by Hefei Finance

Office to the Company's subsidiary Security Fund Co according to the circular of Hejinban 2016 No97, and entrusted to Security Fund Co to manage.

(6) The policy financing guarantee business risk deposit included RMB 100 million received by the Company's subsidiary Security Fund Co according to Hecaijin No. [2016]1543, who was entrusted by Hefei Municipal Finance Bureau to manage the fund, the special fund will be used for guarantee business compensation for state-owned policy finance guarantee institutions' policy finance guarantee business and credit risk compensation and credit increase for other financial products

41. Deferred tax liabilities

Item	Ending balance	Beginning balance
Changes in fair value of available-for-sale financial assets	292,815,105.18	615,195,434.03
Changes in fair value of Held for trading financial assets	1,635,580.71	-
Appreciation of the acquired assets appraisal not under common control	14,017,747.89	-
Total	308,468,433.78	615,195,434.03

42. Other non-current liabilities

Item	Ending balance	Beginning balance
VAT output to transfer	87,763,058.23	-
Total	87,763,058.23	-

43. Share capital

Shareholder	Beginning balance	Increase during the current period	Decrease during the current period	Ending balance
State-Owned Assets Supervision and Administration Commission of Hefei Municipal Government	2,000,000,000.00	-	-	2,000,000,000.00
Total	2,000,000,000.00	-	-	2,000,000,000.00

44. Capital reserve

Item	Beginning balance	Increase during the current period	Decrease during the current period	Ending balance
Share premium	-	-	-	-
Other capital reserve	4,050,478,120.06	1,112,821,897.81	1,048,037,088.36	4,115,262,929.51
Total	4,050,478,120.06	1,112,821,897.81	1,048,037,088.36	4,115,262,929.51

The increase in capital reserves during the period was mainly due to the free transfer in of shares of Hefei Urban Construction and Lilan Real Estate from State-owned Assets Supervision and Administration Commission according to the requirements of Hefei State-owned enterprise reform, which caused the reserve increase by RMB897,127,061.11 and RMB209,895,500.00 respectively; The decrease in capital reserves during the period was mainly due to the free transfer out of share of Meiling Appliance and Hefei Department as per the requirement of State-owned Assets Supervision and Administration Commission on the reform of state-owned enterprises , which led to the decrease by RMB 1,048,037,088.36.

45. Surplus reserves

Item	Beginning balance	Increase during the current period	Decrease during the current period	Ending balance
Statutory surplus reserve	157,438,804.68	38,755,952.28	-	196,194,756.96
Discretionary surplus reserve	61,480,065.67		-	61,480,065.67
Total	218,918,870.35	38,755,952.28	-	257,674,822.63

46. General risk reserve

Item	Beginning balance	Increase during the current period	Decrease during the current period	Ending balance
General risk reserve	37,631,777.93	8,643,216.03	-	46,274,993.96
Total	37,631,777.93	8,643,216.03	-	46,274,993.96

47. Retained earnings

Item	Amount incurred in the current period	Amount incurred in the previous period
Retained earnings at the beginning of the year	1,654,270,005.51	1,309,611,514.86
Plus: Net profit for the year attributable to owners of the Company	723,057,601.80	403,319,391.27
Less: statutory surplus reserve	38,755,952.28	28,382,419.31
General reserve	8,643,216.03	5,644,973.93
Profit delivered	16,387,200.00	24,633,507.38
Dividends payable on common stock	-	-
Common stock dividends converted into equity	-	-
Retained earnings at the end of the year	2,313,541,239.00	1,654,270,005.51

48. Operating income and operating costs

- (1) Operating income and costs

Item	Amount incurred in the current period	Amount incurred in the previous period
Income from principal operations	4,078,370,238.43	854,608,677.39
Income from other operations	4,740,620.72	2,518,057.44
Total operating income	4,083,110,859.15	857,126,734.83
Cost of principal business	2,539,153,602.37	163,171,037.46
Cost of other business	2,550,838.16	2,476,945.49
Total operating cost	2,541,704,440.53	165,647,982.95

(2) Principal business (classification)

Item	Amount incurred in the current period	
	Income of principal business	Cost of principal business
Income from real estate development	2,659,311,535.77	2,185,534,950.09
Income from finance service	782,530,203.20	16,328,373.17
Income from security service fees	294,571,018.37	199,744,002.27
Income from bidding service	264,180,262.11	111,801,666.80
Other incomes	77,777,218.98	25,744,610.04
Total	4,078,370,238.43	2,539,153,602.37

Continued:

Item	Amount incurred in the previous period	
	Income of principal business	Cost of principal business
Income from real estate development	15,422,021.95	13,468,758.88
Income from finance service	626,175,044.52	12,940,257.82
Income from security service fees	185,382,577.70	128,495,106.68
Other incomes	27,629,033.22	8,266,914.08
Total	854,608,677.39	163,171,037.46

(3) The Company's top five customers in terms of contribution to its operating income

Customer	Amount	Percentage of the total operating income (%)
Hefei Baisheng Xiaoyao Plaza Co., Ltd.	45,027,815.51	1.10
Chengxinbai; Baiqin	40,000,003.00	0.98
Yangzhou Guangling Economic Development Zone Development and Construction Co., Ltd.	22,536,639.10	0.55
Huaibei City Construction Investment Holding Group Co., Ltd.	22,521,921.25	0.55

Anhui Chouning Highway Development Co., Ltd.	15,883,701.48	0.39
Total	145,970,080.34	3.57

(4) Operating income increased by 376.37% over the previous period, mainly due to the substantial increase in real estate sales revenue and bidding services revenue of the newly merged subsidiaries, Hefei Urban Construction and Public Resources Group.

49. Net changes in guarantee contract liabilities

Item	Amount incurred in the current period	Amount incurred in the previous period
Guaranteed compensation reserve	109,776,564.50	78,014,978.42
Unearned premium reserve	13,838,198.79	2,432,844.82
Total	123,614,763.29	80,447,823.24

Provision for guarantee contracts increased by 53.66% over the previous period, mainly due to the substantial increase in guarantee business income and the balance of guarantee.

50. Taxes and surcharges

Item	Amount incurred in the current period	Amount incurred in the previous period
Business tax	111,065,970.33	35,422,179.28
City maintenance and construction tax	11,561,576.84	2,652,780.15
Education surcharge	5,036,146.56	1,142,676.58
Local education surcharge	3,383,526.03	756,746.28
Land appreciation tax	12,978,011.98	1,266,439.82
Property tax	6,892,994.10	-
Land use tax	7,883,867.14	-
Fund for water works	2,640,738.67	-
Stamp duty	5,972,917.43	-
Others	942,711.60	-
Total	168,358,460.68	41,240,822.11

The amount of taxes and surcharges in the current period increased by 308.23% over the previous period, mainly due to the increase of business tax and land appreciation tax caused by the combination of Hefei Urban Construction, a newly merged subsidiary of the Company.

51. Selling expenses

Item	Amount incurred in the current period	Amount incurred in the previous period
Salaries and wages	3,777,167.44	2,784,799.84
Advertising expense	17,650,234.79	1,784,824.89
Maintenance expenses	513,226.78	535,549.32
Security and cleaning fee	2,899,741.71	1,779,156.07
Trustee's fee	2,113,130.73	792,325.00
Travel and office expenses	1,555,333.31	476,143.14
Transaction fee	32,674,081.24	-
After sales service	4,646,635.47	-
Others	6,870,273.21	2,975,020.72
Total	72,699,824.68	11,127,818.98

The selling expenses incurred in the current period increased by 553.32% over the previous period, mainly due to the increase of house transaction fee resulting from the newly merged subsidiary, Hefei Urban Construction,

52. Administrative expenses

Item	Amount incurred in the current period	Amount incurred in the previous period
Salaries and wages	150,533,005.28	77,144,298.66
Business entertainment expenses	2,665,951.81	3,391,695.08
Transportation expenses	5,509,903.90	5,530,727.81
Taxes	8,497,416.20	7,671,550.62
Travel and office expenses	20,848,130.32	14,785,643.22
Depreciation and amortization expenses	30,529,385.70	12,980,232.48
Conference fee	807,643.12	1,637,211.60
Intermediary fee	12,608,054.98	5,866,512.48
Publicity expenses	4,702,168.09	3,156,393.05
Others	27,543,648.61	20,554,970.14
Total	264,245,308.01	152,719,235.14

The administrative expenses incurred in the current period increased by 73.03% over the previous period, mainly due to a large increase in salaries and depreciation of the newly merged subsidiaries, Fuyang Security, Public resources group, and Hefei Urban Construction.

53. Financial costss

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest expense	397,384,921.26	325,816,633.40
Less: Interest income	104,821,713.62	41,301,850.45
Net interest expense	292,563,207.64	284,514,782.95
Bank charges	4,946,516.41	2,794,035.51
Net exchange loss	-1,855,737.31	4,983,104.85
Others	875.00	645,746.26
Total	295,654,861.74	292,937,669.57

54. Impairment losses

Item	Amount incurred in the current period	Amount incurred in the previous period
Bad debt	67,616,770.53	13,147,851.87
Provision for impairment of short-term leases	12,990,580.45	10,438,288.20
Provision for irrecoverable loan	24,827,980.90	53,643,500.82
Provision for impairment on inventories	-648,855.58	-
Provision for impairment on long-term receivables	140,058,155.15	87,305,246.55
Total	244,844,631.45	164,534,887.44

The amount of assets impairment losses in the current period increased by 48.81% over the previous period, mainly due to the increase of the provision for bad debts and the provision for impairment of long-term receivables.

55. Gains arising from changes in fair value

Source of gains arising from changes in fair value	Amount incurred in the current period	Amount incurred in the previous period
Financial assets held for trading	-2,096,736.11	3,545,534.93
Total	-2,096,736.11	3,545,534.93

56. Income from investment

(1) Details of income from investment

Item	Amount incurred in the current period	Amount incurred in the previous period
Investment income from long-term equity investments under the cost method	-	-
Investment income under the equity method	403,603,246.86	345,704,477.60

Gain on disposal of long-term equity investments	-	8,853,486.47
Investment income from possession of available-for-sale financial assets, etc.	95,738,102.80	106,910,437.39
Gain on disposal of financial assets held for trading	-	18,602,563.12
Others	6,623,834.28	33,036,841.26
Total	505,965,183.94	513,107,805.84

(2) Income from long-term equity investments under the equity method

Investees	Amount incurred in the current period	Amount incurred in the previous period
CCB Trust Co., Ltd.	389,909,137.03	328,483,179.56
Harfor Fund Management Co., Ltd.	12,483,438.17	17,463,210.22
Anhui Spark Technology Venture Investment Co., Ltd.	628,310.54	-241,912.18
Hefei City Card Co.,Ltd	553,431.96	-
SAIF Xinghe Investment Fund L.P.	28,929.16	-
Total	403,603,246.86	345,704,477.60

57. Non-operating income

Item	Amount incurred in the current period	Amount incurred in the previous period
Gain on disposal of non-current assets	247,472.37	183,494.93
Government subsidies	26,827,826.86	5,849,059.34
Others	367,801.08	4,482,279.35
Total	27,443,100.31	10,514,833.62

The amount of non-operating income increased by 160.99% over the previous period, mainly due to a substantial increase in the amount of government subsidies received by the company during the period.

58. Non-operating expenses

Item	Amount incurred in the current period	Amount incurred in the previous period
Loss on disposal of non-current assets	221,338.55	1,076,412.43
Of which: loss on disposal of fixed assets	221,338.55	1,076,412.43
Loss on debt restructuring	-	407,721.44
Donations	97,550.00	160,080.00
Late fees and fines	36,886.89	1,339,873.14
Additional compensation paid as a result	-	503,047.00

of replacing business tax with VAT		
Others	149,536.56	794,157.00
Total	505,312.00	4,281,291.01

The amount of Operating expenses of the current period decreased by 88.20% compared with that of the previous period, mainly due to tax fines and penalties for the period of 2011-2013 of the Company's subsidiary Security Group before its transfer into the Company, and the return of overpaid tax by the Company's subsidiary Xingtai Lease in the transfer of Business tax to VAT.

59. Income tax expense

Item	Amount incurred in the current period	Amount incurred in the previous period
Current income tax expense	120,414,574.83	75,899,997.39
Deferred income tax expense	-12,927,292.63	-40,906,914.88
Total	107,487,282.20	34,993,082.51

The amount of income tax expense increased by 207.17% over the previous period, mainly due to the substantial increase in the current income tax expenses caused by Hefei Urban Construction, the newly merged subsidiary of the Company in this period.

60. Other comprehensive income, net of tax

Item	Amount incurred in the current period	Amount incurred in the previous period
1. Gain (loss) on available-for-sale financial assets	181,955,352.75	227,384,941.72
Less: income tax effects of available-for-sale financial assets	45,488,838.19	56,846,235.43
Subtotal	136,466,514.56	170,538,706.29
2. Share of the investee's other comprehensive income under the equity method	32,605,309.11	12,953,797.54
Subtotal	32,605,309.11	12,953,797.54
3. Exchange difference in translating financial statements in foreign currency	-6,135,134.76	6,135,134.76
Subtotal	-6,135,134.76	6,135,134.76
Total	162,936,688.91	189,627,638.59

61. Notes to the cash flow statement

- (1) Cash received from other operating activities

Item	Amount incurred in the current period	Amount incurred in the previous period
Government subsidies	26,827,826.86	5,849,059.34
Deposits	1,140,712,628.31	595,368,420.00
Receivables and payables	349,178,770.82	248,340,567.78
Other	20,334,538.94	12,216,545.52
Refinance funds	480,646,624.27	441,900,000.00
Entrusted loans	299,996,016.73	348,271,750.00
Hefei Municipal Finance Bureau	2,954,328,093.59	239,076,109.87
Government guidance funds	224,500,000.00	1,208,067,000.00
Total	5,496,524,499.52	3,099,089,452.51

(2) Cash paid for other operating activities

Item	Amount incurred in the current period	Amount incurred in the previous period
Accreditation fee	46,285,570.24	
Travel and office expenses	21,694,179.46	14,571,841.47
Vehicle expenses	3,145,920.71	5,401,384.35
Conference fees	817,527.80	1,615,211.20
Business entertainment expenses	2,288,528.31	3,546,258.06
Intermediary fees	2,914,126.30	4,094,517.29
Company expenses	19,804,059.10	3,083,302.39
Handling charges	9,542,107.05	11,609,378.77
Advertising and publicity expenses	21,597,157.04	3,787,262.57
Insurance	2,018,536.96	1,222,037.69
Elevator, security and fire protection expenses	1,114,099.92	1,138,317.50
Other	14,904,743.76	15,710,999.77
Current accounts movement	967,951,484.72	130,342,680.19
Deposits	114,808,458.07	26,148,392.00
Entrusted loans issued	1,502,936,070.59	658,239,000.00
Refinance funds lent	345,330,000.00	344,732,500.00
Total	3,077,152,570.03	1,225,243,083.25

(3) Cash received from other investment activities

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest on bank deposits	103,074,431.76	41,301,850.45
Balance of monetary funds of newly acquired subsidiaries at date of acquisition	2,395,645,299.96	221,891,417.84

Total	2,498,719,731.72	263,193,268.29
(4) Cash received from other financing activities		
Item	Amount incurred in the current period	Amount incurred in the previous period
Financial funds allocated for investment	100,000,000.00	1,047,000,000.00
Investments in shares held on trust or fund	1,000,000.00	41,600,000.00
Buy-back fund management plan	25,000,000.00	-
Total	126,000,000.00	1,088,600,000.00
(5) Cash paid for other financing activities		
Item	Amount incurred in the current period	Amount incurred in the previous period
Subsidiaries repaid the loan to minority shareholders	248,750,000.00	-
Total	248,750,000.00	-

62. Supplementary information to the statement of cash flow

(1) Supplementary information to the statement of cash flows

Supplementary information	Amount incurred in the current period	Amount incurred in the previous period
Reconciliation of net income to net cash generated from operating activities:		
Net profit	795,307,522.71	436,364,296.27
Add: provision for impairment of assets	364,735,136.85	244,982,710.68
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	44,437,410.57	19,791,114.28
Amortization of intangible assets and long-term expenses	11,449,788.04	5,056,672.19
Loss on disposal of fixed assets, intangible assets and other long-term assets (less: gain)	-43,356.68	892,917.50
Loss on scrapping of fixed assets	17,222.86	-
Loss on changes in fair value	2,096,736.11	-3,545,534.93
Financial expenses	300,632,153.11	288,211,914.78
Investment Loss (less: income)	-505,965,183.94	-513,107,805.84
Decrease in deferred income tax assets (less: increase)	-14,562,873.34	-40,906,914.88
Increase in deferred income tax liabilities (less: decrease)	1,635,580.71	-
Decrease in inventories (Less: increase)	1,213,195,561.71	-24,897.69

Decrease in operating receivables (less: increase)	-6,984,744,402.83	-2,275,204,324.28
Increase in operating payables (Less: decrease)	6,931,932,506.33	1,899,329,411.37
Net cash flow from operating activities	2,160,123,802.21	61,839,559.45
2. Significant non-cash investing and financing activities		
Conversion of debt into capital	-	-
Convertible corporate bonds due within one year	-	-
Fixed assets acquired under finance leases	-	-
3. Changes of cash and cash equivalent :		
Ending balance of Cash	9,795,946,327.05	4,116,425,294.24
Less: Beginning balance of cash	4,116,425,294.24	1,024,570,870.79
Add: Ending balance of cash equivalent	-	-
Less: Beginning of cash equivalent	-	-
Net increase of cash and cash	5,679,521,032.81	3,091,854,423.45

(2) Composition of cash and cash equivalents

Item	Ending balance	Beginning balance
1. Cash	9,795,946,327.05	4,116,425,294.24
Of which: cash on hand	807,514.16	507,630.77
Deposits at call	9,782,859,468.98	4,113,489,569.13
Other monetary assets at call	12,279,343.91	2,428,094.34
2. Cash equivalents		-
Of which: bond investments maturing within three months		-
3. Ending balance of cash and cash equivalents	9,795,946,327.05	4,116,425,294.24

Note: Among other monetary assets, the housing provident fund deposit (including housing deposit), mortgage bonds, the right to use or restricted or period in more than 3 months, do not belong to the cash and cash equivalents.

(3) Assets with restricted ownership

Categories	Ending carrying value	Reasons of restriction
Cash and cash equivalent	299,746,496.31	Real estate deposits, Guarantee deposits for mortgage
Guarantee deposits	1,154,333,448.40	Guarantee deposits
Inventory	1,203,361,773.06	Mortgage

Long-term accounts receivable	1,306,147,898.15	Pledge
Other current assets	9,641,804.57	Pledge
Investment Real Estate	135,089,743.65	Mortgage
Fixed assets	113,192,111.92	Mortgage
Total	4,221,513,276.06	

VI. Related party relationships and transactions

Criteria for identifying related parties: A party is related to an entity if it has control or joint control over the entity or has significant influence over the entity or, together with the entity is under the control, joint control or significant influence of the same party.

1. Parent company of the Company

(1) Basic information

Name	Relationship with the Company	Nature of business	Place of registration
State-Owned Assets Supervision and Administration Commission of Hefei Municipal Government	Parent company	Supervision and administration of state-owned Assets of Hefei	Hefei

(2) Shareholding in the Company and changes therein

Beginning balance		Increase during the current period		Decrease during the current period		Ending balance	
Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
2,000,000,000.00	100.00%	-	-	-	-	2,000,000,000.00	100.00%

2. Subsidiaries of the Company

Full name of subsidiary	Subsidiary type	Enter prise type	Registered address	Legal representative	Nature of business	Registered capital (10,000 Yuan)	Shareholding (%)	Percentage (%)	Registration number or unified social credit code certificate
Hefei Xingtai Asset Management Co., Ltd.	Wholly-owned subsidiary	Limited liability company (Solely State-owned)	Hefei	Chen Ru	Asset management	50,000.00	100.00	100.00	913401007373061787
Hefei Xingtai Equity Investment Management Co., Ltd.	Wholly-owned subsidiary	One-person limited liability company	Hefei	Qin Zhen	Investment management	15,700.00	100.00	100.00	913401007117568245
Anhui Xingtai Financial Leasing Co., Ltd.	Holding company	Limited liability company (State-controlled)	Hefei	Sun Quan	Financing lease	100,000.00	75.00	75.00	91340100758538349P

Hefei Xingtai Financial Guarantee Co., Ltd.	Holding company	Other limited liability company	Hefei	Huang Youzhi	Financing guarantee	147,689.30	70.63	70.63	91340100728497523W
Anhui Xingtai Pawn Co., Ltd.	Wholly-owned subsidiary	Limited liability company (State-controlled)	Hefei	Zhang Dayong	Pawn	30,000.00	100.00	100.00	913401007865409569
Xingtai Holdings (Hong Kong) Co., Ltd.	Wholly-owned subsidiary	Limited liability company (Solely State-owned)	Hong Kong	Mei Pengjun	Investment	22,164.00	100.00	100.00	61990397-0009-13-0
Hefei Xingtai Capital Management Co., Ltd.	Wholly-owned subsidiary	Limited liability company (Solely State-owned)	Hefei	Zheng Xiaojing	Investment consulting	5,000.00	100.00	100.00	91340100149022398R
Hefei Security Group Co., Ltd.	Wholly-owned subsidiary	Limited liability company (Solely State-owned)	Hefei	Wang Jiahua	Security services	10,000.00	100.00	100.00	340100000127788
Shanghai Hexin Investment Consulting Co., Ltd.	Wholly-owned subsidiary	Limited liability company (State-controlled)	Shanghai	Cheng Rulin	Investment consulting	500.00	100.00	100.00	310104000133760
Hefei Meiling Financial Consulting Co., Ltd.	Wholly-owned subsidiary	One-person limited liability company	Hefei	Zhao Pin	Lease consulting	450.00	100.00	100.00	340100000209072
Hefei Xingmei Asset Management Co., Ltd.	Holding company	Other limited liability company	Hefei	Chen Rui	Lease consulting	100.00	51.72	51.72	340100000540804
Hefei Xingtai Small Loans Co., Ltd.	Holding company	Other limited liability company	Hefei	Chen Rui	Lending	20,000.00	30.00	30.00	9134010059865848X3
Anhui Xingtai Huizhong Financial Information Service Co., Ltd.	Wholly-owned subsidiary	Other limited liability company	Hefei	Chen Rui	Financial services	5,000.00	100.00	100.00	913401005957219066
Hainan Jinhaian Investment Co., Ltd.	Holding company	Other limited liability company	Haikou	Gao Jian	Investment, etc.	2,000.00	67.17	67.17	91460000149172732T
Haikou Huitong Hotel Co., Ltd.	Wholly-owned subsidiary	Other limited liability company	Haikou	Jin Baoming	Hotel management	90.00	100.00	100.00	91460100721253649R
Hefei Xingtai Shiyu Small Loans Co., Ltd.	Holding company	Limited liability company	Hefei	Chen Rui	Lending	10,500.00	32.38	32.38	91340100684951850J
Hefei Chaohu Xingtai Financial Guarantee Co., Ltd.	Holding company	Limited liability company	Hefei	Zhang Baobiao	Financing guarantee	15,000.00	88.27	88.27	341400000001354

Hefei Changfeng Xingtai Financial Guarantee Co., Ltd.	Holding company	Other limited liability company	Hefei	Wang Qingfeng	Financing guarantee	18,000.00	47.96	47.96	9134012177 4991258Y
Hefei Xingtai Commerical Asset Operations Co., Ltd.	Wholly-owned subsidiary	One-person limited liability company	Hefei	Wu Hui	Property management	498.00	100.00	100.00	9134010071 1008981D
Lujiang Xingtai Venture Capital Investment Co., Ltd.	Holding company	Other limited liability company	Lu Jiang	Qin Zhen	Venture capital investment	22,000.00	90.91	90.91	9134012407 8720892L
Hefei Guojia Industrial Capital Management Co., Ltd.	Wholly-owned subsidiary	One-person limited liability company	Hefei	Qin Zhen	Investment management	20,000.00	100.00	100.00	9134010005 8460261N
Hefei Lilan Real Estate Co.,Ltd	Wholly-owned subsidiary	Limited liability company	Hefei	Qin Zhen	Real estate	5,000.00	100.00	100.00	9134010076 4786621L
Hefei Security Intelligent Technology Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Hefei	Ying Changchu	Security services	1,000.00	100.00	100.00	3401000001 96090
Hefei City Parking Investment Management Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Hefei	Ying Changchu	Parking, etc.	1,000.00	100.00	100.00	9134010069 5707415Y
Hefei Ruida Police Auxiliary Service Co.,Ltd	Wholly-owned subsidiary	Limited liability company	Hefei	Song Huarui	Security services	100.00	100.00	100.00	9134010033 68579991
Hefei Ruida Vocational Training Co.,Ltd	Wholly-owned subsidiary	Limited liability company	Hefei	Wang Jiahua	Vocational training	100.00	100.00	100.00	91340100M A2MR0FB3 E
Anhui Xingtai Financial Outsourcing Co., Ltd	Wholly-owned subsidiary	Limited liability company	Hefei	Yin Changchu	Security services	5,000.00	100.00	100.00	9134010035 8560782W
Fuyang Security Service Co.,Ltd	Holding company	Other limited liability company	Fuyang	Yin Changchu	Security services	14,292.00	51.00	51.00	91341200M A2MQ34R7 A
Fuyang Lutong Parking Management Co.,Ltd	Holding company	Limited liability company	Fuyang	Chen Huifeng	Parking management	10.00	100.00	100.00	9134120006 523094XP
Fuyang Hengwei Security Service Co.,Ltd	Holding company	Limited liability company	Fuyang	Chen Huifeng	Security service	1,000.00	100.00	100.00	9134120056 7518046L
Anhui Xingtai Financial Consulting Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Hefei	Fu Shu	Consulting	100.00	100.00	100.00	9134010078 65014552
Hefei Guokong Small Loans Co., Ltd.	Holding company	Other limited liability company	Hefei	Gao Xian	Lending	50,000.00	92.00	92.00	9134010007 87457663
Hefei Guokong Construction Financial Guarantee Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Hefei	Yuan Gen	Guarantee	50,000.00	100.00	100.00	9134010068 81291867
Hefei Huiheng Property Management Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Hefei	Hu Bing	Property management	500.00	100.00	100.00	3401000003 04807

Hefei Xingtai Jichuang Information Technology Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Hefei	Huang Youzhi	Information services	120.00	100.00	100.00	9134010084 91807177
Hefei Xingtai Guangdian Intelligent Venture Capital Investment Co., Ltd.	Holding company	Limited liability company	Hefei	Zheng Xiaojing	Investment	10,000.00	58.40	58.40	91340100MA2 MQU1R1J
Anhui Public Resource Trading Group Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Hefei	Liu Xianj	Public resource trading	20,000.00	100.00	100.00	91340100MA2 MQ4L90L
Anhui Chengxin Project Management Co.,Ltd	Wholly-owned subsidiary	Limited liability company	Hefei	He Ping	Bidding agent	1,000.00	100.00	100.00	913401007981 38622Y
Hefei Equity Exchange	Wholly-owned subsidiary	Limited liability company	Hefei	Liu Xianj	Equity exchange	1,000.00	100.00	100.00	91340100MA2 MT7P152
Anhui United Technology Equity Exchange Co.,Ltd	Holding company	Limited liability company	Hefei	Tao Xin	Technology equity exchange	357.14	64.00	64.00	913401007300 38465G
Anhui Province Cultural Equity Exchange Co.,Ltd	Wholly-owned subsidiary	Limited liability company	Hefei	Wang Ha	Culture equity exchange	100.00	100.00	100.00	913401005545 9279X5
Anhui Province Environmental and Energy Exchange Co.,Ltd	Wholly-owned subsidiary	Limited liability company	Hefei	Tao Xin	Environment &Energy equity exchange	100.00	100.00	100.00	913401005545 92765P
Anhui Province Country Comprehensive Equity Exchange Co.,Ltd	Wholly-owned subsidiary	Limited liability company	Hefei	Wang Ha	Rural equity exchange	100.00	100.00	100.00	913401005545 92773J
Xinghe Financial Leasing (Shanghai) Co., Ltd.	Wholly-owned subsidiary	Limited liability company (Sole proprietorship of legal person from Taiwan, Hong Kong and Macao)	Shanghai	Mei Pengjun	Financing lease	10,000.00	100.00	100.00	310000400762 764
Xinghe International Limited	Wholly-owned subsidiary	Limited liability company	BVI		Investment	1,327.37	100.00	100.00	
Hefei Urban Construction Development Co.,Ltd	Holding company	company limited by shares;	Hefei	Wang Xiaoyi	Real estate	32,010.00	57.90	57.90	913401007139 651607
Hefei Urban Construction Bongbu Real estate Co.,Ltd	Wholly-owned subsidiary	Limited liability company	Bengbu	Wang Xiaoyi	Real estate	10,000.00	100.00	100.00	913403006629 462253
Hefei Urban Construction ChaoHu Real Estate Co.,Ltd	Holding company	Other limited liability company	Hefei	Wang Xiaoyi	Real estate	8,000.00	80.00	80.00	913401006642 24728T

Hefei Urban Construction Guangde Real Estate Co.,Ltd	Wholly-owned subsidiary	Other limited liability company	Guangde	Wang Xiaoyi	Real estate	6,000.00	100.00	100.00	91341822057028987R
Hefei Urban Construction Hupo Real Estate Co.,Ltd	Holding company	Limited liability company	Hefei	Wang Xiaoyi	Real estate	6,000.00	100.00	100.00	91340100073932175P
Xuancheng New World Real Estate Co.,Ltd	Wholly-owned subsidiary	Limited liability company	Xuancheng	Wang Xiaoyi	Real estate	6,000.00	100.00	100.00	913418000636319428
Anhui Hupo Property Management Co.,Ltd	Wholly-owned subsidiary	Limited liability company	Hefei	Lu Bo	Property management	1,200.00	100.00	100.00	91340100095078512J
Hefei Urban Construction Donglu Real Estate Co.,Ltd	Holding company	Other limited liability company	Feidong	Wang Xiaoyi	Real estate	15,385.00	65.00	65.00	91340122325442616U
Sanya Lefeng Industry Co.,Ltd	Holding company	Other limited liability company	Sanya	Wu Qiuquan	Real estate	2,040.82	51.00	51.00	91460200760368334X
Hefei Hupo Yangzhi Asset Management Co.,Ltd	Wholly-owned subsidiary	Limited liability company	Hefei	Wu Qiuquan	Real estate	200.00	100.00	100.00	913401003951904505
HefeiXingtai Guarantee Industry Security Fund Management Co.,Ltd	Wholly-owned subsidiary	Limited liability company	Hefei	Huang Youzhi	Security Fund	5,000.00	100.00	100.00	91340100MA2MW8CU9H

3. Remuneration of key management personnel

Item	Amount incurred in the current period	Amount incurred in the previous period
Payroll of key management personnel	2141.30 Thousand	1743.50 Thousand

VII. Contingencies

1. Pending litigation

As of 31 December 2016, the overdue loans of Xingtai Asset were RMB 28.90 million, the overdue loans of Guokong Small Loan were RMB 55.8812 million, and the overdue receivable for compensation and entrusted loans was RMB49.3711 million. Currently these cases are under legal process to recover.

2. Contingent liabilities arising from providing guarantees to other entities and the financial impact thereof

(1) Guarantees provided by the Company and its subsidiaries to non-related parties:

Guaranteed entity	Lending institution	Loan amount (RMB 000 n)	Loan maturity date
Hefei State-owned Assets Holding Co., Ltd	Bank of Hangzhou Hefei Branch	100,000.00	Nov 16,2017
Hefei State-owned Assets Holding Co., Ltd	Bank of Hangzhou Hefei Branch Hangzhou	50,000.00	Nov 27,2017
Hefei State-owned Assets Holding Co., Ltd	China Everbright Bank Hefei Branch	50,000.00	Mar 7,2017

Hefei State-owned Assets Holding Co., Ltd	China Construction Bank Changjiang West Road Sub-branch	100,000.00	May 27,2017
Hefei State-owned Assets Holding Co., Ltd	Bank of Communication Anhui Branch	50,000.00	July 25,2017
Hefei State-owned Assets Holding Co., Ltd	Huishang Bank Huayuan Street Sub-branch	70,000.00	Jan 29,2017
Hefei State-owned Assets Holding Co., Ltd	Huishang Bank Huayuan Street Sub-branch	70,000.00	Feb 28,2017
Hefei State-owned Assets Holding Co., Ltd	Bank of Communication Fuyang Road Sub-branch	147,000.00	Oct 29,2018
Hefei State-owned Assets Holding Co., Ltd	Bank of Communication Fuyang Road Sub-branch	133,000.00	2018.11.26
Hefei State-owned Assets Holding Co., Ltd	Hefei Science & Technology Rural Commercial Bank Jinkaiqu Sub-branch	108,000.00	Nov29,2018
Hefei State-owned Assets Holding Co., Ltd	Hefei Science & Technology Rural Commercial Bank Jinkaiqu Sub-branch	9,500.00	July 5,2018
Hefei State-owned Assets Holding Co., Ltd	Hefei Science & Technology Rural Commercial Bank Jinkaiqu Sub-branch	30,000.00	Dec 22,2018
Hefei State-owned Assets Holding Co., Ltd	Hefei Science & Technology Rural Commercial Bank Jinkaiqu Sub-branch	50,000.00	Dec 22,20182
Hefei State-owned Assets Holding Co., Ltd	Bank of Communication Fuyang Road Sub-branch	170,000.00	July 25,2019
Hefei State-owned Assets Holding Co., Ltd	Bank of Hangzhou Hefei Luyang Sub-branch	100,000.00	Aug 25,2017
Total		1,237,500.00	

(2) Joint liability guarantee

The Company's subsidiary Hefei Urban Construction used “mortgage method” for part of its commercial housing sales. Hefei Urban Construction provided joint liability guarantee to the owners for their mortgage purchase. As at December 31, 2016, the amount of such guarantee was RMB3.697 billion.

Except above-mentioned, as at December 31, 2016, the Company has no other material contingencies to disclose.

VIII. Commitments

(1) On May 12, 2016, the subsidiary of Hefei Urban Construction signed “the contract of state-owned construction land use right transfer” with Feixi County Land Resources Bureau to obtain the land located in the

south of Tianhai Road and the east of Binghe Road of Shangpai Town of Feixi county, space with a total area of 121,468.90 square meters and the transfer price of RMB2.71478 billion. As of December 31, 2016, the land transfer price paid was RMB1.35739 billion, the remaining balance not paid was RMB1.35739 billion.

(2) On July 12, 2016, the subsidiary Hefei Urban Construction signed “the contract of state-owned construction land use right transfer” with Hefei Land Resources Bureau to obtain the land located in the west of Banta Road and the north of Xiangshui Road of Yaohai district , with a total area of 80,857.85 square meters and the transfer price of RMB2.0194248. As of December 31, 2016, the land transfer price paid was RMB1.6097124 billion, the transfer price not paid was RMB409.7124 million. In January 2017, the whole land transfer was paid completely.

(3) On December 14, 2016, the subsidiary Hefei Urban Construction signed “the contract of state-owned construction land use right transfer” with Hefei Land Resources Bureau to obtain a land, which is located in the north of Chuangye Avenue and the east of Shuxin Road of Shushan District, with a total area of 53629.60 square meters and the transfer price of RMB1.405088 billion. As of December 31, 2016, the land transfer price has been paid with RMB250 million, the part not yet paid is RMB1.155088 billion. In January 2017, the whole land transfer price had been paid completely.

Except above-mentioned, as of 31 December 2016, the Company has no material commitments that need to be disclosed.

IX. Events After the Balance Sheet Date

1. Profit distribution

The Company’s subsidiary, Hefei Urban Construction held the fifteenth meeting of the sixth session of the board of directors on Dec 31, 2016 and approved the 2016 annual profit distribution plan to distribute cash dividend (including tax) of 1 RMB for every 10 shares to all shareholders with the total share capital of 320,100,000 shares as the base. The plan still needs to be submitted to the Hefei Urban Construction’s 2016 annual general meeting for consideration.

2. Investment

On February 15, 2017, the subsidiary Hefei Urban Construction held the fourteenth meeting of the sixth board of directors and the eighth meeting of the sixth board of supervisors , and approved the motion on the investment and related transactions, which planned to jointly initiate the establishment of Hefei Xingsheng Investment Management Co.,Ltd with the subsidiaries, Xingtai Capital, Shenzhen Mai Sheng Asset Management Co.,Ltd and Hefei Department Store Group Co.,Ltd, the registered capital was planned to be RMB 10 million, of which Hefei Urban Construction planned to contribute RMB1.5 million with the shareholding ratio of 15%, Xingtai

Capital planned to invest RMB 3 million with the shareholding ratio of 30%.

Except above-mentioned events, as of April 27, 2017, the Company has no other events after the balance sheet date to disclose.

X. Other Significant Events

1. On April 7, 2016, National Development and Reform Commission formally issued a document: Fagai corporate bonds (2016) No. 139, approving the application of the issuance of small and micro enterprises credit increase bonds with not more than RMB 1 billion face value, which was valid for 12 months from the date of approval, as of Dec 31, 2016, the small and micro enterprise bonds issued were RMB 500 million, the remaining of RMB 500 million would no longer be issued because the approved documents had expired.

2. According to the Compliance Office Document No. [2012]25 of the Hefei Municipal Planning Commission Office, On November 2, 2012, the Commission called on the tenth meeting of directors to study special issues, whereas the land that the subsidiary Hefei Urban Construction obtained before for developing projects involved the protection of Chaohu scenic area, it was determined not suitable for the development of construction, the Commission agreed the Company to replace the land within Chaohu City in accordance with relevant state regulations. According to the resolution of the eighth meeting of directors of the Hefei Municipal Land Management Committee in 2013, a 179.23 mus of land, located in the west of Jinhu Avenue and the north of Laoshan Road, was to replace with the original 230.65 mus of land that Chaohu Real Estate purchased for construction. On August 19, 2013, the Chaohu Municipal Land Resources Bureau and the Chaohu Real Estate signed the termination agreement to end "state-owned construction land transfer contract", and "state-owned construction land transfer contract" signed in March 2008 was terminated accordingly, at the same time agreed that Chaohu Real Estate and the Chaohu Municipal Bureau of Land and Resources would sign "contract of state-owned construction land use right transfer" for 155.10 mus of land replacement, and the remaining 24.13 mus land replacement would be completed according to the procedures after the land planning adjustments. As of December 31, 2016, the Hefei Urban Construction achieved 155.10 mus of replacement land for construction, and obtained the certificate for the use of land, the remaining 24.13 mus of land replacement has not yet been achieved, Hefei Urban Construction paid RMB 19,902,479.41 as prepayment for the land.

Except above-mentioned events, as of December 31, 2016, the Company has no other significant events to disclose.

XI. Notes to the Main Items of the Parent Company's Financial Statements

1. Other receivables

(1) Other accounts receivable by category

Category	Ending balance			
	Carrying amount		Bad debt provision	
	Amount	Share (%)	Amount	Share (%)
Other accounts receivable with a single significant amount with a separate bad debt provision	-	-	-	-
Other accounts receivable for which a provision for bad debts has been made on group basis	1,212,379,639.41	100.00	18,612.50	0.01
Of which: the group of accounts receivable with a credit risk portfolio characterized by aging	900,310.10	0.07	18,612.50	2.07
Other group-Amount due from subsidiaries	1,055,248,811.07	87.04	-	-
Other group-Advance for State-owned enterprises reform	156,230,518.24	12.89	-	-
Other accounts receivable with a single insignificant amount but with a separate bad debt provision	-	-	-	-
Total	1,212,379,639.41	100.00	18,612.50	0.01

(Continued)

Category	Beginning balance			
	Carrying amount		Bad debt provision	
	Amount	Share (%)	Amount	Share (%)
Other accounts receivable with a single significant amount with a separate bad debt provision	-	-	-	-
Other accounts receivable for which a provision for bad debts has been made on group basis	1,029,093,968.64	100.00	3,191,687.40	0.31
Of which: the group of accounts receivable with a credit risk portfolio characterized by aging	11,313,097.23	1.10	3,191,687.40	28.21
Other group-Amount due from subsidiaries	861,550,353.17	83.72	-	-
Other group-Advance for State-owned enterprises reform	156,230,518.24	15.18	-	-
Other accounts receivable with a single insignificant amount but with a separate bad debt provision	-	-	-	-

Total	1,029,093,968.64	100.00	3,191,687.40	0.31
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(2) Other accounts receivable for which a provision for bad debts has been made under the aging method on group basis.

Age	Ending balance			Beginning balance		
	Carrying amount		Bad debt provision	Carrying amount		Bad debt provision
	Amount	Share(%)		Amount	Share(%)	
Within 1 year	777,805.10	86.39	-	8,105,569.83	71.65	-
1-2 Years	106,600.00	11.84	10,660.00	-	-	-
2-3 Years	-	-	-	19,800.00	0.18	3,960.00
3-4 Years	15,905.00	1.77	7,952.50	-	-	-
4-5 Years	-	-	-	-	-	-
More than 5 years	-	-	-	3,187,727.40	28.17	3,187,727.40
Total	900,310.10	100.00	18,612.50	11,313,097.23	100.00	3,191,687.40

(3) Amounts due from subsidiaries at the end of the period

Entity	Relationship with the Company	Amount	Age	Share among the total (%)	Nature
Hefei Xingtai Asset Management Co., Ltd.	subsidiary	420,478,954.58	Within 1 year	34.68	Current account
Hainan Jinhaian Property Development Co.,Ltd	subsidiary	83,000,000.00	Within 2 year	6.85	Current account
Hefei Xingtai Equity Investment Management Co., Ltd.	subsidiary	226,769,856.49	Within 2 year	18.70	Current account
Hefei Xingtai Financial Guarantee Co., Ltd.	subsidiary	100,000,000.00	Within 1 year	8.25	Current account
Hefei Guokong Small Loans Co., Ltd.	subsidiary	10,000,000.00	Within 1 year	0.82	Current account
Hefei Xingtai Guarantee Industry Security Fund Management Co.	Ltd	215,000,000.00	Within 1 year	17.73	Current account
Total		1,055,248,811.07		87.03	

(4) Detail of Advance for the restructuring of state-owned enterprises

Entity	Amount	Nature of fund
Dongfang Interior Decoration Company	2,133,373.00	Funds for the restructuring of state-owned enterprises paid with an expectation of reimbursement
Hefei Dongfeng General Chemical Plant	36,230,929.72	Funds for the restructuring of state-owned enterprises paid with an expectation of reimbursement

Community Leadership Team	25,000.00	Funds for the restructuring of state-owned enterprises paid with an expectation of reimbursement
Dongfang Furniture Factory	4,432,509.23	Funds for the restructuring of state-owned enterprises paid with an expectation of reimbursement
Five collectively-owned enterprises	10,389,810.00	Funds for the restructuring of state-owned enterprises paid with an expectation of reimbursement
Hefei Collective Industry Association	49,122,057.52	Funds for the restructuring of state-owned enterprises paid with an expectation of reimbursement
Hefei Taipu Water Supply Engineering Co. Ltd.	11,000.00	Funds for the restructuring of state-owned enterprises paid with an expectation of reimbursement
Guofeng Group	34,924,983.96	Funds for the restructuring of state-owned enterprises paid with an expectation of reimbursement
13 entities including Feidong Textile Mill	18,960,854.81	Funds for the restructuring of state-owned enterprises paid with an expectation of reimbursement
Total	156,230,518.24	

2. Long-term equity investments

(1) Carrying value of long-term equity investments

Investees	Ending balance			Beginning balance		
	Carrying cost	Provision for impairment	Carrying value	Carrying cost	Provision for impairment	Carrying value
Investment in subsidiaries	4,852,803,101.34	-	4,852,803,101.34	3,713,491,490.40	-	3,713,491,490.40
Investments in associates	2,889,357,218.79	-	2,889,357,218.79	2,418,685,690.93	-	2,418,685,690.93
Investment in other companies	-	-	-	-	-	-
Total	7,742,160,320.13	-	7,742,160,320.13	6,132,177,181.33	-	6,132,177,181.33

(2) Details of long-term equity investments

Investee	Accounting method	Beginning balance	Increase during the current period	Decrease during the current period	Ending balance
Anhui Xingtai Financial Leasing Co., Ltd.	Cost method	801,149,877.54	-	-	801,149,877.54
Hefei Xingtai Asset Management Co., Ltd.	Cost method	251,318,390.63	43,000,000.00	-	294,318,390.63
Hefei Xingtai Jichuang Information Technology Co., Ltd.	Cost method	23,874,634.45	-	-	23,874,634.45
Anhui Xingtai Pawn Co., Ltd.	Cost method	152,922,431.83	-	-	152,922,431.83
Hefei Xingtai Equity Investment Management Co., Ltd.	Cost method	186,065,676.99	-	-	186,065,676.99
Hefei Xingtai Financial Guarantee Co., Ltd.	Cost method	771,730,000.00	-	-	771,730,000.00
Xingtai Holdings (Hong Kong) Co., Ltd.	Cost method	91,640,000.00	130,000,000.00	-	221,640,000.00
Hefei Security Group Co., Ltd.	Cost method	79,529,224.88	48,600,000.00	-	128,129,224.88
Hefei Xingtai Capital Management Co., Ltd.	Cost method	30,000,000.00	-	-	30,000,000.00
Hefei Guokong Construction Financing Guarantee Co., Ltd.	Cost method	661,904,018.87	-	-	661,904,018.87
Hefei Guokong Small Loans Co., Ltd.	Cost method	554,957,235.21	-	-	554,957,235.21
Anhui Public Resource Trading Group Co., Ltd.	Cost method	50,000,000.00	-	-	50,000,000.00
Hefei Xingtai Guangdian Intelligent Venture Capital Investment Co., Ltd	Cost method	58,400,000.00	-	-	58,400,000.00
Hefei Urban Construction Development Co.,Ltd	Cost method	-	897,711,610.94	-	897,711,610.94
HefeiXingtai Guarantee Industry Security Fund Management Co.,Ltd	Cost method	-	20,000,000.00	-	20,000,000.00
CCB Trust Co., Ltd.	Equity method	2,300,412,858.52	422,867,585.28	-	2,723,280,443.80
Harfor Fund Management Co., Ltd.	Equity method	93,640,923.08	12,130,299.03	1,200,000.00	104,571,222.11
Anhui Spark Technology Venture Investment Co., Ltd.	Equity method	24,631,909.33	628,310.54	-	25,260,219.87
Hefei City Card Co.,Ltd	Equity method	-	36,245,333.01	-	36,245,333.01
Total		6,132,177,181.33	1,611,183,138.80	1,200,000.00	7,742,160,320.13

(Continued)

Investee	Proportion of investee's shares held by the Company	Proportion of investee's voting shares held by the Company (%)	Difference between the proportion of investee's shares held by the Company and the proportion of investee's voting shares held by the Company	Provision for impairment	Provision for impairment made for the current period	Cash dividends
Anhui Xingtai Financial Leasing Co., Ltd.	63.05	63.05	-	-	-	-
Hefei Xingtai Asset Management Co., Ltd.	100.00	100.00	-	-	-	-
Hefei Xingtai Jichuang Information Technology Co., Ltd.	100.00	100.00	-	-	-	-
Anhui Xingtai Pawn Co., Ltd.	60.00	60.00	-	-	-	-
Hefei Xingtai Equity Investment Management Co., Ltd.	100.00	100.00	-	-	-	-
Hefei Xingtai Financial Guarantee Co., Ltd.	53.28	53.28	-	-	-	-
Xingtai Holdings (Hong Kong) Co., Ltd	100.00	100.00	-	-	-	-
Hefei Security Group Co., Ltd.	100.00	100.00	-	-	-	-
Hefei Xingtai Capital Management Co., Ltd.	60.00	60.00	-	-	-	-
Hefei Guokong Construction Financing Guarantee Co., Ltd.	100.00	100.00	-	-	-	-
Hefei Guokong Small Loans Co., Ltd.	92.00	92.00	-	-	-	-
Anhui Public Resource Trading Group Co., Ltd.	100.00	100.00	-	-	-	-
Hefei Xingtai Guangdian Intelligent Venture Capital Investment Co., Ltd.	58.40	58.40	-	-	-	-
Hefei Urban Construction Development Co.,Ltd	57.90	57.90	-	-	-	9,267,408.00
HefeiXingtai Guarantee Industry Security Fund Management Co.,Ltd	40.00	40.00	-	-	-	-
CCB Trust Co., Ltd.	27.50	27.50	-	-	-	-
Harfor Fund Management Co., Ltd.	24.00	24.00	-	-	-	1,200,000.00
Anhui Spark Technology Venture Investment Co., Ltd.	25.00	25.00	-	-	-	-
Hefei City Card Co.,Ltd	23.08	23.08	-	-	-	-

3. Investment income

(1) Details of investment income

Items	Amount occurring during the current period	Amount occurring during the previous period
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Income from long-term equity investments under the cost method	24,229,717.77	12,189,667.98
Income from long - term equity investments under the equity method	403,416,218.75	345,704,477.60
Investment income from possession of available-for-sale financial assets	93,262,166.10	95,883,663.02
Gain on sale of long-term equity investments	-	-
Investment income from available-for-sale financial assets, etc.	-	-
Total	520,908,102.62	453,777,808.60

(2) Income from long-term equity investments under the equity method

Items	Amount occurring during the current period	Amount occurring during the previous period
CCB Trust Co., Ltd.	389,909,137.03	328,483,179.56
Harfor Fund Management Co., Ltd.	12,483,438.17	17,463,210.22
Anhui Spark Technology Venture Investment Co., Ltd.	628,310.54	-241,912.18
Hefei City Card Co.,Ltd	395,333.01	-
Total	403,416,218.75	345,704,477.60

Hefei Xingtai Financial Holding (Group) Co., Ltd.

Legal representative:

Accounting head:

Head of the accounting firm:

Date: 27 April, 2017

Date: 27 April, 2017

Date: 27 April, 2017

审计报告

Audit Report

合肥兴泰金融控股(集团)有限公司
Hefei Xingtai Financial Holding Group Co., Ltd.

会审字[2016]3272号
KSZ[2016] No. 3272

华普天健会计师事务所(特殊普通合伙)
Huapu Tianjian Certified Public Accountants (Special
General Partnership)

中国·北京
Beijing, China

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审计报告

Audit Report

合肥兴泰金融控股（集团）有限公司全体股东：

To: All shareholders of Hefei Xingtai Financial Holding Group Co., Ltd.,

我们审计了后附的合肥兴泰金融控股（集团）有限公司（以下简称“兴泰控股”）财务报表，包括2015年12月31日的合并及母公司资产负债表，2015年度的合并及母公司利润表、合并及母公司现金流量表、合并及母公司所有者权益变动表，以及财务报表附注。

We have audited the accompanying consolidated financial statements of Hefei Xingtai Financial Holding Group Co., Ltd. (“the Company”) and its subsidiaries (collectively referred to as the “Group”), including its consolidated and the Company’s balance sheets as of 31 December 2015, consolidated and the Company’s income statements for the year ended 31 December 2015, consolidated and the Company’s cash flow statement and consolidated and the Company’s statement of changes in the owner’s equity, as well as notes to the financial statements.

一、管理层对财务报表的责任

I. Management’s Responsibility for the Financial Statements

编制和公允列报财务报表是兴泰控股管理层的责任，这种责任包括：（1）按照企业会计准则的规定编制财务报表，并使其实现公允反映；（2）设计、执行和维护必要的内部控制，以使财务报表不存在由于舞弊或错误而导致的重大错报。

The preparation and fair presentation of these financial statements is the responsibility of the Company’s management. Such responsibility includes: (i) preparing financial statements in accordance with the Accounting Standards for Business Enterprises, and ensuring fair presentation of the financial statements; and (ii) designing, implementing and maintaining the necessary internal control to ensure that the preparation and fair presentation of financial statements are free from material misstatement due to fraud or error.

二、注册会计师的责任

2. Certified Public Accountants' Responsibility

我们的责任是在执行审计工作的基础上对财务报表发表审计意见。我们按照中国注册会计师审计准则的规定执行了审计工作。中国注册会计师审计准则要求我们遵守中国注册会计师职业道德守则，计划和执行审计工作以对财务报表是否不存在重大错报获取合理保证。

Our responsibility is to express an audit opinion on these financial statements based on our audit. We conducted our audit in accordance with the China Standard on Auditing issued by the China Institute of Certified Public Accountants. Those standards require us to comply with ethical requirements and to plan and perform the audit to obtain reasonable assurances as to whether the financial statements are free from material misstatement.

审计工作涉及实施审计程序，以获取有关财务报表金额和披露的审计证据。选择的审计程序取决于注册会计师的判断，包括对由于舞弊或错误导致的财务报表重大错报风险的评估。在进行风险评估时，注册会计师考虑与财务报表编制和公允列报相关的内部控制，以设计恰当的审计程序，但目的并非对内部控制的有效性发表意见。审计工作还包括评价管理层选用会计政策的恰当性和作出会计估计的合理性，以及评价财务报表的总体列报。

An audit involves implementing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. Selection of the procedures depends on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements due to fraud or error. In making risk assessments, the auditor considers internal control in relation to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to give any opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

我们相信，我们获取的审计证据是充分、适当的，为发表审计意见提供了基础。

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

三、 审计意见

3. Audit Opinion

我们认为，兴泰控股财务报表在所有重大方面按照企业会计准则的规定编制，公允反映了兴泰控股 2015 年 12 月 31 日的合并及母公司财务状况以及 2015 年度的合并及母公司经营成果和现金流量。

In our opinion, the consolidated financial statements of the Company are prepared in accordance with the Accounting Standards for Business Enterprises in all major aspects, and give a true and fair view of the financial position of the Group and the Company as of 31 December 2015, and of their consolidated financial performance and cash flow for the year ended 31 December 2015.

华普天健会计师事务所
(特殊普通合伙)

Huapu Tianjian Certified Public Accountants
(Special General Partnership)

中国·北京
Beijing, China

中国注册会计师：

Certified Public Accountant of China:

中国注册会计师：

Certified Public Accountant of China:

中国注册会计师：

Certified Public Accountant of China:

中国注册会计师：

28 April 2016

Consolidated Statement of Financial Position

Prepared by: Hefei Xingtai Financial Holding Group Co., Ltd.

2015-12-31

Unit: RMB

Items	Notes	Ending balance	Beginning balance	Items	Notes	Ending balance	Beginning balance
Current assets:				Current liabilities:			
Cash and cash equivalents	V.1	4,940,824,912.54	1,477,778,384.45	Short-term borrowings	V.25	1,435,000,000.00	1,450,000,000.00
Deposits with exchanges and financial institutions	V.2	919,085,950.23	410,950,360.93	Borrowings from central bank		-	-
Placements with banks and financial institutions		-	-	Deposit from customers and due to banks and other financial institutions		-	-
Financial assets at fair value through profit or loss	V.3	12,132,235.86	8,586,700.93	Placements from banks and financial institutions		-	-
Derivative financial assets		-	-	Financial liabilities at fair value through profit or loss		-	-
Bills receivables	V.4	9,790,000.00	1,050,000.00	Derivative financial liabilities		-	-
Accounts receivable	V.5	21,130,101.80	3,671,328.19	Bills payables		-	-
Amount of compensatory payment receivable	V.6	373,545,603.89	101,300,941.48	Accounts payable	V.26	9,220,712.32	15,077,377.20
Prepayment	V.7	1,985,653.92	12,396,898.54	Receipt in advance	V.27	222,932,695.40	151,266,605.33
Reinsurance receivable		-	-	Financial assets sold under repurchase agreement		-	-
Reserves for reinsurance contract receivable		-	-	Commissions and brokerage payable		-	-
Interest receivable	V.8	3,280,039.08	204,768.98	Employee benefits payable	V.28	14,597,557.59	10,676,684.92
Dividend receivable	V.9	39,205,264.13	1,159,200.00	Taxes payable	V.29	153,257,625.09	91,847,965.64
Other receivables	V.10	693,169,876.10	610,826,420.01	Interest payable	V.30	53,060,474.80	11,943,072.25
Financial assets held under resale agreements		-	-	Dividend payable	V.31	-	27,040.00
Inventory	V.11	493,428.75	358,350,182.47	Other payables	V.32	3,786,473,863.08	1,295,886,361.04
Assets classified as held-for-sale		-	-	Payable to reinsurers		-	-
Non-current assets due within one year	V.12	1,353,059,113.79	1,080,161,552.13	Guarantee contract provision	V.33	296,715,916.48	140,512,626.22
Other current assets	V.13	1,827,826,019.52	937,575,820.82	Customer brokerage deposit		-	-
Total current assets		10,195,488,199.61	5,004,012,558.93	Customer underwriting deposit		-	-
Non-current assets				Liabilities classified as held-for-sale		-	-
Loans and advances to customers	V.14	1,221,243,283.62	650,171,600.00	Non-current liabilities due within one year	V.34	675,097,139.52	887,834,280.30
Available-for-sale financial assets	V.15	4,386,085,365.12	3,527,784,004.96	Other current liabilities	V.35	-	39,000,000.00
Held-to-maturity investment		-	-	Total current liabilities		6,646,355,984.28	4,094,072,012.90
Long-term receivables	V.16	2,974,710,055.96	1,670,285,410.65	Non-current liabilities:			
Long-term equity investment	V.17	2,425,555,650.93	2,040,124,400.59	Long-term borrowings	V.36	3,111,133,387.95	2,046,536,585.76
Investment properties	V.18	289,686,328.44	174,755,955.75	Bonds payable	V.37	1,091,930,444.40	-
Fixed assets	V.19	220,387,418.51	180,672,521.96	Including: Preference shares		-	-
Construction in progress	V.20	90,876,338.22	88,462,193.02	Perpetual bonds		-	-
Construction materials		-	-	Long-term payables	V.38	599,296,425.50	450,541,720.00
Fixed assets disposal		-	-	Long-term employee benefits payables		-	-
Biological assets		-	-	Special payables	V.39	93,382,029.09	9,243,984.57
Oil and gas assets		-	-	Provisions		-	-
Intangible assets	V.21	14,776,812.34	25,302,671.65	Deferred income		-	-
Development expenditures		-	-	Deferred tax liabilities	V.40	615,195,434.03	558,349,198.60
Goodwill		-	-	Other non-current liabilities		-	-
Long-term prepaid expenses	V.22	11,308,456.84	2,878,278.00	Total non-current liabilities		5,510,937,720.97	3,064,671,488.93
Deferred tax assets	V.23	106,425,680.96	65,518,766.08	Total liabilities		12,157,293,705.25	7,158,743,501.83
Other non-current assets	V.24	74,966,939.09	166,341,403.28	Owner's equity:			
Total non-current assets		11,816,022,330.03	8,592,297,205.94	Share capital	V.41	2,000,000,000.00	2,000,000,000.00
				Other equity instruments		-	-
				Including: Preference shares		-	-
				Perpetual bonds		-	-
				Capital reserve	V.42	4,050,478,120.06	1,808,142,792.50
				Less: reserved shares		-	-
				Other comprehensive income		793,598,646.04	603,971,007.46
				Special reserve		-	-
				Surplus reserve	V.43	218,918,870.35	190,536,451.04
				General risk reserve	V.44	37,631,777.93	13,071,365.51
				Retained earnings	V.45	1,654,270,005.51	1,309,611,514.86
				Total Equity attributable to owners of the holding company		8,754,897,419.89	5,925,333,131.37
				Non-controlling interests		1,099,319,404.50	512,233,131.67
				Total equity		9,854,216,824.39	6,437,566,263.04
Total assets		22,011,510,529.64	13,596,309,764.87	Total liabilities and equity		22,011,510,529.64	13,596,309,764.87

Legal representative:

Head of accounting department:

Head of the accounting firm:

Consolidated Statement of Comprehensive Income

Prepared by: Hefei Xingtai Financial Holding Group Co., Ltd.

FY2015

Unit: RMB

Items	Notes	Current period amount	Previous period amount
I. Total operating revenue		857,126,734.83	789,860,388.30
Including: Operating revenue	V.46	554,237,787.79	581,294,406.45
Interest income		128,104,099.44	115,263,642.34
Guarantee fee income		174,784,847.60	93,302,339.51
Commission and brokerage income			
II. Total operating cost		908,656,239.43	822,281,228.97
Including: Operating cost	V.46	165,647,982.95	268,744,799.65
Interest expenses			
Commission and brokerage expenses			
Surrender value			
Net payments for insurance claims			
Net change in guarantee contract liabilities	V.47	80,447,823.24	51,408,876.24
Bond insurance expense			
Premium ceded to reinsurers			
Business tax and surcharges	V.48	41,240,822.11	36,601,901.55
Selling expenses	V.49	11,127,818.98	9,988,296.35
Administrative expenses	V.50	152,719,235.14	114,358,779.18
Financial costs	V.51	292,937,669.57	238,807,685.05
Impairment losses	V.52	164,534,887.44	102,370,890.95
Add: gain arising from fair value changes (loss filled in with mark "-")	V.53	3,545,534.93	1,693,548.91
Income from investment (loss filled in with mark "-")	V.54	513,107,805.84	354,880,520.38
Including: share of profit and losses from associates and joint ventures		345,704,477.60	239,066,821.00
Exchange gain (loss filled in with mark "-")			
III. Operating profit (loss filled in with mark "-")		465,123,836.17	324,153,228.62
Add: Non-operating income	V.55	10,514,833.62	7,348,958.26
Including: gain on disposal of non-current assets		183,494.93	1,250,362.27
Less: Non-operating expense	V.56	4,281,291.01	2,445,327.29
Including: loss on disposal of non-current assets		1,076,412.43	1,239,103.52
IV. Total profits (total loss filled in with mark "-")		471,357,378.78	329,056,859.59
Less: income tax expense	V.57	34,993,082.51	48,378,736.92
V. Net profits (net loss filled in with mark "-")		436,364,296.27	280,678,122.67
Net profits attributed to equity owners of the Company		403,319,391.27	261,798,057.88
Non-controlling interest		33,044,905.00	18,880,064.79
VI. Other comprehensive income, net of tax	V.58	189,627,638.59	1,415,204,812.83
Other comprehensive income after tax attributable to equity owners of the Company		189,627,638.59	1,415,204,812.83
(1) Other comprehensive income that cannot be reclassified to the profit and loss		-	-
1. Net change in indebtedness or assets of defined benefit plans		-	-
2. Share of other comprehensive income of the investee recognised under equity method that cannot be classified to profit and loss		-	-
(2) Other comprehensive income that will be reclassified to the profit and loss		189,627,638.59	1,415,204,812.83
1. Share of other comprehensive income that will be classified to profit and loss under equity method		12,953,797.54	9,433,001.29
2. Gain/loss from change in fair value of available-for-sale financial assets		170,538,706.29	1,405,771,811.54
3. Gain/loss from re-classification of investments held to maturity as financial assets available for sale			
4. Effective portion of gain / loss from cash flow hedging			
5. Exchange difference on translating financial statements in foreign currency		6,135,134.76	
6. Others			
Other comprehensive income after tax attributable to non-controlling interest			
VII. Total comprehensive income		625,991,934.86	1,695,882,935.50
Total comprehensive incomes attributable to equity owners of the Company		592,947,029.86	1,677,002,870.71
Total comprehensive incomes attributable to non-controlling interest		33,044,905.00	18,880,064.79

Legal representative:

Head of accounting department:

Head of the accounting firm :

Consolidated Statement of Cash Flow

Prepared by: Hefei Xingtai Financial Holding Group Co., Ltd.

FY2015

Unit: RMB

Items	Notes	Current period amount	Previous period amount
I. Cash flow from operating activities:			
Cash received from sale of goods or rendering of services		2,011,435,194.89	2,165,970,479.01
Net increase in deposits and due from banks and financial institutions			
Net increase in deposits from policyholders			
Fair value change on financial assets at fair value through profit or loss			
Cash received from interests, commissions and brokerage		140,752,955.95	208,565,981.85
Net increase in placements from banks and financial institutions			
Net increase in capital for business under repurchase agreement			
Tax and levies refunded		-	4,098,239.87
Cash received from other operating activities	V.59 (1)	3,099,089,452.51	554,159,004.00
Sub-total of cash inflows from operating activities		5,251,277,603.35	2,932,793,704.73
Cash payments for goods acquired and services received		3,730,662,867.13	2,243,229,525.53
Net increase in loans and advances to customers		-69,798,750.27	128,641,850.00
Cash paid for interests, commissions and brokerage		-	-
Cash paid to or payments on behalf of employees		190,159,785.64	144,547,967.32
Payments of various taxes and levies		113,171,058.15	110,083,909.78
Cash paid for other operating activities	V.59 (2)	1,225,243,083.25	194,620,604.99
Sub-total of cash outflows from operating activities		5,189,438,043.90	2,821,123,857.62
Net cash flow from operating activities		61,839,559.45	111,669,847.11
2. Cash flows from investing activities:			
Cash received from disposal of investments		634,079,802.13	242,102,028.02
Receipt of returns from investments		157,776,148.57	119,571,076.14
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		225,861.70	-
Net cash received from disposal of subsidiaries and other business units		662,312.66	19,013,136.28
Cash received from other investment activities	V.59 (3)	263,193,268.29	68,108,976.06
Sub-total of cash inflows from investing activities		1,055,937,393.35	448,795,216.50
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		38,227,314.02	22,973,448.18
Cash paid for investments		1,201,880,062.78	809,543,071.95
Net increase in pledge loans		-	-
Net cash paid for acquisition of subsidiaries and other business units		-	163,199,877.54
Cash paid for other investment activities		-	-
Sub-total of cash outflows from investing activities		1,240,107,376.80	995,716,397.67
Net cash flow from investment activities		-184,169,983.45	-546,921,181.17
3. Cash flows from financing activities:			
Cash received from investors		505,331,554.55	223,034,000.00
Including: Cash received from non-controlling interest of subsidiaries		505,331,554.55	223,034,000.00
Inception of borrowings		4,256,147,705.52	2,679,520,000.00
Cash received from bond issue		1,000,000,000.00	-
Cash received from other financing activities	V.59 (4)	1,088,600,000.00	220,000,000.00
Sub-total of cash inflows from financing activities		6,850,079,260.07	3,122,554,000.00
Repayments of borrowings		3,300,488,122.49	2,445,682,489.59
Dividend, profits appropriation and interest payment settled by cash		331,709,158.30	327,974,537.45
Including: Dividends and profits paid to non-controlling interest of the subsidiaries		7,875,000.00	8,176,000.00
Cash paid for other financing activities		-	-
Sub-total of cash outflows from financing activities		3,632,197,280.79	2,773,657,027.04
Net cash flow from financing activities		3,217,881,979.28	348,896,972.96
4. Effect of exchange rate changes on cash and cash equivalents			
		-3,697,131.83	
5. Net increase in cash and cash equivalents			
		3,091,854,423.45	-86,354,361.10
Add: Beginning balance of cash and cash equivalents		1,024,570,870.79	1,110,925,231.89
6. Ending balance of cash and cash equivalents			
		4,116,425,294.24	1,024,570,870.79

Legal representative:

Head of accounting department:

Head of the accounting firm:

Consolidated Statement of Changes in Equity

Prepared by: Hefei Xingtai Financial Holding Group Co., Ltd.

FY2015

Unit: RMB

Item	Current period amount												Total equity
	Equity attributable to owners of the holding company											non-controlling interests	
	Share capital	Other equity			Capital reserve	Less: reserved shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings		
	Preference shares	Perpetual bonds	Others										
1. Balance at the end of the preceding year	2,000,000,000.00	-	-	-	1,808,142,792.50	-	603,971,007.46	-	190,536,451.04	13,071,365.51	1,309,611,514.86	512,233,131.67	6,437,566,263.04
Add: Changes in accounting policies													
Adjustments of prior year error													
Merging with entities under common control													
Others													
2. Balance at the beginning of the year	2,000,000,000.00	-	-	-	1,808,142,792.50	-	603,971,007.46	-	190,536,451.04	13,071,365.51	1,309,611,514.86	512,233,131.67	6,437,566,263.04
3. Movement during the year (decrease filled in with the mark "-")	-	-	-	-	2,242,335,327.56	-	189,627,638.59	-	28,382,419.31	24,560,412.42	344,658,490.65	587,086,272.83	3,227,022,922.77
(1) Total comprehensive income							189,627,638.59				403,319,391.27	33,044,905.00	436,364,296.27
Investment by owners and capital reduction					2,242,335,327.56							561,916,367.83	2,823,167,133.88
1. Ordinary shares invested by shareholders												505,331,554.55	505,331,554.55
2. Capital investments by other equity holders													
3. Amount of equity-settled payments recognised in owners' equity													
4. Others					2,242,335,327.56					18,915,438.49		56,584,813.28	2,317,835,579.33
Profits appropriation									28,382,419.31	5,644,973.93	-58,660,900.62	-7,875,000.00	-32,508,507.38
1. Appropriation of surplus reserve									28,382,419.31		-28,382,419.31		
2. Appropriation of general risk reserve										5,644,973.93	-5,644,973.93		
3. Distribution to owners (or shareholders)											-24,633,507.38	-7,875,000.00	-32,508,507.38
4. Others													
(4) Transfers between owners' equity													
1. Capital surplus convert into capital (or capital stock)													
2. Surplus reserves convert into capital (or capital stock)													
3. Deficit settled by surplus reserve													
4. Others													
(5) Special reserve													
1. Amount recognised for the period													
2. Amount utilised for the period													
(6) Others													
4. Balance at the end of the current period	2,000,000,000.00	-	-	-	4,050,478,120.06	-	793,598,646.04	-	218,918,870.35	37,631,777.93	1,654,270,005.51	1,099,319,404.50	9,854,216,824.39

Legal representative:

Head of accounting department:

Head of the accounting firm:

Consolidated Statement of Changes in Equity

Prepared by: Hefei Xingtai Financial Holding Group Co., Ltd.

FY2015

Unit: RMB

Item	Preceding period amount												Total equity
	Equity attributable to owners of the holding company											Non-controlling interests	
	Share capital	Other equity			Capital reserve	Less: reserved shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings		
	Preference shares	Perpetual bonds	Others										
1. Balance at the end of the preceding year	2,000,000,000.00	-	-	-	1,901,814,006.77	-	-811,233,805.37	-	168,716,291.10	5,802,465.20	1,085,362,117.23	588,123,178.88	4,938,584,253.81
Add: Changes in accounting policies													
Adjustments of prior year error													
Merging with entities under common control													
Others													
2. Balance at the beginning of the year	2,000,000,000.00	-	-	-	1,901,814,006.77	-	-811,233,805.37	-	168,716,291.10	5,802,465.20	1,085,362,117.23	588,123,178.88	4,938,584,253.81
3. Movement during the year (decrease filled in with the mark "-")	-	-	-	-	-93,671,214.27	-	1,415,204,812.83	-	21,820,159.94	7,268,900.31	224,249,397.63	-75,890,047.21	1,498,982,009.23
(1) Total comprehensive income							1,415,204,812.83				261,798,057.88	18,880,064.79	1,695,882,935.50
Investment by owners and capital reduction					-93,671,214.27							-86,594,112.00	-180,265,326.27
1. Ordinary shares invested by shareholders												223,034,000.00	223,034,000.00
2. Capital investments by other equity holders													
3. Amount of equity-settled payments recognised in owners' equity													
4. Others					-93,671,214.27							-309,628,112.00	-403,299,326.27
Profits appropriation									21,820,159.94	7,268,900.31	-37,548,660.25	-8,176,000.00	-16,635,600.00
1. Appropriation of surplus reserve									21,820,159.94		-21,820,159.94		
2. Appropriation of general risk reserve										7,268,900.31	-7,268,900.31		
3. Distribution to owners (or shareholders)											-8,459,600.00	-8,176,000.00	-16,635,600.00
4. Others													
(4) Transfers between owners' equity													
1. Capital surplus convert into capital (or capital stock)													
2. Surplus reserves convert into capital (or capital stock)													
3. Deficit settled by surplus reserve													
4. Others													
(5) Special reserve													
1. Amount recognised for the period													
2. Amount used for the period													
(6) Others													
4. Amount utilised for the period	2,000,000,000.00	-	-	-	1,808,142,792.50	-	603,971,007.46	-	190,536,451.04	13,071,365.51	1,309,611,514.86	512,233,131.67	6,437,566,263.04

Legal representative:

Head of accounting department:

Head of the accounting firm:

Statement of Financial Position of the Company

Prepared by: Hefei Xingtai Financial Holding Group

2015-12-31

Unit: RMB

Items	Notes	Ending balance	Beginning balance	Items	Notes	Ending balance	Beginning balance
Current assets:				Current liabilities :			
Cash and cash equivalents		2,162,344,359.66	375,188,370.87	Short-term borrowings		1,000,000,000.00	425,000,000.00
Financial assets at fair value through profit or loss		10,610,879.36	7,229,984.38	Financial liabilities at fair value through profit or loss			
Derivative financial assets				Derivative financial liabilities			
Bills receivables				Bills payables			
Accounts receivable				Accounts payable			
Prepayment				Receipt in advance		-	
Interest receivable				Employee benefits payable		223,698.22	288,418.85
Dividend receivable		2,451,343.37	18,000,000.00	Taxes payable		18,224.58	-48,215.62
Other receivables	XI.1	1,025,902,281.24	587,836,297.20	Interest payable		40,104,456.12	2,271,169.84
Inventory				Dividend payable			
Assets classified as held-for-sale				Other payables		1,713,845,965.27	1,209,337,984.02
Non-current assets due within one year				Liabilities classified as held-for-sale			
Other current assets		270,000,000.00	70,000,000.00	Non-current liabilities due within one year		77,650,000.00	214,000,000.00
Total current assets		3,471,308,863.63	1,058,254,652.45	Other current liabilities		-	-
Non-current assets:				Total current liabilities		2,831,842,344.19	1,850,849,357.09
Available-for-sale financial assets		3,287,403,525.26	3,042,680,577.00	Non-current liabilities:			
Held-to-maturity investment				Long-term borrowings		746,500,000.00	586,950,000.00
Long-term receivables				Bonds payable		994,219,333.33	
Long-term equity investment	XI.2	6,132,177,181.33	3,839,711,121.79	Including:Preference shares			
Investment properties				Perpetual bonds			
Fixed assets		1,610,727.75	1,423,236.98	Long-term payables			
Construction in progress				Long-term employee benefits payables			
Construction materials				Special payables			
Fixed assets disposal				Provisions			
Biological assets				Deferred income			
Oil and gas assets				Deferred tax liabilities		611,093,339.66	552,277,439.80
Intangible assets		12,800.01	21,333.33	Other non-current liabilities			
Development expenditures				Total non-current liabilities		2,351,812,672.99	1,139,227,439.80
Goodwill				Total liabilities		5,183,655,017.18	2,990,076,796.89
Long-term prepaid expenses				Owner's equity:			
Deferred tax assets				Share capital		2,000,000,000.00	2,000,000,000.00
Other non-current assets				Other equity instruments			
Total non-current assets		9,421,204,234.35	6,883,836,269.10	Including:Preference shares			
				Perpetual bonds			
				Capital reserve		3,682,003,480.31	1,358,613,001.35
				Less: reserved shares			
				Other comprehensive income		760,018,522.55	585,755,731.05
				Special reserve			
				Surplus reserve		218,918,870.35	190,536,451.04
				Retained earnings		1,047,917,207.59	817,108,941.22
				Total equity		7,708,858,080.80	4,952,014,124.66
Total assets		12,892,513,097.98	7,942,090,921.55	Total liabilities and equity		12,892,513,097.98	7,942,090,921.55

Legal representative:

Head of accounting department:

Head of the accounting firm :

Statement of Comprehensive Income of the Company

Prepared by: Hefei Xingtai Financial Holding Group Co., Ltd.

FY2015

Unit: RMB

Items	Notes	Current period amount	Previous period amount
I. Operating revenue		-	-
Less: Operating cost		-	-
Business tax and surcharges		11,283,666.05	-
Selling expenses		-	-
Administrative expenses		18,787,534.51	14,877,218.88
Financial costs		145,214,653.57	136,883,927.98
Impairment losses		-1,621,343.61	951,079.96
Add: Gains arising from fair value changes (loss filled in with mark "-")		3,380,894.98	1,364,269.01
Gain from investment (loss filled in with mark "-")	XI.3	453,777,808.60	370,157,485.24
Including: Share of profit and losses from associates and joint ventures			
II. Operating profit (loss filled in with mark "-")		283,494,193.06	218,809,527.43
Add: Non-operating income		330,000.00	-
Including: Gain on disposal of non-current assets		-	-
Less: Non-operating expense		-	607,928.00
Including: Loss on disposal of non-current assets		-	-
III. Total profits (total loss filled in with mark "-")		283,824,193.06	218,201,599.43
Less: income tax expense			
IV. Net profits (net loss filled in with mark "-")		283,824,193.06	218,201,599.43
V. Other comprehensive income, net of tax		174,262,791.50	1,412,383,312.82
(1) Other comprehensive income that cannot be reclassified to the profit and loss		-	-
1. Revaluation of net liabilities or net assets held under defined benefit plans		-	-
2. Share of other comprehensive income of the investee recognised under equity method that cannot be classified to profit and loss		-	-
(2) Other comprehensive income that will be reclassified to the profit and loss		174,262,791.50	1,412,383,312.82
1. Share of other comprehensive income of the investee recognised under equity method that will be classified to profit and loss		12,953,797.54	9,433,001.29
2. Gain/loss from change in fair value of available-for-sale financial assets		161,308,993.96	1,402,950,311.53
3. Gain/loss from re-classification of investments held to maturity as available-for-sale financial assets		-	-
4. Effective portion of gain / loss from cash flow hedging		-	-
5. Exchange difference on translating financial statements in foreign currency		-	-
6. Others		-	-
VI. Total comprehensive income		458,086,984.56	1,630,584,912.25

Legal representative:

Head of accounting department:

Head of the accounting firm :

Statement of Cash Flow of the Company

Prepared by: Hefei Xingtai Financial Holding Group Co., Ltd.

FY2015

Unit: RMB

Items	Notes	Current period amount	Previous period amount
I. Cash flow from operating activities:			
Cash received from sale of goods or rendering of services			
Tax and levies refunded			
Cash received from other operating activities		1,458,301,488.02	827,016,240.27
Sub-total of cash inflows from operating activities		1,458,301,488.02	827,016,240.27
Cash paid for goods acquired and services received			
Cash paid to or payments on behalf of employees		9,170,616.16	8,202,607.78
Payments of various taxes and levies		11,643,701.95	221,304.93
Cash paid for other operating activities		1,430,523,656.32	188,699,182.31
Sub-total of cash outflows from operating activities		1,451,337,974.43	197,123,095.02
Net cash flow from operating activities		6,963,513.59	629,893,145.25
2. Cash flows from investing activities:			
Cash received from disposal of investments		87,779,802.13	223,087,028.02
Receipt of returns from investments		105,951,987.63	105,857,817.72
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		-	18,068,136.28
Cash received from other investing activities		4,668,378.56	3,550,165.61
Sub-total of cash inflows from investing activities		198,400,168.32	350,563,147.63
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		570,392.00	195,278.90
Cash paid for investments		299,200,000.00	223,483,174.00
Net cash paid for acquisition of subsidiaries and other business units		628,166,340.00	483,765,877.54
Cash paid for other investing activities		-	-
Sub-total of cash outflows from investing activities		927,936,732.00	707,444,330.44
Net cash flow from investment activities		-729,536,563.68	-356,881,182.81
3. Cash flows from financing activities:			
Cash received from investors		-	-
Inception of borrowings		1,618,250,000.00	941,900,000.00
Cash received from bond issue		1,000,000,000.00	
Cash received from other financing activities		1,047,000,000.00	220,000,000.00
Sub-total of cash inflows from financing activities		3,665,250,000.00	1,161,900,000.00
Repayments of borrowings		1,020,050,000.00	1,281,006,000.00
Dividend, profits distribution and interest payment settled by cash		135,470,961.12	152,252,093.22
Cash paid for other financing activities		-	-
Sub-total of cash outflows from financing activities		1,155,520,961.12	1,433,258,093.22
Net cash flow from financing activities		2,509,729,038.88	-271,358,093.22
4. Effect of foreign exchange rate changes on cash and cash equivalents			
5. Net increase in cash and cash equivalents		1,787,155,988.79	1,653,869.22
Add: Beginning balance of cash and cash equivalents		375,188,370.87	373,534,501.65
6. Ending balance of cash and cash equivalents		2,162,344,359.66	375,188,370.87

Legal representative:

Head of accounting department:

Head of the accounting firm:

Statement of Changes in Equity of the Company

Prepared by: Hefei Xingtai Financial Holding Group Co., Ltd.

FY2015

Unit: RMB

Items	Current period amount										
	Share capital	Other equity			Capital reserve	Less: reserved shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
		Preference shares	Perpetual bonds	Others							
1. Balance at the end of the preceding year	2,000,000,000.00				1,358,613,001.35		585,755,731.05		190,536,451.04	817,108,941.22	4,952,014,124.66
Add: Changes in accounting policies											-
Adjustments of prior year error											-
Others											-
2. Balance at the beginning of the year	2,000,000,000.00	-	-	-	1,358,613,001.35	-	585,755,731.05	-	190,536,451.04	817,108,941.22	4,952,014,124.66
3. Movement during the year (decrease filled in with the r	-	-	-	-	2,323,390,478.96	-	174,262,791.50	-	28,382,419.31	230,808,266.37	2,756,843,956.14
(1) Total comprehensive income							174,262,791.50			283,824,193.06	458,086,984.56
(2) Investment by owners and capital reduction					2,323,390,478.96						2,323,390,478.96
1. Ordinary shares invested by shareholders											
2. Capital investments by other equity holders											
3. Amount of equity-settled payments recognised in owners' equity											
4. Others					2,323,390,478.96						2,323,390,478.96
Profits appropriation									28,382,419.31	-53,015,926.69	-24,633,507.38
1. Appropriation of surplus reserve									28,382,419.31	-28,382,419.31	-
2. Distribution to owners (or shareholders)										-24,633,507.38	-24,633,507.38
3. Others											
(4) Transfers between owners' equity											
1. Capital surplus convert into capital (or capital stock)											
2. Surplus reserves convert into capital (or capital stock)											
3. Deficit settled by surplus reserve											
4. Others											
(5) Special reserve											
1. Amount recognised for the period											
2. Amount utilised for the period											
(6) Others											
4. Balance at the end of the current period	2,000,000,000.00	-	-	-	3,682,003,480.31	-	760,018,522.55	-	218,918,870.35	#####	7,708,858,080.80

Legal representative:

Head of accounting department:

Head of the accounting firm:

Statement of Changes in Equity of the Company

Prepared by: Hefei Xingtai Financial Holding Group Co., Ltd.

FY2015

Unit: RMB

Items	Preceding period amount										
	Share capital	Other equity			Capital reserve	Less: reserved shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
		Preference shares	Perpetual bonds	Others							
1. Balance at the end of the preceding year	2,000,000,000.00				1,438,165,665.47		-826,627,581.77		168,716,291.10	629,187,101.73	3,409,441,476.53
Add: Changes in accounting policies											-
Adjustments of prior year error											-
Others											-
2. Balance at the beginning of the year	2,000,000,000.00	-	-	-	1,438,165,665.47	-	-826,627,581.77	-	168,716,291.10	629,187,101.73	3,409,441,476.53
3. Movement during the year (decrease filled in with the r	-	-	-	-	-79,552,664.12	-	1,412,383,312.82	-	21,820,159.94	187,921,839.49	1,542,572,648.13
(1) Total comprehensive income							1,412,383,312.82			218,201,599.43	1,630,584,912.25
(2) Investment by owners and capital reduction					-79,552,664.12						-79,552,664.12
1. Ordinary shares invested by shareholders											
2. Capital investments by other equity holders											
3. Amount of equity-settled payments recognised in owners' equity											
4. Others					-79,552,664.12						-79,552,664.12
Profits appropriation									21,820,159.94	-30,279,759.94	-8,459,600.00
1. Appropriation of surplus reserve									21,820,159.94	-21,820,159.94	-
2. Distribution to owners (or shareholders)										-8,459,600.00	-8,459,600.00
3. Others											
(4) Transfers between owners' equity											
1. Capital surplus convert into capital (or capital stock)											
2. Surplus reserves convert into capital (or capital stock)											
3. Deficit settled by surplus reserve											
4. Others											
(5) Special reserve											
1. Amount recognised for the period											
2. Amount utilised for the period											
(6) Others											
4. Balance at the end of the current period	2,000,000,000.00	-	-	-	1,358,613,001.35	-	585,755,731.05	-	190,536,451.04	817,108,941.22	4,952,014,124.66

Legal representative:

Head of accounting department:

Head of the accounting firm:

合肥兴泰金融控股（集团）有限公司

Hefei Xingtai Financial Holding Group Co., Ltd.

财务报表附注

Notes to the Financial Statements

截止 2015 年 12 月 31 日年度

As at and for the year ended December 31, 2015

（除特别说明外，金额单位为人民币元）

(All amounts denominated in RMB unless otherwise specified)

一、公司基本情况

I. Company Information

1、公司概况

1. Company Profile

合肥兴泰金融控股（集团）有限公司（以下简称“公司”或“本公司”），原名合肥兴泰控股集团有限公司，系经安徽省合肥市国有资产监督管理委员会批准设立的国有独资有限责任公司，公司成立于 1999 年 1 月 18 日，取得注册号为 3401001004658 的企业法人营业执照。公司成立时注册资本为人民币 87,204.41 万元，实收资本 87,204.41 万元。

Hefei Xingtai Financial Holding Group Co., Ltd. (hereinafter referred to as “the Company”), formerly known as Hefei Xingtai Holding Group Co., Ltd is a wholly-state-owned company incorporated on 18 January, 1999 with the approval of the State-Owned Assets Supervision and Administration Commission of Hefei Municipal Government (hereinafter referred to as the “Hefei SASAC”), Anhui Province, with the registration number of Business License for Enterprises Legal Person 3401001004658. The Company’s registered capital was RMB872.0441 million and paid-up capital was RMB872.0441 million.

2012 年 7 月 27 日，经公司第一届董事会第十三次会议决议、合肥市人民政府国有资产监督管理委员会批复同意，公司增加注册资本人民币 112,795.59 万元，变更后的公司注册资本为人民币 200,000.00 万元。此次增资已经华普天健会计师事务所（北京）有限公司审验，并出具了会验字【2012】第 2009 号验资报告。

On 27 July, 2012, the Company increased its registered capital by RMB11,279,559 million and its registered capital was changed to RMB2,000 million pursuant to the approval of the Hefei SASAC and the resolution passed in the 13th meeting of its 1st session of the Board. This increase in capital was audited and verified by Huapu Tianjian Certified Public Accountants (Beijing) Co., Ltd and the Capital Verification Report was issued accordingly with KYZ【2012】No.2009.

2015 年 6 月 15 日，公司名称变更为：合肥兴泰金融控股（集团）有限公司，并换发取得统一社会信

Hefei Xingtai Financial Holding Group Co., Ltd.Notes to the Financial Statements

用代码为 913401007199675462 的新营业执照。

On 15 June, 2015, the Company changed its name to Hefei Xingtai Financial Holding Group Co., Ltd and was granted a new business licence with the unified social credit code: 913401007199675462.

法定代表人：程儒林。

Legal representative: Cheng Rulin

企业住所：安徽省合肥市庐阳区九狮桥 45 号。

Registered address: 45 Jiushiqiao, Luyang District, Hefei, Anhui

经营范围：对授权范围内的国有资产进行经营以及从事企业策划、管理咨询、财务顾问、公司理财、产业投资以及经批准的其他经营活动。

Scope of business: Engaged in operation of state-owned assets as authorized, corporate planning, management consultancy, financial advisory, corporate wealth management, project investment and other approved activities.

2、合并财务报表范围

2. Basis of Consolidation

(1) 本公司本期纳入合并范围的子公司情况

(1) Company's subsidiaries consolidated

公司合并财务报表的合并范围以控制为基础予以确定，本公司对其他单位投资占被投资单位有表决权资本总额 50%以上(不含 50%)，或虽不足 50%但有实质控制权的，全部纳入合并范围。

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is effected where the Company has more than 50% voting rights among its subsidiaries' total voting capital, or has the power to control its subsidiaries even it has less than 50% voting rights.

纳入合并报表的子公司情况如下：

The subsidiaries which were included in the consolidated statements are as below:

序号	公司名称	级次	注册地址	子公司简称	持股比例	
					直接(%)	间接(%)
1	合肥兴泰资产管理有限公司	二级	合肥	兴泰资产	100.00	-
2	上海合信投资咨询有限公司	三级	上海	上海合信	-	100.00
3	合肥美菱财务咨询有限公司	三级	合肥	美菱咨询	-	100.00
4	合肥兴美资产管理有限公司	三级	合肥	兴美资产	-	51.72

Hefei Xingtai Financial Holding Group Co., Ltd.

Notes to the Financial Statements

5	合肥市兴泰小额贷款有限公司	三级	合肥	兴泰小贷	-	30.00
6	安徽兴泰汇众金融信息服务有限公司	三级	合肥	汇众金融	-	100.00
7	合肥市兴泰时雨小额贷款有限责任公司	三级	合肥	时雨小贷	-	32.38
8	海南金海安投资有限责任公司	三级	海口	金海安	-	67.17
9	海口汇通酒店有限公司	四级	海口	汇通酒店	-	100.00
10	合肥兴泰股权投资管理有限公司	二级	合肥	兴泰股权	100.00	-
11	合肥兴泰商业资产运营有限公司 *1	三级	合肥	兴泰商业资产	-	100.00
12	庐江兴泰创业投资有限公司	三级	庐江	庐江创投	-	80.00
13	合肥国嘉产业资本管理有限公司 *2	三级	合肥	国嘉资本	-	100.00
14	安徽兴泰融资租赁有限责任公司	二级	合肥	兴泰租赁	63.05	11.95
15	安徽兴泰财务咨询有限公司	三级	合肥	财务咨询	-	100.00
16	合肥市兴泰融资担保有限公司	二级	合肥	兴泰担保	58.51	24.78
17	合肥市巢湖兴泰融资担保有限公司	三级	巢湖	巢湖担保	-	84.16
18	合肥市长丰兴泰融资担保公司	三级	合肥	长丰担保	-	56.00
19	安徽兴泰典当有限责任公司	二级	合肥	兴泰典当	60.00	40.00
20	兴泰控股（香港）有限公司	二级	香港	兴泰香港	100.00	-
21	兴合融资租赁（上海）有限公司	三级	上海	兴合租赁	-	100.00
22	合肥兴泰资本管理有限公司	二级	合肥	兴泰资本	60.00	40.00
23	合肥保安集团有限公司	二级	合肥	保安集团	100.00	-
24	合肥保安智能科技有限公司	三级	合肥	智能科技	-	100.00
25	合肥城市泊车管理有限公司	三级	合肥	城市泊车	-	100.00
26	合肥国控小额贷款有限公司	二级	合肥	国控贷款	92.00	-
27	合肥国控建设融资担保有限公司	二级	合肥	国控担保	100.00	-
28	合肥市徽恒物业管理有限公司	三级	合肥	徽恒物业	-	100.00
29	合肥市兴泰集创信息技术有限公司	二级	合肥	集创信息	100.00	-
30	合肥兴泰光电智能创业投资有限公司	二级	合肥	光电智能	58.40	-
31	安徽公共资源交易集团有限公司	二级	合肥	公共资源集团	100.00	-

Serial No.	Company Name	Hierarchy	Registered Address	Abbreviation	Proportion of ownership	
					Directly (%)	Indirectly (%)
1	Hefei Xingtai Asset Management Co., Ltd.	Level II	Hefei	Xingtai Asset	100.00	-
2	Shanghai Hexin Investment Consulting Co., Ltd.	Level III	Shanghai	Shanghai Hexin	-	100.00
3	Hefei Meiling Financial Consulting Co., Ltd.	Level III	Hefei	Meiling Consulting	-	100.00
4	Hefei Xingmei Asset Management Co., Ltd.	Level III	Hefei	Xingmei Asset	-	51.72
5	Hefei Xingtai Small Loans Co., Ltd.	Level III	Hefei	Xingtai Small Loans	-	30.00

Hefei Xingtai Financial Holding Group Co., Ltd.

Notes to the Financial Statements

6	Anhui Xingtai Huizhong Financial Information Service Co., Ltd.	Level III	Hefei	Huizhong Financial	-	100.00
7	Hefei Xingtai Shiyu Micro-credit Co., Ltd.	Level III	Hefei	Shiyu Micro-credit	-	32.38
8	Hainan Jinhaian Investment Co., Ltd.	Level III	Haikou	Jinhaian	-	67.17
9	Haikou Huitong Hotel Co., Ltd.	Level IV	Haikou	Huitong Hotel	-	100.00
10	Hefei Xingtai Equity Investment Management Co., Ltd.	Level II	Hefei	Xingtai Equity	100.00	-
11	Hefei Xingtai Commercial Asset Operations Co., Ltd. *1	Level III	Hefei	Xingtai Commercial Asset	-	100.00
12	Lujiang Xingtai Venture Capital Investment Co., Ltd.	Level III	Lujiang	Lujiang Venture Capital	-	80.00
13	Hefei Guojia Project Capital Management Co., Ltd. *2	Level III	Hefei	Guojia Capital	-	100.00
14	Anhui Xingtai Financial Leasing Co., Ltd.	Level II	Hefei	Xingtai Leasing	63.05	11.95
15	Anhui Xingtai Financial Consulting Co., Ltd.	Level III	Hefei	Financial Consulting	-	100.00
16	Hefei Xingtai Financial Guarantee Co., Ltd.	Level II	Hefei	Xingtai Guarantee	58.51	24.78
17	Hefei Chaohu Xingtai Financing Guarantee Co., Ltd.	Level III	Chaohu	Chaohu Guarantee	-	84.16
18	Hefei Changfeng Xingtai Financing Guarantee Co., Ltd.	Level III	Hefei	Changfeng Guarantee	-	56.00
19	Anhui Xingtai Pawn Co., Ltd.	Level II	Hefei	Xingtai Pawn	60.00	40.00
20	Xingtai Holdings (Hong Kong) Co., Ltd.	Level II	Hong Kong	Xingtai Hong Kong	100.00	-
21	Xinghe Financial Leasing (Shanghai) Co., Ltd.	Level III	Shanghai	Xinghe Leasing		100.00
22	Hefei Xingtai Capital Management Co., Ltd.	Level II	Hefei	Xingtai Capital	60.00	40.00
23	Hefei Security Group Co., Ltd.	Level II	Hefei	Security Group	100.00	-
24	Hefei Security Intelligent Technology Co., Ltd.	Level III	Hefei	Intelligent Technology	-	100.00
25	Hefei City Parking Management Co., Ltd.	Level III	Hefei	City Parking	-	100.00
26	Hefei Guokong Small Loans Co., Ltd.	Level II	Hefei	Guokong Small Loans	92.00	-
27	Hefei Guokong Construction Financing Guarantee Co., Ltd.	Level II	Hefei	Guokong Guarantee	100.00	-
28	Hefei Huiheng Property Management Co., Ltd.	Level III	Hefei	Huiheng Property	-	100.00
29	Hefei Xingtai Jichuang Information Technology Co., Ltd.	Level II	Hefei	Jichuang Information	100.00	-

Hefei Xingtai Financial Holding Group Co., Ltd.

Notes to the Financial Statements

30	Hefei Xingtai Guangdian Intelligent Venture Capital Investment Co., Ltd.	Level II	Hefei	Guangdian Intelligent	58.40	-
31	Anhui Public Resource Trading Group Co., Ltd.	Level II	Hefei	Public Resource Group	100.00	-

注 1: 2015 年 5 月 27 日, 天达物业管理有限公司名称变更为合肥兴泰商业资产运营有限公司;

Note 1: Tianda Property Management Co., Ltd. was renamed to Hefei Xingtai Commercial Assets Operations Co., Ltd on 27 May, 2015;

注 2: 2015 年 8 月 11 日, 合肥兴泰产业投资基金管理有限公司名称变更为合肥国嘉产业资本管理有限公司。

Note 2: Hefei Xingtai Industries Investment Fund Management Co., Ltd. was renamed to Hefei Guojia Project Capital Management Co., Ltd on 11 August 2015

(2) 报告期合并范围的变化情况

(2) Changes of consolidation scope during the reporting period

公司名称	报告期纳入合并范围的期间	备注
振业(合肥)股份有限公司	2015 年 1 月至 2015 年 12 月	2015 年清算
合肥宏图房地产开发有限公司	2015 年 1 月至 2015 年 12 月	2015 年清算
庐州美庐房地产开发有限公司	2015 年 1 月至 2015 年 3 月	2015 年转让
和县宏图房地产开发有限公司	2015 年 1 月至 2015 年 3 月	2015 年转让
合肥国控小额贷款有限公司	2015 年 10 月至 2015 年 12 月	2015 年 10 月划拨转入
合肥国控建设融资担保有限公司	2015 年 10 月至 2015 年 12 月	2015 年 10 月划拨转入
合肥徽恒物业管理有限公司	2015 年 10 月至 2015 年 12 月	2015 年 10 月划拨转入
合肥市兴泰集创信息技术有限公司	2015 年 1 月至 2015 年 12 月	2015 年并入
合肥兴泰光电智能创业投资有限公司	2015 年 11 月至 2015 年 12 月	2015 年新设
兴合融资租赁(上海)有限公司	2015 年 3 月至 2015 年 12 月	2015 年新设
安徽公共资源交易集团有限公司	2015 年 12 月至 2015 年 12 月	2015 年新设

Company Name	Periods included in the consolidation	Notes
Zhenye (Hefei) Co., Ltd.	January 2015 to December 2015	Liquidated in 2015
Hefei Hongtu Real Estate Development Co., Ltd.	January 2015 to December 2015	Liquidated in 2015
Luzhou Meilu Real Estate Development Co., Ltd.	January 2015 to March 2015	Disposed in 2015

Hefei Xingtai Financial Holding Group Co., Ltd.Notes to the Financial Statements

Hexian Hongtu Real Estate Development Co., Ltd.	January 2015 to March 2015	Disposed in 2015
Hefei Guokong Small Loans Co., Ltd.	October 2015 to December 2015	Transferred in October 2015
Hefei Guokong Construction Financing Guarantee Co., Ltd.	October 2015 to December 2015	Transferred in October 2015
Hefei Huiheng Property Management Co., Ltd.	October 2015 to December 2015	Transferred in October 2015
Hefei Xingtai Jichuang Information Technology Co., Ltd.	January 2015 to December 2015	Merged in 2015
Hefei Xingtai Guangdian Intelligent Venture Capital Investment Co., Ltd.	November 2015 to December 2015	Newly established in 2015
Xinghe Financial Leasing (Shanghai) Co., Ltd.	March 2015 to December 2015	Newly established in 2015
Anhui Public Resource Trading Group Co., Ltd.	December 2015 to December 2015	Newly established in 2015

二、财务报表的编制基础**II. Basis of preparation of the financial statements****1. 编制基础****1. Basis of preparation**

本公司以持续经营为基础，根据实际发生的交易和事项，按照企业会计准则及其应用指南和准则解释的规定进行确认和计量，在此基础上编制财务报表。

The consolidated financial statements of the Company have been prepared in accordance with the Accounting Standards for Business Enterprises (“ASBE”), ASBE Guidelines and Interpretation based on the actual transactions and events, assuming the Company is a going concern.

2. 持续经营**2. Going concern**

本公司对自报告期末起 12 个月的持续经营能力进行了评估，未发现影响本公司持续经营能力的事项，本公司以持续经营为基础编制财务报表是合理的。

The Company assessed its ability to continue as a going concern for next 12 months following the date of the financial statements and did not find any event that may affect the Company’s capability to continue as a going concern. It was appropriate to prepare the financial statements on a going concern basis.

三、重要会计政策及会计估计**III. Significant Accounting Policies and Accounting Estimates**

本公司下列重要会计政策、会计估计根据企业会计准则制定。未提及的业务按企业会计准则中相关会计政策执行。

The following Company’s significant accounting policies and accounting estimates were made in accordance with the ASBE. For businesses not mentioned, the adoption of such policies and estimates were subject to the relevant accounting policies under the ASBE.

1. 遵循企业会计准则的声明

1. Statement of Compliance with the ASBE

本公司所编制的财务报表符合企业会计准则的要求，真实、完整地反映了公司 2015 年度的财务状况、经营成果、所有者权益变动和现金流量等有关信息。

The financial statements for the year ended 31 December, 2015 prepared by the Company are in compliance with the requirements of the ASBE, which truly and completely reflect the Company's financial position, operation performance, movement in equity, cash flow and other relevant information for 2015.

2. 会计期间

2. Fiscal Year

本公司会计年度自公历 1 月 1 日起至 12 月 31 日止。

The fiscal year of the Company is from 1 January to 31 December.

3. 营业周期

3. Operating cycle

本公司正常营业周期为一年。

The operating cycle of the Company is one year.

4. 记账本位币

4. Functional currency

本公司的记账本位币为人民币。

The functional currency of the Company is RMB.

5. 同一控制下和非同一控制下企业合并的会计处理方法

5. Business combination under common control and not under common control

(1) 同一控制下的企业合并

(1) Business combination under common control

本公司在企业合并中取得的资产和负债，在合并日按取得被合并方在最终控制方合并财务报表中的账面价值计量。其中，对于被合并方与本公司在企业合并前采用的会计政策不同的，基于重要性原则统一会计政策，即按照本公司的会计政策对被合并方资产、负债的账面价值进行调整。本公司在企业合并中取得的净资产账面价值与所支付对价的账面价值之间存在差额的，首先调整资本公积（资本溢价或股本溢价），资本公积（资本溢价或股本溢价）的余额不足冲减的，依次冲减盈余公积和未分配利润。

The assets and liabilities acquired by the Company in a business combination are measured at the carrying amount as of the merger date as reflected in the consolidated financial statements of the merged entities. Where the accounting policies adopted by the merged entities are different from those of the Company, they are changed to consistent with those of the Company based on materiality. The acquired assets and liabilities carrying value should be adjusted in line with the policies of the Company. The difference between

the carrying amount of the net assets obtained from the combination and the carrying amount of the consideration paid for the combination is treated as an adjustment to capital surplus (share premium). If the capital surplus (share premium) is not sufficient to offset the difference, the remaining balance is adjusted against retained earnings.

(2) 非同一控制下的企业合并

(2) Business combination not under common control

本公司在企业合并中取得的被购买方各项可辨认资产和负债，在购买日按其公允价值计量。其中，对于被购买方与本公司在企业合并前采用的会计政策不同的，基于重要性原则统一会计政策，即按照本公司的会计政策对被购买方资产、负债的账面价值进行调整。本公司在购买日的合并成本大于企业合并中取得的被购买方可辨认资产、负债公允价值的差额，确认为商誉；如果合并成本小于企业合并中取得的被购买方可辨认资产、负债公允价值的差额，首先对合并成本以及在企业合并中取得的被购买方可辨认资产、负债的公允价值进行复核，经复核后合并成本仍小于取得的被购买方可辨认资产、负债公允价值的，其差额确认为合并当期损益。

The identifiable assets and liabilities obtained by the Company in a business combination are measured at fair value at the acquisition date. Where the accounting policies adopted by the acquired entities are different from those of the Company before the acquisition, the accounting policies were applied consistently based on materiality. Adjustments should be made to the carrying value of the acquired company's assets and liabilities based on the Company accounting policies. Where the consideration of the combination exceeds the Company's interest in the fair value of the acquired entities identifiable net assets, the difference is recognized as goodwill; where the consideration of combination is lower than the acquired entities interest in the fair value of the acquired entities' identifiable net assets, the consideration of the acquisition as well as the fair value of the acquired company's identifiable net assets and liabilities are re-examined. Where, after the aforesaid re-examination, it is found that the consideration of the acquisition is still lower than the fair value of the acquired company's identifiable net assets and liabilities, the difference is recognized in profit or loss. Costs directly attributable to the combination are recognized in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

6. 合并财务报表的编制方法

6. Preparation of consolidated financial statements

(1) 合并范围的确定

(1) Basis of consolidation

合并财务报表的合并范围以控制为基础予以确定，不仅包括根据表决权（或类似表决权）本身或者结合其他安排确定的子公司，也包括基于一项或多项合同安排决定的结构化主体。

The consolidated financial statements has been prepared based on the basis of control and they include the financial statements of the Company and the subsidiaries not only including the subsidiaries with voting

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rights (or similar voting rights) or which are determined by the other combined arrangements, but also including structured entities, which are determined by one or more contract arrangements.

控制是指本公司拥有对被投资方的权力，通过参与被投资方的相关活动而享有可变回报，并且有能力运用对被投资方的权力影响其回报金额。子公司是指被本公司控制的主体（含企业、被投资单位中可分割的部分，以及企业所控制的结构化主体等），结构化主体是指在确定其控制方时没有将表决权或类似权利作为决定性因素而设计的主体（注：有时也称为特殊目的主体）。

“Control” means the power of the Company over the investee and entitlement of the Company to the variable return by taking part in the related activities of the investee and capability of influencing the amount of money return by exercising the power on the investee. “Subsidiaries” refers to the entities controlled by the Company (including enterprises, the separate parts of the investee and structured entities controlled by the Company. “Structured entities” refers to the entities established specially when the controlling cannot be decided by voting right or similar right (Note : Sometimes refer to as special purpose entity).

(2) 合并财务报表的编制方法**(2) Preparation of the consolidated statements**

本公司以自身和子公司的财务报表为基础，根据其他有关资料，编制合并财务报表。

The preparation of the consolidated financial statements are based on the Company’s own financial statements and those of its various subsidiaries and other relevant information.

本公司编制合并财务报表，将整个企业集团视为一个会计主体，依据相关企业会计准则的确认、计量和列报要求，按照统一的会计政策，反映企业集团整体财务状况、经营成果和现金流量。

In preparing the consolidated financial statements, the whole group was treated as one single accounting unit. Based on the relevant recognition, measurement and disclosure requirements under the ASBE, and use consistent accounting policies to reflect the financial position, operation performance and cash flow of the group companies as a whole.

① 合并母公司与子公司的资产、负债、所有者权益、收入、费用和现金流等项目。

① Assets, liabilities, equity, revenues, expenses and cash flows of the Company and subsidiaries are consolidated.

②抵销母公司对子公司的长期股权投资与母公司在子公司所有者权益中所享有的份额。

②The Company’s long term equity investment and ownership interest in subsidiaries are eliminated.

③抵销母公司与子公司、子公司相互之间发生的内部交易的影响。内部交易表明相关资产发生减值损失的，应当全额确认该部分损失。

③ Inter-company transactions between the Company and subsidiaries and those between subsidiaries are eliminated. Where impairment loss occurs to certain assets as a consequence of internal transaction, such loss is accounted for in full amount.

④站在企业集团角度对特殊交易事项予以调整。

④Exceptional transactions are adjusted based on the group’s point of view.

(3) 报告期内增减子公司的处理**(3) Addition/disposal of subsidiaries during the reporting period**

①增加子公司或业务

①Addition of subsidiaries or businesses

A.同一控制下企业合并增加的子公司或业务

A. Addition for business combination under common control

(a) 编制合并资产负债表时，调整合并资产负债表的期初数，同时对比较报表的相关项目进行调整，视同合并后的报告主体自最终控制方开始控制时点起一直存在。

(a)The beginning balances are adjusted and consolidated in preparation of the consolidated balance sheets, and at the same time the consolidated reports are adjusted after comparing related items of statements, as if the combined reporting entity has been existed from the point when the acquirer starts to control the investee.

(b) 编制合并利润表时，将该子公司以及业务合并当期期初至报告期末的收入、费用、利润纳入合并利润表，同时对比较报表的相关项目进行调整，视同合并后的报告主体自最终控制方开始控制时点起一直存在。

(b) The revenues, expenses and profits of the subsidiaries and businesses for the period from the beginning of the combination to current period are consolidated in the consolidated profit statement and some relevant items are adjusted after comparing the statements, as if the combined reporting entity has been existed from the point when the acquirer starts to control the investee.

(c) 编制合并现金流量表时，将该子公司以及业务合并当期期初至报告期末的现金流量纳入合并现金流量表，同时对比较报表的相关项目进行调整，视同合并后的报告主体自最终控制方开始控制时点起一直存在。

(c) The cash flows of the subsidiaries and businesses for the period from the beginning of the combination to current period are consolidated in the consolidated cashflow and the relevant items are adjusted after comparing the statements, as if the combined reporting entity has been existed from the point when the acquirer starts to control the investee.

B.非同一控制下企业合并增加的子公司或业务

B. Addition for business combination not under common control

(a) 编制合并资产负债表时，不调整合并资产负债表的期初数。

(a)The beginning balance of the consolidated balance sheet is not adjusted in preparing the consolidated balance sheet.

(b) 编制合并利润表时，将该子公司以及业务购买日至报告期末的收入、费用、利润纳入合并利润表。

(b)The revenues, expenses and profits of the subsidiaries and businesses for the period from the purchase date to the end of reporting period are consolidated in preparing the consolidated profit statement.

(c) 编制合并现金流量表时，将该子公司购买日至报告期末的现金流量纳入合并现金流量表。

(c) The cash flows of the subsidiaries and businesses for the period from purchase date to end of reporting period are consolidated in preparing the consolidated cash flow statement.

②处置子公司或业务

②Disposal of subsidiaries or businesses

A. 编制合并资产负债表时，不调整合并资产负债表的期初数。

A. The beginning balance of the consolidated balance sheet is not adjusted in preparing the consolidated balance sheet.

B. 编制合并利润表时，将该子公司以及业务期初至处置日的收入、费用、利润纳入合并利润表。

B. The revenues, expenses and profits of the subsidiaries and businesses for the period from commencement of reporting period to disposal date are consolidated in preparing the consolidated profit statement.

C. 编制合并现金流量表时将该子公司以及业务期初至处置日的现金流量纳入合并现金流量表。

C. The cash flows of the subsidiaries and businesses for the period from commencement of reporting period to disposal date are consolidated in preparing the consolidated cash flow statement.

7. 现金及现金等价物的确定标准

7. Definition of cash and cash equivalent

现金指企业库存现金及可以随时用于支付的存款。现金等价物指持有的期限短（一般是指从购买日起三个月内到期）、流动性强、易于转换为已知金额现金、价值变动风险很小的投资。

Cash refers to cash on hand and savings that can be readily used for payment. Cash equivalent refers to short term (generally not longer than three months) and easily convertible investment instruments with strong liquidity and small risk in value change.

8. 外币业务和外币报表折算

8. Foreign currency transaction translation of financial statements in foreign currency

(1) 外币交易时折算汇率的确定方法

(1) Exchange rates used in foreign currency transactions

本公司外币交易初始确认时采用交易发生日的即期汇率或即期汇率的近似汇率折算为记账本位币。

Foreign currency transactions of the Company are translated into functional currency using the exchange rates or approximate exchange rate prevailing at the date of the transactions for initial recognition.

(2) 资产负债表日外币货币性项目的折算方法

(2) Translation of foreign currency monetary items at balance sheet date

在资产负债表日，对于外币货币性项目，采用资产负债表日的即期汇率折算。因资产负债表日即期汇率与初始确认时或前一资产负债表日即期汇率不同而产生的汇兑差额，计入当期损益。

Foreign currency monetary items are translated at the exchange rates at the balance sheet date. Exchange difference resulting from the difference of exchange rates on balance sheet date and the initial recognition date or previous balance sheet date is recognized in profit or loss.

(3) 外币报表折算方法**(3) Translation of financial statements in foreign currency**

对企业境外经营财务报表进行折算前先调整境外经营的会计期间和会计政策，使之与企业会计期间和会计政策相一致，再根据调整后会计政策及会计期间编制相应货币（记账本位币以外的货币）的财务报表，再按照以下方法对境外经营财务报表进行折算：

Before the translation of financial statements from overseas operations, the accounting period and policies for such overseas operations are adjusted in line with the Company's accounting period and policies, and then the financial statements of the overseas operations are prepared in related currency (other than functional currency) based on the adjusted accounting policies and period, and the financial statements for such overseas operations are translated with the following methods.

①资产负债表中的资产和负债项目，采用资产负债表日的即期汇率折算，所有者权益项目除“未分配利润”项目外，其他项目采用发生时的即期汇率折算。

① Assets and liabilities items at balance sheet date are translated at exchange rate at the balance sheet date; equity items other than “retained earning” are translated at the exchange rates prevailing on the transaction dates.

②利润表中的收入和费用项目，采用交易发生日的即期汇率或即期汇率的近似汇率折算。

② Revenues and expenses items on profit statement are translated at exchange rates or an approximate exchange rates prevailing on the transaction dates.

③产生的外币财务报表折算差额，在编制合并财务报表时，在合并资产负债表中所有者权益项目下单独列示“其他综合收益”。

③ The differences arising from translation of financial statements in foreign currency are recognized separately in the owners' equity as other comprehensive income in the consolidated balance sheet.

④外币现金流量以及境外子公司的现金流量，采用现金流量发生日的即期汇率或即期汇率的近似汇率折算。汇率变动对现金的影响额应当作为调节项目，在现金流量表中单独列报。

④ The cash flows in foreign currency and of overseas operations are translated at the exchange rates or approximate exchange rates prevailing on the dates of the cash flows. The effect of exchange rate changes on cash flow is recognized separately in the cash flow statement as an adjustment item.

9. 金融工具**9. Financial instruments****(1) 金融资产的分类****(1) Classification of financial assets**

①以公允价值计量且其变动计入当期损益的金融资产

① Financial assets measured at fair value through profit or loss

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包括交易性金融资产和直接指定为以公允价值计量且其变动计入当期损益的金融资产，前者主要是指本公司为了近期内出售而持有的股票、债券、基金以及不作为有效套期工具的衍生工具投资。这类资产在初始计量时按照取得时的公允价值作为初始确认金额，相关的交易费用在发生时计入当期损益。支付的价款中包含已宣告但尚未发放的现金股利或已到付息但尚未领取的债券利息，单独确认为应收项目。在持有期间取得利息或现金股利，确认为投资收益。资产负债表日，本公司将这类金融资产以公允价值计量且其变动计入当期损益。这类金融资产在处置时，其公允价值与初始入账金额之间的差额确认为投资收益，同时调整公允价值变动损益。

Financial assets include financial assets held-for-trading and those designated as at fair value through profit or loss on initial recognition. The financial assets held-for-trading refer to shares, bonds and fund investment that the Company holds for short term trading and derivatives for purposes other than hedging. For initial recognition, held-for-trading assets are recognized at fair value, with transaction cost recognized immediately in profit or loss. Where the amount paid for such assets includes those announced but undistributed cash dividend or due but undistributed bond interest, such dividend and interest are recognized separately as receivables. The interest or cash dividend earned during the period of holding are recognized as investment income. At the balance sheet date, financial assets held for trading are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise. Upon disposal, the difference between fair value and initial amount is recognized as investment income, and the gain or loss on fair value changed at the same time is adjusted.

②持有至到期投资

②Held-to-maturity investment

主要是指到期日固定、回收金额固定或可确定，且本公司具有明确意图和能力持有至到期的国债、公司债券等。这类金融资产按照取得时的公允价值和相关交易费用之和作为初始确认金额。支付价款中包含的已到付息期但尚未发放的债券利息，单独确认为应收项目。持有至到期投资在持有期间按照摊余成本和实际利率计算确认利息收入，计入投资收益。处置持有至到期投资时，将所取得价款与该投资账面价值之间的差额计入投资收益。

Held-to-maturity investments are national bonds and company bonds etc with fixed maturity and fixed or determinable payments that management has the clear intention and ability to hold to maturity. Such financial assets are measured at fair value plus transaction cost at initial recognition. Where the amount paid for such assets includes due but undistributed bond interest, such interest is recognized separately as receivables. The interest for held-to-maturity investment during period of holding is calculated based on amortized cost and actual interest rates and recognized as investment income. Upon disposal of held-to-maturity investment, the difference between the amount received and the carrying value of such investment is recognized as investment income.

③应收款项

③Receivables

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应收款项主要包括应收账款和其他应收款等。应收账款是指本公司销售商品或提供劳务形成的应收款项。应收账款按从购货方应收的合同或协议价款作为初始确认金额。

Receivables mainly include accounts receivable and other receivables. Accounts receivable arising from sale of goods or rendering of services are initially recognized based on contract price or negotiated price with the buyer.

④可供出售金融资产

④Available-for-sale financial assets

主要是指本公司没有划分为以公允价值计量且其变动计入当期损益的金融资产、持有至到期投资、贷款和应收款项的金融资产。可供出售金融资产按照取得该金融资产的公允价值和相关交易费用之和作为初始确认金额。支付的价款中包含的已到付息期但尚未领取的债券利息或已宣告但尚未发放的现金股利，单独确认为应收项目。可供出售金融资产持有期间取得的利息或现金股利计入投资收益。

Available-for-sale financial assets mainly refer to assets of the Company other than financial assets measured at fair value with changes recognized in profit or loss, held-to-maturity investment, loans or receivables. For initial recognition, available-for-sale financial assets are recognized at fair value plus transaction cost. Where the amount paid for such assets include announced but undistributed cash dividend or due but undistributed bond interest, such dividend and interest are recognized separately as receivables. Accrual of interest and cash dividend earned from such assets are recognized as investment income.

可供出售金融资产是外币货币性金融资产的，其形成的汇兑损益应当计入当期损益。采用实际利率法计算的可供出售债务工具投资的利息，计入当期损益；可供出售权益工具投资的现金股利，在被投资单位宣告发放股利时计入当期损益。资产负债表日，可供出售金融资产以公允价值计量，且其变动计入其他综合收益。处置可供出售金融资产时，将取得的价款与该金融资产账面价值之间差额计入投资收益；同时，将原计入所有者权益的公允价值变动累计额对应处置部分的金额转出，计入投资收益。

Where available-for-sale financial assets are foreign currency monetary assets, exchange gains and losses are recognized in profit or loss. Interest from available-for-sale debt instruments, measured by actual interest rate method, is recognized in profit or loss, cash dividend earned from these assets is recognized in profit or loss when the investee announces the dividend. At balance sheet date, available-for-sale financial assets are measured at fair value with changes recognized in other comprehensive income. Upon disposal, difference between the amount received and the carrying value is recognized in investment income while the original accumulated amount of changes in fair value recognized in owners' equity corresponding to the disposal is transferred out and recognized as investment income.

(2) 金融负债的分类

(2) Classification of financial liabilities

①以公允价值计量且其变动计入当期损益的金融负债，包括交易性金融负债和指定为以公允价值计量且其变动计入当期损益的金融负债；这类金融负债初始确认时以公允价值计量，相关交易费用直接计入当期损益，资产负债表日将公允价值变动计入当期损益。

① Financial liabilities measured at fair value and with changes recognized in profit or loss include financial liabilities held for trading and designated financial liabilities measured at fair value and with changes recognized in profit or loss. For initial recognition, such financial assets are recognized at fair value, with transaction cost involved directly recognized in profit or loss. At balance sheet date, the changes of fair value is recognized in profit or loss.

②其他金融负债，是指以公允价值计量且其变动计入当期损益的金融负债以外的金融负债。

②Other financial liabilities refer to financial liabilities other than financial liabilities measured at fair value and with changes recognized in profit or loss.

（3）金融资产的重分类

(3) Reclassification of financial assets

因持有意图或能力发生改变，使某项投资不再适合划分为持有至到期投资的，本公司将其重分类为可供出售金融资产，并以公允价值进行后续计量。持有至到期投资部分出售或重分类的金额较大，且不属于《企业会计准则第 22 号——金融工具确认和计量》第十六条所指的例外情况，使该投资的剩余部分不再适合划分为持有至到期投资的，本公司应当将该投资的剩余部分重分类为可供出售金融资产，并以公允价值进行后续计量，但在本会计年度及以后两个完整的会计年度内不再将该金融资产划分为持有至到期投资。

Where change of the Company's intention or capability makes it no longer appropriate to classify a certain investment as held-to-maturity investment, the Company will reclassify the investment as available-for-sale financial assets and measure it at fair value. Where the disposal portion for the held-to-maturity investment and the reclassification amount is significant, and not belong to section XIV of ASBE NO.22 – Recognition and Measurement of Financial Instruments, the remaining part of the investment is not appropriate to be classified as held-to-maturity investment; instead the Company will reclassify the remaining as available-for-sale financial assets and are subsequently measured at fair value. But, they will not be reclassified to held-to-maturity investment again in the current accounting period and in the next two complete accounting periods.

重分类日，该投资的账面价值与公允价值之间的差额计入其他综合收益，在该可供出售金融资产发生减值或终止确认时转出，计入当期损益。

At date of reclassification, the difference between the carrying value and fair value of the investment is recognized in other comprehensive income. When there is impairment on the available-for-sale financial assets or derecognition on such assets, the difference is transferred out and recognized in profit or loss.

（4）金融负债与权益工具的区分

(4) Differentiation between financial liabilities and equity instruments

除特殊情况外，金融负债与权益工具按照下列原则进行区分：

Apart from some exceptions, financial liabilities and equity instruments are differentiated based on the following principles:

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①如果本公司不能无条件地避免以交付现金或其他金融资产来履行一项合同义务，则该合同义务符合金融负债的定义。有些金融工具虽然没有明确地包含交付现金或其他金融资产义务的条款和条件，但有可能通过其他条款和条件间接地形成合同义务。

① If the company cannot unconditionally avoid the delivery of cash or other financial assets to fulfill a contractual obligation, the contractual obligations are in line with the definition of financial liabilities. Some financial instruments do not state clearly the terms and conditions of the delivery of for cash or other financial obligations, but it is possible to form contractual obligations indirectly through other terms and conditions.

②如果一项金融工具须用或可用本公司自身权益工具进行结算，需要考虑用于结算该工具的本公司自身权益工具，是作为现金或其他金融资产的替代品，还是为了使该工具持有方享有在发行方扣除所有负债后的资产中的剩余权益。如果是前者，该工具是发行方的金融负债；如果是后者，该工具是发行方的权益工具。在某些情况下，一项金融工具合同规定本公司须用或可用自身权益工具结算该金融工具，其中合同权利或合同义务的金额等于可获取或需交付的自身权益工具的数量乘以其结算时的公允价值，则无论该合同权利或合同义务的金额是固定的，还是完全或部分地基于除本公司自身权益工具的市场价格以外变量（例如利率、某种商品的价格或某项金融工具的价格）的变动而变动，该合同分类为金融负债。

②If a financial instrument has to or may be settled with the company's own equity instruments, there is a need to be considered for settlement of the company's own equity instruments, as for cash or other financial assets or substitute, or for the instrument holder to enjoy residual interest after deduction of all liabilities by the issuer. If it is the former, the instrument is the issuer's financial liability; if it is the latter, the instrument is the issuer's equity instruments. Under certain circumstances, certain financial instrument contracts stipulate that the Company must or may use her own equity instrument to settle the financial instrument, where the amount of the contract rights or contractual obligations is equal to the amount by multiplying the number of company's own equity instruments by the fair value at the time of settlement, regardless of whether the contract rights or obligations is fixed, or completely or partially vary based on variable in addition to the company's own equity instruments (such as interest rates, the market price of a commodity price or a financial instrument prices), the contract is reclassified as financial liabilities.

(5) 金融资产转移

(5) Transfer of financial assets

金融资产转移是指下列两种情形：

The transfer of financial assets refers to the following two situations:

A. 将收取金融资产现金流量的合同权利转移给另一方；

A. The transfer of contractual rights of the cash flow of the financial asset to the other party;

B. 将金融资产整体或部分转移给另一方，但保留收取金融资产现金流量的合同权利，并承担将收取的现金流量支付给一个或多个收款方的合同义务。

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B. The whole or part of the financial asset is transferred to the other party, but the contractual right to receive the cash flow of the financial asset is reserved, and undertake the contractual obligation to pay the received cash flow to one or more recipients.

①终止确认所转移的金融资产

①Derecognizing the transferred financial assets

已将金融资产所有权上几乎所有的风险和报酬转移给转入方的，或既没有转移也没有保留金融资产所有权上几乎所有的风险和报酬的，但放弃了对该金融资产控制的，终止确认该金融资产。

Where almost all risks and rewards of a financial asset is transferred to transferee or neither transferring the asset nor reserving almost all risks and rewards over the asset ownership but the Company gives up its control of a financial asset, such financial asset is derecognized.

在判断是否已放弃对所转移金融资产的控制时，注重转入方出售该金融资产的实际能力。转入方能够单独将转入的金融资产整体出售给与其不存在关联方关系的第三方，且没有额外条件对此项出售加以限制的，表明企业已放弃对该金融资产的控制。

The judgment of whether giving up control of a transferred financial asset is focused on transferee's ability to transfer the financial asset. If the transferee is able to separately sell the entire transferred financial asset to an independent third party, and without additional conditions to limit the sale, it shows that the enterprise give ups control of the financial asset.

本公司在判断金融资产转移是否满足金融资产终止确认条件时，注重金融资产转移的实质。

金融资产整体转移满足终止确认条件的，将下列两项金额的差额计入当期损益：

The Company access the substance of the financial assets transferred to determine whether the transfer of financial assets has satisfied the derecognition requirements. When the transfer of financial assets as a whole satisfy the derecognition requirements, the difference between the following two amounts is recognized in profits or losses.

A.所转移金融资产的账面价值；

A. The carrying value of the transferred financial assets;

B.因转移而收到的对价，与原直接计入所有者权益的公允价值变动累计额（涉及转移的金融资产为可供出售金融资产的情形）之和。

B.The sum of amount received in consideration of the transfer plus the accumulated amount of fair value change originally recognized in owner equity (where transferred financial assets are available-for-sale financial assets).

金融资产部分转移满足终止确认条件的，将所转移金融资产整体的账面价值，在终止确认部分和未终止确认部分（在此种情况下，所保留的服务资产视同未终止确认金融资产的一部分）之间，按照各自的相对公允价值进行分摊，并将下列两项金额的差额计入当期损益：

Where part of a financial asset is transferred, the carrying value of the entire financial asset between the derecognized part and the recognized part (the retained service assets are deemed as part of the remaining

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non-derecognized financial assets) is split in proportion to their respective fair value and the difference between the two parts is recognized in profit or loss:

A. 终止确认部分的账面价值；

A. The carrying value of the derecognized part;

B. 终止确认部分的对价，与原直接计入所有者权益的公允价值变动累计额中对应终止确认部分的金额（涉及转移的金融资产为可供出售金融资产的情形）之和。

B. The sum of the amount of the derecognized part plus the accumulated amount of fair value change originally recorded in owner' equity relating to the amount of the derecognized part (where the transferred financial assets are available-for-sale financial assets).

②继续涉入所转移的金融资产

②Continuous involvement in the transferred financial asset

既没有转移也没有保留金融资产所有权上几乎所有的风险和报酬的，且未放弃对该金融资产控制的，应当按照其继续涉入所转移金融资产的程度确认有关金融资产，并相应确认有关负债。

Where the Company neither transfers nor retains almost all risks and rewards over the ownership of the financial assets and retains control of it, such financial assets are recognized according to the degree of the Company's continuous involvement in the transferred financial asset, and recognize the related liabilities.

继续涉入所转移金融资产的程度，是指该金融资产价值变动使企业面临的风险水平。

The degree of the continuous involvement in the transferred financial asset is the level of risks due to the changes of this financial asset's value exposing to the Company.

③继续确认所转移的金融资产

③Continuous recognition of the transferred financial asset

仍保留与所转移金融资产所有权上几乎所有的风险和报酬的，应当继续确认所转移金融资产整体，并将收到的对价确认为一项金融负债。

Where the Company retains almost all the risks and rewards over the ownership of a transferred financial asset, the recognition of the whole transferred financial asset continues and the amount received in consideration of the transfer is recognized as a financial liability.

该金融资产与确认的相关金融负债不得相互抵销。在随后的会计期间，企业应当继续确认该金融资产产生的收入和该金融负债产生的费用。所转移的金融资产以摊余成本计量的，确认的相关负债不得指定为以公允价值计量且其变动计入当期损益的金融负债。

The financial asset cannot offset the recognized financial liability. During the subsequent accounting period, the Company will continue the recognition of the income generated from such financial asset and expenses arising out of such financial liability. Where the transferred financial asset is measured by amortized cost, the recognized liability cannot be designated as "financial liability measured at fair value and with changes in fair value recognize in profit or loss.

(6) 金融负债终止确认**(6) Derecognition of financial liabilities**

金融负债的现时义务全部或部分已经解除的，终止确认该金融负债或其一部分。

Where current obligations over a financial liability have been released in part or in full, the financial liability is derecognized in part or in full correspondingly.

将用于偿付金融负债的资产转入某个机构或设立信托，偿付债务的现时义务仍存在的，不终止确认该金融负债，也不终止确认转出的资产。

Where an asset with payment obligation has been transferred to another organization or set up a trust, the financial liability or transferred asset will not be derecognized as long as the payment obligation remains.

与债权人之间签订协议，以承担新金融负债方式替换现存金融负债，且新金融负债与现存金融负债的合同条款实质上不同的，终止确认现存金融负债，并同时确认新金融负债。

Where a contract is signed with creditor to replace the previous financial liability with a new one, the previous financial liability will be derecognized and the new one is recognized at the same time provided the new contract terms differ from the previous one substantially.

对现存金融负债全部或部分的合同条款作出实质性修改的，终止确认现存金融负债或其一部分，同时将修改条款后的金融负债确认为一项新金融负债。

Where all or part of the contract terms about an existing financial liability are modified, the financial liability in part or in full is derecognized and the financial liability is recognized under the modified contract terms as a new financial liability.

金融负债全部或部分终止确认的，将终止确认部分的账面价值与支付的对价（包括转出的非现金资产或承担的新金融负债）之间的差额，计入当期损益。

Where a financial liability is derecognized in part or in full, the difference between the carrying value of the derecognized part and the amount paid (including the transferred non-cash assets and new financial liabilities undertaken) is recognized in profit or loss.

(7) 金融资产和金融负债的抵销**(7) Offsetting of financial assets and financial liabilities**

金融资产和金融负债应当在资产负债表内分别列示，不得相互抵销。但同时满足下列条件的，以相互抵销后的净额在资产负债表内列示：

Financial assets and financial liabilities are separately disclosed on the balance sheet and they do not offset each other. In the following circumstances, however, the net amount after offsetting each other is disclosed on the balance sheet:

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本公司具有抵销已确认金额的法定权利，且该种法定权利是当前可执行的；

本公司计划以净额结算，或同时变现该金融资产和清偿该金融负债。

Company has legal right to offset the recognized amount and the legal right is currently operative; and the Company settles with net amount or sell the financial asset and pays off the financial liability at the same time.

不满足终止确认条件的金融资产转移，转出方不得将已转移的金融资产和相关负债进行抵销。

Where a transferred financial asset does not meet the requirements of derecognition, the transferor cannot offset the transferred financial asset and the liability with each other.

（8）金融资产减值测试方法及减值准备计提方法

(8)Financial asset impairment test and impairment provision

(1) 本公司在有以下证据表明该金融资产发生减值的，计提减值准备：

(1) In the following circumstances, when there is evidence to show impairment of a financial asset, the impairment provision is provided:

① 发行方或债务人发生严重财务困难同；

①Bond issuer or debtor is in serious financial difficulty;

② 债务人违反了合同条款，如偿付利息或本金发生违约或逾期等；

②Debtor violates the contract terms, e.g., defaulting on payment of interest or principle or failing to pay interest or principle on schedule;

③ 债权人出于经济或法律等方面因素的考虑，对发生财务困难的债务人作出让步；

③Creditor makes a concession to debtor with financial difficulty in consideration of the economic or legal issues;

④ 债务人可能倒闭或进行其他财务重组；

④Debtor might go bankrupt or arranging other debt restructuring ;

⑤ 因发行方发生重大财务困难，该金融资产无法在活跃市场继续交易；

⑤Significant financial difficulty of issuer makes it impossible to trade financial assets on active market;

⑥ 无法辨认一组金融资产中的某项资产的现金流量是否已经减少，但根据公开的数据对其进行总体评价后发现，该组金融资产自初始确认以来的预计未来现金流量确已减少且可计量；

⑥There's no way to identify whether the cash flow of an financial asset in a group has been reduced or not, but an overall assessment with the public data confirms that the estimated future cash flow of the financial assets has been reduced and can be measured since the initial recognition of this group of financial assets;

⑦ 债务人经营所处的技术、市场、经济或法律环境等发生重大不利变化，使权益工具投资人可能无法收回投资成本；

⑦ Material adverse changes in the technical, market, economic or legal environment of the debtor's

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operations makes it hard for equity investors to recover their investment cost;

⑧ 权益工具投资的公允价值发生严重或非暂时性下跌；

⑧ The fair value of equity investment instrument decrease seriously or has witnessed long period decline;

⑨ 其他表明金融资产发生减值的客观证据。

⑨ Other evidences showing the impairment of financial assets are found.

(2) 公司在资产负债表日分别不同类别的金融资产采取不同的方法进行减值测试，并计提减值准备：

(2) Company performs impairment test for various financial assets by different methods and makes impairment provision:

① 交易性金融资产：在资产负债表日以公允价值反映，公允价值的变动计入当期损益。

① Financial assets held-for-trading: reflected at fair value on balance sheet date; change of fair value recognized in profit or loss.

② 持有至到期投资：在资产负债表日本公司对于持有至到期投资有客观证据表明其发生了减值的，根据其账面价值与预计未来现金流量现值之间差额计算确认减值损失，计入当期损益。

② Held-to-maturity investment: where, at balance sheet date, the Company has evidence to show impairment of held-to-maturity investment, the difference between carrying value and estimated future cash flow is recognized as impairment loss and recognized in profit or loss.

计提减值准备时，对单项金额重大的持有至到期投资单独进行减值测试；对单项金额不重大的持有至到期投资可以单独进行减值测试，或根据客户的信用程度等实际情况，按照信用组合进行减值测试；单独测试未发生减值的持有至到期投资，需要按照根据客户的信用程度等实际情况，按照信用组合再进行测试；已单项确认减值损失的持有至到期投资，不再根据客户的信用程度等实际情况，按照信用组合进行减值测试。

In making impairment provision, an separate impairment test for large-amount held-to-maturity investment is performed; for smaller amount of held-to-maturity investment, either separate impairment test or impairment test is done in a portfolio, as determined by customers' credit rating; where separate test shows no impairment of held-to-maturity investment, a second test with a portfolio is performed; where separate test shows impairment of held-to-maturity investment, no more test will be performed in a portfolio with creditor's rating.

③ 贷款：除非已知情况显示在每次评估之间的报告期间已经发生减值损失，公司只定期对贷款组合的减值损失情况进行评估。

③ Loan: Unless evidence shows occurrence of impairment loss during the reporting period between two assessments, Company perform impairment loss test on loan portfolio only on a regular basis.

对于组合中单笔贷款的现金流尚未发现减少的贷款组合，公司对该组合是否存在预计未来现金流减少的迹象进行判断，以确定是否需要计提减值准备。发生减值损失的证据包括有可观察数据表明该组合

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中借款人的支付状况发生了不利的变化(例如, 借款人不按规定还款), 或出现了可能导致组合内贷款违约的国家或地方经济状况的不利变化等。对具有相近似的信用风险特征和客观减值证据的贷款组合, 按此类似资产的历史损失经验作为测算该贷款组合未来现金流的基础。公司会定期审阅对未来现金流的金额和时间进行估计所使用的方法和假设, 以减少估计贷款损失和实际贷款减值损失情况之间的差异。

For loan portfolio in which no impairment of cash flow of any single loan is found, the Company will judge the evidence of impairment of foreseeable future cash flow to determine whether it is necessary to make impairment provision for this portfolio. Evidences of impairment loss include observable data showing problem of debtor (such as default on payment) or problem with national or local economy which may lead to default on the portfolio. For loan portfolio with similar credit risk status and impairment evidence, the Company measures the future cash flow of the portfolio based on historical impairment data about such similar assets. Company regularly reviews the method used and assumptions made for assessing the amount and time of future cash flow with a view to reduce the difference between estimated loan loss and actual impairment loss of the loan.

按上述方法对贷款进行评价, 对可收回金额低于账面价值的部分, 按下列标准计提减值准备:

According to the above method to assess the loan, the part which recoverable amount is lower than the book value of the carrying value, impairment provision is provided with following standards:

正常贷款 Normal loans	关注贷款 Focused loans	次级贷款 Sub-ordinated loan	可疑贷款 Doubtful loan	损失贷款 Defaulted loan
0%~1%	1%~15%	5%~25%	20%~50%	100%

④ 可供出售金融资产: 在资产负债表日本公司对可供出售金融资产的减值情况进行分析, 判断该项金融资产公允价值是否持续下降。通常情况下, 如果可供出售金融资产的公允价值发生较大幅度下降, 或在综合考虑各种相关因素后, 预期这种下降趋势属于非暂时性的, 则按其公允价值低于其账面价值的差额, 确认减值损失, 计提减值准备。在确认减值损失时, 将原直接计入所有者权益的公允价值下降形成的累计损失一并转出, 计入减值损失。

④ Available-for-sale financial assets: At the balance sheet date, the Company's impairment of available-for-sale financial assets is analyzed to determine whether the fair value of the financial asset continues to decline. Normally, if the fair value of financial assets available-for-sale has decreased substantially, or in the comprehensive consideration of all relevant factors, this downward trend is expected as non-temporary, the difference between the fair value and the carrying value is recognized as impairment loss. In the recognition of impairment losses, the original fair value decline which is directly recognized in the owner's equity is transferred to the impairment loss.

(9) 金融资产和金融负债公允价值的确定方法**(9) Method for determining the fair value of financial assets and financial liabilities**

本公司以主要市场的价格计量相关资产或负债的公允价值，不存在主要市场的，本公司以最有利市场的价格计量相关资产或负债的公允价值。

The company's fair value of the relevant assets or liabilities is measured at the price of the main market, if such main market does not exist, the fair value of the relevant assets or liabilities will be measured at the most favorable market price.

主要市场，是指相关资产或负债交易量最大和交易活跃程度最高的市场；最有利市场，是指在考虑交易费用和运输费用后，能够以最高金额出售相关资产或者以最低金额转移相关负债的市场。本公司采用市场参与者在对该资产或负债定价时为实现其经济利益最大化所使用的假设。

The main market refers to the largest and most active market of the related assets or liabilities ; The most favorable market refers to a market that is able to sell the related assets at the highest amount or transfer the relevant liabilities at the minimum amount after consideration of transaction costs and transportation costs. The Company takes the same assumption as market participants in the pricing of the asset or liability in order to maximize the economic benefits .

① 估值技术**① Valuation techniques**

本公司采用在当期情况下适用并且有足够可利用数据和其他信息支持的估值技术，使用的估值技术主要包括市场法、收益法和成本法。本公司使用与其中一种或多种估值技术相一致的方法计量公允价值，使用多种估值技术计量公允价值的，考虑各估值结果的合理性，选取在当期情况下最能代表公允价值的金额作为公允价值。

The company uses applicable valuation techniques with sufficient available data and other information. The valuation techniques used mainly include the market approach ,the income approach, and the cost approach. The company uses one or more consistent approach to determine the fair value. If a variety of valuation techniques are used to measure fair value, the rationality of the valuation results will be considered and, the most appropriate one to represent the fair value in the current circumstances will be selected.

本公司在估值技术的应用中，优先使用相关可观察输入值，只有在相关可观察输入值无法取得或取得不切实可行的情况下，才使用不可观察输入值。可观察输入值，是指能够从市场数据中取得的输入值。该输入值反映了市场参与者在对相关资产或负债定价时所使用的假设。不可观察输入值，是指不能从市场数据中取得的输入值。该输入值根据可获得的市场参与者在对相关资产或负债定价时所使用假设的最佳信息取得。

In the application of valuation techniques, the relevant observable input values will be used first. Only when the observable input values cannot be obtained or not practical to get, then to use the unobservable input

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values. Observable input value refers to data that can be obtained from market. Unobservable input value refers to the data that cannot be obtained from the market. The input value is obtained based on the assumption that the market participants are using the best information for valuation of the relevant assets or liabilities.

②公允价值层次

②Fair Value Hierarchy

本公司将公允价值计量所使用的输入值划分为三个层次，并首先使用第一层次输入值，其次使用第二层次输入值，最后使用第三层次输入值。第一层次输入值是在计量日能够取得的相同资产或负债在活跃市场上未经调整的报价。第二层次输入值是除第一层次输入值外相关资产或负债直接或间接可观察的输入值。第三层次输入值是相关资产或负债的不可观察输入值。

The Company divides the input value used for measuring fair value into three levels: level 1, level 2 and level 3. Input value of level 1 is used firstly, level 2 is used secondly, and level 3 is used finally. Level 1 input value refers to the unadjusted price for the same kind of assets or liabilities obtained on an active market on the measurement day. Level 2 input value refers to directly or indirectly observable value about the assets or liabilities other than level 1 value. Level 3 input value refers to unobservable value about the assets or liabilities.

10. 应收款项的减值测试方法及减值准备计提方法

10. Impairment test and provision for receivables

在资产负债表日对应收款项的账面价值进行检查，有客观证据表明其发生减值的，计提减值准备。

At the balance sheet date, the carrying value of the receivable is assess for impairment, when there is objective evidence that it is impaired, provision for impairment is made.

(1) 单项金额重大并单项计提坏账准备的应收款项

(1) Large single amount receivables with separate bad debt provision

单项金额重大的判断依据或金额标准：本公司将 1000 万元以上应收款项确定为单项金额重大。

单项金额重大并单项计提坏账准备的计提方法：对于单项金额重大的应收款项，单独进行减值测试。有客观证据表明其发生了减值的，根据其未来现金流量现值低于其账面价值的差额，确认减值损失，并据此计提相应的坏账准备。

Standard of large single amount: Any single sum amount over RMB10 million is regarded as a significantly large single amount. Bad debt provision approach for significantly large single amount: receivables of significantly large single amount are subject to separate impairment test. Where impairment evidence is found, the difference between the present value of its future cash flow and its carrying value is recognized as impairment loss and used as the basis for bad debt provision.

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(2) 按组合计提坏账准备的应收款项

(2) Receivables with bad debt provision by portfolio

确定组合的依据:

Portfolio basis:

对单项金额重大单独测试未发生减值的应收款项汇同单项金额不重大的应收款项, 本公司以账龄作为信用风险特征组合。

For receivables with significantly large single amounts that pass separate impairment test and receivables with immaterial amounts, the company create credit risk portfolios by age group.

按组合计提坏账准备的计提方法: 账龄分析法

Bad debt provision by portfolio: age analysis method

各账龄段应收款项组合计提坏账准备的比例具体如下:

Bad debt provision rate by age group:

账龄 Age	应收账款计提比例 Provision rate of accounts receivable	其他应收款计提比例 Provision rate of other receivable
1年以内(含1年) 1 year or shorter	-	-
1-2年 1-2 years	10%	10%
2-3年 2-3 years	20%	20%
3-4年 3-4 years	50%	50%
4-5年 4-5 years	80%	80%
5年以上 Longer than 5 years	100%	100%

本公司对合并范围内的子公司应收款项不计提坏账准备, 对属于公司因代为履行政府职能而承担国有企业改制过程中, 由合肥市国资委划拨进来的不良债权和公司垫付费用, 在国企改革工作完成之前不计提坏账准备。

Bad debt provision is not made for receivables of the consolidated subsidiaries. Before the reform is finished, no bad debt provision is made for non-performing loans and disbursements allocated by SASAC Hefei arising from the reform of state-owned enterprise as a result of performing duties on behalf of the government.

(3) 单项金额不重大但单项计提坏账准备的应收款项

(3) Small single amount receivables with separate bad debt provision

对单项金额不重大但已有客观证据表明其发生了减值的应收款项, 按账龄分析法计提的坏账准备不能反映实际情况, 本公司单独进行减值测试, 根据其未来现金流量现值低于其账面价值的差额, 确认减值损失, 并据此计提相应的坏账准备。

For receivables of small single amount and with evidence of impairment, bad debt provision calculation

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based on age analysis cannot reflect the truth ,the Company will separately perform impairment tests for such receivable, and the difference between the current value of its future cash flow and its carrying value is recognized as impairment loss and the bad debt provision is made accordingly.

11. 在租资产减值准备计提方法**11. Impairment provision for on-lease assets**

公司对于融资租赁业务形成的应收长期租赁款、应收短期租赁款进行风险分类，对各类别的资产按照如下比例计提在租资产减值准备。

Company classifies the long-term and short-term receivable rentals generated from financial leasing assets by risks and made impairment provision for such assets at the following rates.

正常类 Normal	关注类 Focused	次级类 Sub-ordinated	可疑类 Doubtful	损失类 Default
0.5%	10%	30%	50%	100%

12. 存货**12.Inventory**

(1) 存货的分类：公司的存货主要包括开发成本、开发产品等。

(1)Type of inventory : Company’s inventory mainly includes development cost and developed product.

(2) 开发产品按实际成本入账，按实际成本除以可售面积计算出开发产品单位成本；销售开发产品按实际销售面积乘以单位成本结转相应的开发产品销售成本。

(2) Developed product is recognized based on actual cost, base on actual cost divided by available-for-sale area to calculate the unit cost for the developed product; sales cost of developed product equals actual sold area multiplied by unit cost.

(3) 开发用土地使用权的核算方法：购买开发用的土地，根据《土地转让协议书》支付地价款，在办理产权证后，计入“开发成本—土地征用及拆迁补偿费”中核算。项目整体开发的，待开发房产竣工后，全部转入开发产品；项目分期开发的，按各期开发产品实际占地面积占开发用土地总面积的比例分摊计入各期商品房成本。拟在后期开发的土地仍保留在“开发成本—土地征用及拆迁补偿费”中。

(3) Calculation method for land use right for development purpose: Price for purchasing land for development purpose shall be paid according to Land Transfer Agreement. Upon reception of ownership certificate, the price is recorded in the account of “development cost – land requisition and relocation compensation cost”. Where project to be developed in one phase, the price is transferred to developed product upon completion of the project; where project development involving more than one phase, Company allocates the cost of commodity flats for each phase in proportion to the percentage of area

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developed against the total of the land for development purpose. Cost of land for later development still remains in the account of “development cost – land requisition and relocation compensation cost”.

(4) 公共配套设施费的核算方法：①不能有偿转让的公共配套设施：分期开发的项目，公司将尚未发生的公共配套设施费采用预提的方法在开发成本中计提，待各期开发产品办理竣工验收后，按各期开发产品占地面积占开发用地总面积的比例分摊计入各期商品房成本。整体开发的项目，实际发生的支出计入开发成本—公共配套设施费，待开发房产竣工后，全部转入商品房成本。②能有偿转让的公共配套设施：以各配套设施项目独立作为成本核算对象，归集成本。

(4) Calculation method of public facilities fees: ①Public facilities not allowed paid transfer: for projects involving more than one development phase, Company makes provision to recognize such fees in the development cost and upon completion recognize the cost for each phase of commodity flats in proportion to the percentage of area developed against the total of the land for development purpose. For project involving only one development phase, actual cost incurred is recognized in the account of Development Cost –Public facilities fees Cost and upon completion of the project all cost is transferred to the cost of commodity flats. ②Public facilities allowed paid transfer: cost is measured for each project as an independent cost object.

4 发出存货的计价方法：取得时以实际成本计价，发出按加权平均计价法。

(5)Pricing method for dispatched inventory: Inventory is stated at actual cost of purchase and cost for inventory dispatched is determined using weighted-average method.

(5)周转材料于领用时一次性摊销。

(5)Consumable materials is amortized immediately when use.

(6)存货盘存制度采用永续盘存制。

(6) Perpetual inventory system is adopted.

(7) 期末本公司对存货进行全面检查，按单个项目成本高于可变现净值的差额计提存货跌价准备。存货可变现净值的确定以取得的可靠证据为基础，并且考虑取得存货的目的、资产负债表日后事项的影响等因素，具体方法如下：①开发产品在正常经营过程中，以该开发产品的估计售价减去估计的销售费用和相关税费后的金额，确定其可变现净值；②在建开发产品（在开发成本中核算）在正常经营过程中，以所建的开发产品的估计售价减去至完工时将要发生的成本、估计的销售费用和相关税费后的金额，确定其可变现净值；③资产负债表日，同一项存货中一部分有合同价格约定，其他部分不存在合同价格的，分别确定其可变现净值，并与其相对应的成本进行比较，分别确定存货跌价准备的计提或转回的金额。

(7)Company perform entire inventory count at period end and make provision for obsolescence when the single project cost is higher than the net realizable value of inventory. Net realizable value of inventory is

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determined based on the reliable evidence and factors of the purpose of keeping inventory and influence of events after balance sheet date, the details as below: ① Under normal operation condition, net realizable value of constructions equals the estimated selling price minus estimated selling and tax cost; ② Under normal operation condition, net realizable value of constructions in-process (included in Development Cost) equals estimated selling price minus construction cost and estimated selling and tax cost; ③ Where, at balance sheet date, part of the inventory price was bound by contract while the other part is not, then their net realizable value of the two parts is measured separately and compared with their respective cost to determine amount of provision for obsolescence or amount to be transferred back.

(8) 资产负债表日按成本与可变现净值孰低计量，存货成本高于其可变现净值的，计提存货跌价准备，计入当期损益。

(8) At the balance sheet date, the inventory is measured at the lower of cost and net realizable value, the part that the inventory cost is exceeding the net realizable value is recognized as provision for inventories and is recognized in profit or loss.

在确定存货的可变现净值时，以取得的可靠证据为基础，并且考虑持有存货的目的、资产负债表日后事项的影响等因素。

Net realizable value of inventory is determined based on the reliable evidence and factors such as the purpose of keeping inventory and influence of events after balance sheet date.

① 产成品、商品和用于出售的材料等直接用于出售的存货，在正常生产经营过程中，以该存货的估计售价减去估计的销售费用和相关税费后的金额确定其可变现净值。为执行销售合同或者劳务合同而持有的存货，以合同价格作为其可变现净值的计量基础；如果持有存货的数量多于销售合同订购数量，超出部分的存货可变现净值以一般销售价格为计量基础。用于出售的材料等，以市场价格作为其可变现净值的计量基础。

① Under normal operation condition, finished goods, commodities and available-for-sale materials are based on estimated selling price minus estimated selling and tax cost as net realizable value. For inventories held for sales or service contracts, contract price is used as the basis for measuring their net realizable value; if inventories on hand is more than the quantity of purchase order, the net realizable value in excess is measured based on general selling price. For available-for-sale materials, market price is used as the basis for measurement of net realizable value.

② 需要经过加工的材料存货，在正常生产经营过程中，以所生产的产成品的估计售价减去至完工时估计将要发生的成本、估计的销售费用和相关税费后的金额确定其可变现净值。如果用其生产的产成品的可变现净值高于成本，则该材料按成本计量；如果材料价格的下降表明产成品的可变现净值低于成本，则该材料按可变现净值计量，按其差额计提存货跌价准备。

② For raw materials to be processed, under normal operation condition, the estimated selling price of finished goods produced from such raw materials minus estimated construction cost upon completion and selling and tax cost is recognized as net realizable value. If net realizable value of the finished goods is higher than cost, the materials are measured by cost; if, due to price fall, the net realizable value of finished goods is lower than cost, the materials are measured by net realizable value and the difference between the two is used as the basis for provision for obsolescence .

③ 存货跌价准备一般按单个存货项目计提；对于数量繁多、单价较低的存货，按存货类别计提。

③ Provision for obsolete stock is made by individual item; for inventory involving a great quantity and low unit price, provision is made by types of inventory

④ 资产负债表日如果以前减记存货价值的影响因素已经消失，则减记的金额予以恢复，并在原已计提的存货跌价准备的金额内转回，转回的金额计入当期损益。

④ If factors for inventory provision is gone at balance sheet date, the provided amount will be restored and reversed from the previous provision for inventory , the reversed amount is recognized in profit or loss.

13. 长期股权投资

13. Long term equity investment

本公司长期股权投资包括对被投资单位实施控制、重大影响的权益性投资，以及对合营企业的权益性投资。本公司能够对被投资单位施加重大影响的，为本公司的联营企业。

Company's long term equity investment includes investment under control and equity investment where the Company can exercise significant influence and equity investment in joint venture. Where the Company is capable of exercising significant influence on the investee, it is the Company's associated company.

(1) 确定对被投资单位具有共同控制、重大影响的依据

(1) Common control of and significant influence on investee

共同控制，是指按照相关约定对某项安排所共有的控制，并且该安排的相关活动必须经过分享控制权的参与方一致同意后才能决策。在判断是否存在共同控制时，首先判断所有参与方或参与方组合是否集体控制该安排，如果所有参与方或一组参与方必须一致行动才能决定某项安排的相关活动，则认为所有参与方或一组参与方集体控制该安排。其次再判断该安排相关活动的决策是否必须经过这些集体控制该安排的参与方一致同意。如果存在两个或两个以上的参与方组合能够集体控制某项安排的，不构成共同控制。判断是否存在共同控制时，不考虑享有的保护性权利。

Common control means shared control of a certain arrangement based on relevant agreement and the decision for relevant activity of the arrangement may not be made unless with unanimous agreement of all parties sharing the controlling right. To judge whether there is common control, the first thing is to

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determine whether the arrangement is under collective control of all participating parties or groups of participating parties. If decision on the activities of certain arrangement may not be made unless all participating parties or one group agree, it is deemed that all participating parties or one group of participating parties control the arrangement. Second, to figure out whether the decision on the relevant activities of the arrangement calls for the unanimous agreement of all the participating parties that control the arrangement. Where two or more groups of participating parties can collectively control an arrangement, it is not deemed common control. Protective rights is no need to be taken into account when judging if there is common control.

重大影响，是指投资方对被投资单位的财务和经营政策有参与决策的权力，但并不能够控制或者与其他方一起共同控制这些政策的制定。在确定能否对被投资单位施加重大影响时，考虑投资方直接或间接持有被投资单位的表决权股份以及投资方及其他方持有的当期可执行潜在表决权在假定转换为对被投资方单位的股权后产生的影响，包括被投资单位发行的当期可转换的认股权证、股份期权及可转换公司债券等的影响。

Significant influence means investor has the right to participate in the decision-making process of the investee but does not have control alone or in conjunction with others over the decision-making process. When determining investor's ability to significantly influence the investee, the Company will consider the voting shares that investor holds directly or indirectly in the investee and the impact on investee when the potential voting right investor and other parties hold in the current period are, presumably, converted into equity in investee, including impact of convertible equity warrant, stock option and convertible corporate bonds that investee issues during the current period.

当本公司直接或通过子公司间接拥有被投资单位 20%（含 20%）以上但低于 50% 的表决权股份时，一般认为对被投资单位具有重大影响，除非有明确证据表明该种情况下不能参与被投资单位的生产经营决策，不形成重大影响。

Generally, the Company is deemed to have significant influence on an investee's in which Company holds, directly or through subsidiary, 20% or more but less than 50% voting shares, unless there is clear evidence showing that Company is not able to participate in investee's operation decision-making process or exercise significant influence on it.

(2) 初始投资成本确定

(2) Determining initial investment cost

①企业合并形成的长期股权投资，按照下列规定确定其投资成本：

①Long term equity investment cost arising from business combination activities is determined by rules below:

A. 同一控制下的企业合并，合并方以支付现金、转让非现金资产或承担债务方式作为合并对价的，在合并日按照被合并方所有者权益在最终控制方合并财务报表中的账面价值的份额作为长期股权投资的初始投资成本。长期股权投资初始投资成本与支付的现金、转让的非现金资产以及所承担债务账

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面价值之间的差额，调整资本公积；资本公积不足冲减的，调整留存收益；

A. Where, in the case of merger with a target company under the common control, the Company pays the consideration with cash or non-cash assets by taking over the liabilities of the target company, the carrying value of the owners' equity in the target company as reflected in Company's consolidated financial statements on the merger date is recognized as Company's initial cost for long term equity investment. Capital reserve is adjusted according to the difference between the Company's initial cost for long term equity investment and the cash and non-cash assets that the Company pays and liabilities that the Company takes over; where capital reserve is not enough for offsetting, retained earning will be adjusted.

B. 同一控制下的企业合并，合并方以发行权益性证券作为合并对价的，在合并日按照被合并方所有者权益在最终控制方合并财务报表中的账面价值的份额作为长期股权投资的初始投资成本。按照发行股份的面值总额作为股本，长期股权投资初始投资成本与所发行股份面值总额之间的差额，调整资本公积；资本公积不足冲减的，调整留存收益；

B. For business combination under the common control, the acquirer pays the consideration with equity securities, then the carrying value of the owners' equity in the target company is recognized as the initial cost of long term equity investment in the acquirer's consolidated financial statement on the merger date. The difference between the initial cost for long term equity investment and total par value of the issued shares is adjusted to capital reserve account, if capital reserve is not enough for offsetting, retained earning is adjusted.

C. 非同一控制下的企业合并，以购买日为取得对被购买方的控制权而付出的资产、发生或承担的负债以及发行的权益性证券的公允价值确定为合并成本作为长期股权投资的初始投资成本。合并方为企业合并发生的审计、法律服务、评估咨询等中介费用以及其他相关管理费用，于发生时计入当期损益。

C. If business combination is not under the same control, the initial cost of long term equity investment is determined by the fair value of the assets ,liability to bear and issued bond that the acquirer pays to get control of the acquiree. The expenditure arising from consolidation such as audit, legal services, assessment and other intermediary costs as well as other relevant administrative expenses is recognized the acquirer's profit or loss in the current period.

②除企业合并形成的长期股权投资以外，其他方式取得的长期股权投资，按照下列规定确定其投资成本：

②For long term equity investments other than those arising from business combination, cost is determined by the rules below:

A. 以支付现金取得的长期股权投资，按照实际支付的购买价款作为投资成本。初始投资成本包括与取得长期股权投资直接相关的费用、税金及其他必要支出；

A. For long term equity investment acquired by cash payment, the actual payment is the initial cost. Initial investment cost includes costs, taxes and other necessary expenses directly related to the long term equity investment.

B. 以发行权益性证券取得的长期股权投资，按照发行权益性证券的公允价值作为初始投资成本；

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B. For long term equity investment paid by equity securities issued, the fair value of the issued equity securities is recognized as the initial investment cost.

C. 通过非货币性资产交换取得的长期股权投资,如果该项交换具有商业实质且换入资产或换出资产的公允价值能可靠计量,则以换出资产的公允价值和相关税费作为初始投资成本,换出资产的公允价值与账面价值之间的差额计入当期损益;若非货币资产交换不同时具备上述两个条件,则按换出资产的账面价值和相关税费作为初始投资成本。

C. For long term equity investment exchanged with non-cash asset, if the transaction have commercial substance and the non-cash assets fair value is measurable, then the fair value of the exchanged asset and tax cost involved is recognized as initial investment cost and the difference between fair value and carrying value of the exchanged asset is recognized profit or loss. Where the above two conditions cannot be satisfied at the same time for the exchanged non-cash asset, the carrying value of the exchanged asset and tax cost involved are recognized as initial investment cost.

D. 通过债务重组取得的长期股权投资,按取得的股权的公允价值作为初始投资成本,初始投资成本与债权账面价值之间的差额计入当期损益。

D. For long term equity asset obtained through debt restructuring, the fair value of the share obtained is recognized as initial investment cost and the difference between initial investment cost and the carrying value of the debts is recognized in profit or loss.

(3) 后续计量及损益确认方法

(3)Subsequent measurement and profit and loss recognition

本公司能够对被投资单位实施控制的长期股权投资采用成本法核算;对联营企业和合营企业的长期股权投资采用权益法核算。

Cost method is used to account for long term equity investment if the Company can exercise control on the investee and equity method is used to account for long term equity investment in associated company and joint venture.

①成本法

①Cost method

采用成本法核算的长期股权投资,追加或收回投资时调整长期股权投资的成本;被投资单位宣告分派的现金股利或利润,确认为当期投资收益。

For long term equity investment adopting cost method, the cost of long term equity investment is adjusted when such investment is increased or disposed; cash dividend or profit announced by the investee is recognized as investment income.

②权益法

②Equity method

按照权益法核算的长期股权投资,一般会计处理为:

Generally, for long term equity investment with equity method, accounting practice is as below:

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本公司长期股权投资的投资成本大于投资时应享有被投资单位可辨认净资产公允价值份额的，不调整长期股权投资的初始投资成本；长期股权投资的初始投资成本小于投资时应享有被投资单位可辨认净资产公允价值份额的，其差额计入当期损益，同时调整长期股权投资的成本。

When the Company's cost for long term equity investment is more than the fair value of the target's net identifiable asset that the Company is entitled to, the initial cost for long term equity investment is not adjusted; when the company's cost for long term equity investment is less than the fair value of target's net identifiable assets that the Company is entitled to, the difference is recognized in profit or loss and the cost of long term equity investment is adjusted accordingly.

本公司按照应享有或应分担的被投资单位实现的净损益和其他综合收益的份额，分别确认投资收益和其他综合收益，同时调整长期股权投资的账面价值；本公司按照被投资单位宣告分派的利润或现金股利计算应享有的部分，相应减少长期股权投资的账面价值；被投资单位除净损益、其他综合收益和利润分配以外所有者权益的其他变动，调整长期股权投资的账面价值并计入所有者权益。在确认应享有被投资单位净损益的份额时，以取得投资时被投资单位可辨认净资产的公允价值为基础，对被投资单位的净利润进行调整后确认。被投资单位采用的会计政策及会计期间与本公司不一致的，应按照本公司的会计政策及会计期间对被投资单位的财务报表进行调整，并据以确认投资收益和其他综合收益等。本公司与联营企业及合营企业之间发生的未实现内部交易损益按照享有的比例计算归属于本公司的部分予以抵销，在此基础上确认投资损益。本公司与被投资单位发生的未实现内部交易损失属于资产减值损失的，应全额确认。

The Company recognize investment income and other comprehensive income respectively for the share of the net profit or loss and other comprehensive income of the investee and the carrying value of long term equity investment is adjusted; the Company reduces the carrying value of long term equity investment according to the investee's announced profit or cash dividend; the Company also adjusts carrying value of long term equity investment and recognize it in owners' equity to reflect change of owner's equity of the investee other than net profit or loss, other comprehensive income and distributable profit. In recognizing the investee's net profit or loss, the Company will base on the fair value of the net identifiable assets of the investee at time of acquisition to adjust the investee's net profit. Where the accounting policy and period adopted by the investee are different from those of the Company, the investee's financial statements are adjusted to comply with the Company's own accounting policy and period and investment income and other comprehensive income is recognized accordingly. The Company's profit arising from unrealized internal transaction is offset between Company and associated company or joint venture and investment income is recognized accordingly. Where any asset impairment loss is provided due to unrealized internal transaction loss between the Company and the investee, such loss is recognized in full amount.

因追加投资等原因能够对被投资单位施加重大影响或实施共同控制但不构成控制的，按照原持有的股权投资的公允价值加上新增投资成本之和，作为改按权益法核算的初始投资成本。原持有的股权投资分类为可供出售金融资产的，其公允价值与账面价值之间的差额，以及原计入其他综合收益的累计公

允价值变动应当转入改按权益法核算的当期损益。

Due to the reasons such as additional investment, the Company can exercise significant influence or common control, but not control on the investee or the sum of the fair value of the equity originally held and new investment cost is recognized as the initial investment cost using equity method. The equity investment original held which is classified as financial assets available for sale, the difference between the fair value and carrying value and the cumulative fair value changes included in other comprehensive income of this equity investment is transferred to the profit or loss using equity method.

因处置部分股权投资等原因丧失了对被投资单位的共同控制或重大影响的，处置后的剩余股权改按公允价值计量，其在丧失共同控制或重大影响之日的公允价值与账面价值之间的差额计入当期损益。原股权投资因采用权益法核算而确认的其他综合收益，在终止采用权益法核算时采用与被投资单位直接处置相关资产或负债相同的基础进行会计处理。

Due to partial disposal of the equity investment, the Company loses the joint control or significant influence on the investee, the remaining equity investment is measured at fair value, the difference between the fair value and its carrying amount is recognized in profit or loss at the date when joint control or significant influence is lost. The other comprehensive income arising from the original equity investment using the equity method is adjusted with the same accounting treatment as the treatment to the relevant assets and liabilities of the investee when stop using equity method.

14. 固定资产

14. Fixed assets

固定资产是指为生产商品、提供劳务、出租或经营管理而持有的使用寿命超过一年的单位价值较高的有形资产。

Fixed assets are valuable tangible assets held for producing commodities, providing services, renting or operation management, which have an useful life of more than one year.

(1) 确认条件

(1) Recognition of fixed assets

固定资产在同时满足下列条件时，按取得时的实际成本予以确认：

A fixed asset is recognized according to the cost of purchase at date of purchase when all the following conditions are satisfied:

① 与该固定资产有关的经济利益很可能流入企业。

① It is probable that economic benefits associated with the asset will flow to the enterprise.

② 该固定资产的成本能够可靠地计量。

② The cost of the asset can be reliably measured.

固定资产发生的后续支出，符合固定资产确认条件的计入固定资产成本；不符合固定资产确认条件的在发生时计入当期损益。

Subsequent expenditures incurred for the fixed assets is included as part of the cost of fixed assets if the expenditures meet the aforementioned conditions, otherwise the expenditures are recognized as expense in profit or loss when they are incurred.

（2）各类固定资产的折旧方法

(2) Depreciation methods of different categories of fixed assets

本公司从固定资产达到预定可使用状态的次月起按年限平均法计提折旧，按固定资产的类别、估计的经济使用年限和预计的净残值率分别确定折旧年限和年折旧率如下：

Fixed assets are depreciated on a straight-line method starting from the next month after they are ready for intended use. The depreciation life and annual depreciation rates are determined according to the category of fixed assets, estimated useful life and estimated residual rate.

类 别 Category	折旧年限（年） Depreciation life (Year)	残值率（%） Residual rate (%)	年折旧率（%） Annual depreciation rate (%)
房屋建筑物 Building	20-50	0-5.00	1.90-5.00
机器设备 Plant and machinery	5-10	0-5.00	9.50-20.00
运 输 设 备 Transportation equipment	5-10	0-5.00	9.50-20.00
电子及其他设备 Electronic and other equipment	3-5	0-5.00	19.00-33.33

对于已经计提减值准备的固定资产，在计提折旧时扣除已计提的固定资产减值准备。

When making provision for depreciation for impaired fixed assets, the provision is based on the fixed assets value after impairment.

每年年度终了，公司对固定资产的使用寿命、预计净残值和折旧方法进行复核。使用寿命预计数与原先估计数有差异的，调整固定资产使用寿命。

At the end of every year, the Company will review the fixed assets' useful life, estimated net residual value and depreciation methods. The useful life is subject to adjustment if the estimated useful life is different from the prior estimation.

(3) 融资租入固定资产的认定依据、计价方法和折旧方法

(3) Recognition , valuation and depreciation of fixed assets under finance leases

本公司在租入的固定资产实质上转移了与资产有关的全部风险和报酬时确认该项固定资产的租赁为融资租赁。融资租赁取得的固定资产的成本，按租赁开始日租赁资产公允价值与最低租赁付款额现值两者中较低者确定。融资租入的固定资产采用与自有固定资产相一致的折旧政策计提租赁资产折旧。能够合理确定租赁期届满时将会取得租赁资产所有权的，在租赁资产使用年限内计提折旧；无法合理确定租赁期届满时能够取得租赁资产所有权的，在租赁期与租赁资产使用寿命两者中较短的期间内计提折旧。

When the company lease a fixed asset and substantially transfers all risks and rewards associated with the assets, this asset is recognized as a fixed asset acquired under finance lease. The cost of the fixed assets acquired under finance lease is recognized by fair value of the asset on inception of lease or the present value of the minimum lease payment, whichever is lower. The same depreciation policy applies to both fixed asset acquired under finance lease and self-owned fixed asset. When the Company is reasonably sure that it will acquired the asset it leased after the expiry of the term of lease, the asset will be depreciated over its useful life; when the Company is not sure whether it will be able to acquire the ownership of the asset it leased after the expiry of the term of lease, the asset will be depreciated over the term of lease or its useful life, whichever is shorter.

15.在建工程

15. Construction in progress

(1) 在建工程以立项项目分类核算。

(1) Construction in progress is accounted for on project basis

(2) 在建工程结转为固定资产的标准和时点

(2) Basis and timing for transferring construction in progress to fixed assets

在建工程项目按建造该项资产达到预定可使用状态前所发生的全部支出，作为固定资产的入账价值。包括建筑费用、机器设备原价、其他为使在建工程达到预定可使用状态所发生的必要支出以及在资产达到预定可使用状态之前为该项目专门借款所发生的借款费用及占用的一般借款发生的借款费用。本公司在工程安装或建设完成达到预定可使用状态时将在建工程转入固定资产。所建造的已达到预定可使用状态、但尚未办理竣工决算的固定资产，自达到预定可使用状态之日起，根据工程预算、造价或者工程实际成本等，按估计的价值转入固定资产，并按本公司固定资产折旧政策计提固定资产的折旧，待办理竣工决算后，再按实际成本调整原来的暂估价值，但不调整原已计提的折旧额。

All expenditures incurred before a construction in progress is ready for its intended use is recognized as cost of fixed assets when transferred from this construction in progress. Such expenditures include construction fees, purchase cost of machinery and equipment, necessary expenses incurred for the construction in progress's to get ready for its intended use, as well as borrowing costs and expenses incurred for the fixed to get ready for its intended use. The Company will transfer the construction in progress to fixed asset when the installation or construction is completed and ready for its intended use. For fixed assets that have been ready for intended use but completion accounts is not yet finalized, the asset's estimate value is based on the project budget, its construction cost or actual cost, and the asset is depreciated according to the Company's asset depreciation policies. After the completion account is finalized, the estimated value is adjusted according to the actual cost, but the provisions for depreciation that have already been recognized is not adjusted.

16.借款费用

16. Borrowing costs

(1) 借款费用资本化的确认原则和资本化期间

(1) Basis of capitalizing borrowing costs and period of capitalization

本公司发生的可直接归属于符合资本化条件的资产的购建或生产的借款费用在同时满足下列条件时予以资本化计入相关资产成本：

Borrowing costs incurred by the Company that can be directly attributable to asset construction or production is capitalized and recognized as asset cost when they meet all of the following conditions:

①资产支出已经发生；

- ① Expenditures for the assets have been incurred;
- ② 借款费用已经发生；
- ② Borrowing costs have been incurred;
- ③ 为使资产达到预定可使用状态所必要的购建或者生产活动已经开始。
- ③ Asset construction or production activities that were necessary to get the assets ready for intended use have begun.

其他的借款利息、折价或溢价和汇兑差额，计入发生当期的损益。

Other interest expenses on borrowings, discount or premium and exchange difference is recognized in profit or loss.

符合资本化条件的资产在购建或者生产过程中发生非正常中断，且中断时间连续超过 3 个月的，暂停借款费用的资本化。

When the asset construction or production was abnormally disrupted, and the disruption lasts for more than three consecutive months, capitalization of the borrowing costs is suspended.

当购建或者生产符合资本化条件的资产达到预定可使用或者可销售状态时，停止其借款费用的资本化；以后发生的借款费用于发生当期确认为费用。

When the asset construction or production eligible for capitalization is ready to be used or sold, capitalization of the borrowing costs is suspended; future borrowing costs is recognized as expenses when they are incurred.

(2) 借款费用资本化率以及资本化金额的计算方法

(2) Capitalization rate of borrowing costs and computing of capitalization

为购建或者生产符合资本化条件的资产而借入专门借款的，以专门借款当期实际发生的利息费用，减去将尚未动用的借款资金存入银行取得的利息收入或者进行暂时性投资取得的投资收益后的金额，确定为专门借款利息费用的资本化金额。

When the Company makes special borrowings to construct or produce assets that can be capitalized, the capitalization amount on the special borrowings shall be determined by the interest expenses on the special borrowings minus the interest income generated by depositing the unused borrowing money in the bank or

investment income generated making temporary investment with the unused borrowed money.

购建或者生产符合资本化条件的资产占用了一般借款的，一般借款应予资本化的利息金额按累计资产支出超过专门借款部分的资产支出加权平均数乘以所占用一般借款的资本化率，计算确定一般借款应予资本化的利息金额。资本化率根据一般借款加权平均利率计算确定。

When the Company takes up general borrowings to construct or produce assets that can be capitalized, the capitalization amount on the general borrowings shall be determined by the weighted average of the excess of accumulated expenditure over the expenditure from special borrowing, multiplying the capitalization rate of the used general borrowings and interest to be capitalized is determined. The capitalization rate is determined according to the weighted average interest rate of the general borrowings.

17. 无形资产

17. Intangible assets

(1) 无形资产的计价方法

(1) Measurement method of intangible assets

按取得时的实际成本入账。

Intangible assets are recognized by their initial cost of acquisition.

(2) 无形资产使用寿命及摊销

(2) Useful life and amortization of intangible assets

①使用寿命有限的无形资产的使用寿命估计情况：

① Estimation of the useful life of intangible assets with finite useful lives

项 目 Item	预计使用寿命 Expected useful life	依据 Basis
土地使用权 Land use right	40-50 年 40-50 years	法定使用年限 Statutory useful lives
计算机软件 Computer software	3-5 年 3-5 years	参考能为公司带来经济利益的期限确定使用寿命 Useful lives is determined according to a period in which the asset brings economic benefits to the Company

每年年度终了，公司对使用寿命有限的无形资产的使用寿命及摊销方法进行复核。经复核，本期末无形资产的使用寿命及摊销方法与以前估计未有不同。

At the end of each report period, the Company reviews the useful lives and amortization method for intangible assets with finite useful lives. Review at the end of the current reporting period indicates that the intangible assets' useful lives and amortization method are of no difference as compared with previous estimation.

②无法预见无形资产为企业带来经济利益期限的，视为使用寿命不确定的无形资产。对于使用寿命不确定的无形资产，公司在每年年度终了对使用寿命不确定的无形资产的使用寿命进行复核，如果重新复核后仍为不确定的，于在资产负债表日进行减值测试。

② When the period of economic benefits that the intangible assets bring to the Company is unpredictable, it will be categorized as intangible assets with indefinite useful lives. For such kind of intangible assets, the Company reviews their useful life at the end of each reporting period. If the respective useful life remains unable to be determined, the assets would be tested for impairment on the balance sheet date.

③无形资产的摊销

③ Amortization of intangible assets

对于使用寿命有限的无形资产，本公司在取得时判定其使用寿命，在使用寿命内采用直线法系统合理摊销，摊销金额按受益项目计入当期损益。具体应摊销金额为其成本扣除预计残值后的金额。已计提减值准备的无形资产，还应扣除已计提的无形资产减值准备累计金额，残值为零。但下列情况除外：有第三方承诺在无形资产使用寿命结束时购买该无形资产或可以根据活跃市场得到预计残值信息，并且该市场在无形资产使用寿命结束时很可能存在。

For the usage of intangible assets with finite useful lives, the Company determines its useful lives and at its acquisition and amortized over the useful lives using the straight-line method, the amount of amortization is recognized in profit or loss according to its usage. The amortization amount is computed by acquisition cost net of estimated residual value, and recognized in profit or loss. The computation of amortization amount should also net of the accumulated provision for impairment losses if an impairment loss was provided for such intangible assets. The intangible asset's residual value shall be considered zero except for the following circumstances: A third party committed to acquire the intangible asset when its useful life expires, or the residual value can be estimated in an active market, and the market is likely to exist when the useful life expires.

对使用寿命不确定的无形资产，不予摊销。每年年度终了对使用寿命不确定的无形资产的使用寿命进行复核，如果有证据表明无形资产的使用寿命是有限的，估计其使用寿命并在预计使用年限内系统合理摊销。

Intangible assets with indefinite useful lives are not amortized. At the end of each reporting period the Company reviews the useful lives of intangible assets with indefinite useful life. If there are evidences that suggest the intangible assets have a finite useful lives, the Company will estimate the assets' useful lives and provide reasonable amortization during the estimated useful life.

(2) 划分内部研究开发项目的研究阶段和开发阶段具体标准

(3) Specific basis for distinguishing the stages of internal research and development projects

①本公司将为进一步开发活动进行的资料及相关方面的准备活动作为研究阶段，无形资产研究阶段的支出在发生时计入当期损益。

① The Company defines information searching and relevant preparing work for future development as research stage .The expenditure incurred during research stage is recognized in profit or loss.

② 在本公司已完成研究阶段的工作后再进行的开发活动作为开发阶段。

②The Company defines the development activities occur after the research stage as the development stage.

(4)开发阶段支出资本化的具体条件

(4) Specific conditions for capitalizing expenditures incurred during the development stage

开发阶段的支出同时满足下列条件时，才能确认为无形资产：

Expenditures incurred during the development stage will be recognized as intangible assets when all of the following conditions are satisfied:

A.完成该无形资产以使其能够使用或出售在技术上具有可行性；

A. It has technically feasibility that these intangible assets can be completed that they can be used or sold;

B.具有完成该无形资产并使用或出售的意图；

B. Have the intention to complete the intangible assets and use or sell it;

C.无形资产产生经济利益的方式,包括能够证明运用该无形资产生产的产品存在市场或无形资产自身存在市场,无形资产将在内部使用的,能够证明其有用性;

C. The ways that the intangible asset generates economic benefits, including evidences that there is a market for the goods produced by using the intangible assets or the intangible asset itself can be sold on the market. For intangible assets that use internally, there is evidence to prove its usefulness;

D.有足够的技术、财务资源和其他资源支持,以完成该无形资产的开发,并有能力使用或出售该无形资产;

D. There are adequate technical, financial and other resource support to complete development of the intangible assets and eligible for use or for sale;

E.归属于该无形资产开发阶段的支出能够可靠地计量。

E. Expenditures attributed to the development stage of the intangible asset can be reliably measured.

18.长期资产减值

18. Long-term asset impairment

(1) 长期股权投资减值测试方法及会计处理方法

(1) Impairment test and accounting methods for long-term equity investment

本公司在资产负债表日对长期股权投资进行逐项检查,根据被投资单位经营政策、法律环境、市场需求、行业及盈利能力等的各种变化判断长期股权投资是否存在减值迹象。当长期股权投资可收回金额低于账面价值时,将可收回金额低于长期股权投资账面价值的差额作为长期股权投资减值准备予以计提。资产减值损失一经确认,在以后会计期间不再转回。

The Company examines each long-term equity investments at the balance sheet date to determine whether there are evidence that the value of its long-term equity investments should be impaired according to various changes in the invested entity's business policies, legal environment, market demand, industry ,profitability and etc. When the recoverable amount of an long-term equity investment is lower than its carrying value, an impairment loss would be recognized at the difference between the carrying value of the long-term equity investment and its recoverable value. Once the loss of asset impairment is recognized, it cannot be reversed in the future accounting periods.

(2) 固定资产的减值测试方法及会计处理方法**(2) Impairment test and accounting methods for fixed asset**

本公司在资产负债表日对各项固定资产进行判断，当存在减值迹象，估计可收回金额低于其账面价值时，账面价值减记至可收回金额，减记的金额确认为资产减值损失，计入当期损益，同时计提相应的资产减值准备。资产减值损失一经确认，在以后会计期间不再转回。当存在下列迹象的，按固定资产单项项目全额计提减值准备：

The Company assesses the fixed assets at the balance sheet date, when there is any evidence that the estimated recoverable amount is lower than its carrying value, the carrying value is write down to its recoverable amount, the write-down amount is recognized as impairment loss in profit or loss, the corresponding provision for asset impairment is accrued at the same time. Once the loss of asset impairment is recognized, it will not be reversed in the future accounting periods. When any of the following conditions exist, impairment loss is provided in full for the fixed assets.

- ①长期闲置不用，在可预见的未来不会再使用，且已无转让价值的固定资产；
- ①The fixed assets which were idle for a long period, not expected to use in the foreseeable future and has no value to be transferred;
- ②由于技术进步等原因，已不可使用的固定资产；
- ② The fixed asset can no longer be used because of technology change or other reasons;
- ③虽然固定资产尚可使用，但使用后产生大量不合格品的固定资产；
- ③Although the fixed assets still can be used, a large amount of sub-standard products would be produced in using such fixed assets ;
- ④已遭毁损，以至于不再具有使用价值和转让价值的固定资产；
- ④ The fixed asset has been damaged that it has no value to be used or transferred;
- ⑤其他实质上已经不能再给公司带来经济利益的固定资产。
- ⑤ Other fixed assets that can no longer bring any real economic benefits to the Company.

(3) 在建工程减值测试方法及会计处理方法

(3) Impairment test and accounting methods for construction in progress

本公司于资产负债表日对在建工程进行全面检查，如果有证据表明在建工程已经发生了减值，估计可收回金额低于其账面价值时，账面价值减记至可收回金额，减记的金额确认为资产减值损失，计入当期损益，同时计提相应的资产减值准备。资产减值损失一经确认，在以后会计期间不再转回。存在下列一项或若干项情况的，对在建工程进行减值测试：

The Company conducts comprehensive inspection of the construction in progress on the balance sheet date, if there is evidence that the construction in progress has been impaired, the recoverable amount estimated is lower than its carrying value, the carrying value is reduced to its recoverable amount, the reduced amount is recognized in profit or loss, an impairment provision is made accordingly. Once the loss of asset impairment is recognized, it cannot be reversed in the future accounting periods. If any one or more of the following conditions exist, impairment tests for construction in progress are conducted.

① 长期停建并且预计在未来 3 年内不会重新开工的在建工程；

①The construction in progress has been expended for a long period, and is not expected to reopen in the next three years;

② 所建项目无论在性能上，还是在技术上已经落后，并且给企业带来的经济利益具有很大的不确定性；

②The construction projects have lagged behind whether in performance or in technology, and there is fundamental uncertainty for bringing economic benefits to the enterprise;

③ 其他足以证明在建工程已经发生减值的情形。

③Other evidences which prove that the construction in progress has been impaired.

(4) 无形资产减值测试方法及会计处理方法**(4) Impairment test and accounting methods for intangible asset**

当无形资产的可收回金额低于其账面价值时，将资产的账面价值减记至可收回金额，减记的金额确认为资产减值损失，计入当期损益，同时计提相应的无形资产减值准备。无形资产减值损失一经确认，在以后会计期间不再转回。存在下列一项或多项以下情况的，对无形资产进行减值测试：

When the intangible asset's recoverable amount is lower than its carrying value, the carrying value of the asset is

reduced to its recoverable amount, the reduced amount is recognized as impairment loss and recognized in profit or loss, an provision for impairment of intangible assets is made accordingly. Once the impairment loss of intangible assets is confirmed, it cannot be reversed in the future accounting periods. If any one or more of the following conditions exist, impairment tests for intangible assets are performed.

①该无形资产已被其他新技术等所替代，使其为企业创造经济利益的能力受到重大不利影响；

①The intangible asset has been replaced by new technologies, and its ability to create economic benefits for the Company has been adversely affected significantly;

②该无形资产的市价在当期大幅下跌，并在剩余年限内可能不会回升；

② The intangible asset's market value has fallen sharply in the current period and may not restore in the remaining useful life;

③ 其他足以表明该无形资产的账面价值已超过可收回金额的情况。

③Other evidences to prove that the intangible asset's carrying value has been higher than its recoverable amount.

19. 长期待摊费用

19. Long-term prepaid expenses

长期待摊费用核算本公司已经发生但应由本期和以后各期负担的分摊期限在一年以上的各项费用。

Long-term prepaid expenses refer to the expenses that have already been incurred by the Company and will be amortized over a period of more than one year for the current and subsequent accounting periods.

本公司长期待摊费用在受益期内平均摊销。

The Company's long-term prepaid expenses are amortized by straight-line basis in the benefit period.

20. 职工薪酬

20. Employee benefits

职工薪酬，是指本公司为获得职工提供的服务或解除劳动关系而给予的各种形式的报酬或补偿。职工薪酬包括短期薪酬、离职后福利、辞退福利和其他长期职工福利。本公司提供给职工配偶、子女、受赡养人、已故员工遗属及其他受益人等的福利，也属于职工薪酬。

Employee benefits represent various remuneration and compensation provided by the Company to obtain the service or to terminate the employment relations. Employee benefits includes short term salaries, welfare after leaving , welfare of dismissal and other long-term employee benefits. The welfares provided to employees' spouses ,children, dependents, deceased employee and other beneficiaries also belong to the employee benefits.

(1) 短期薪酬的会计处理方法

(1) Accounting for short-term employee benefits

①职工基本薪酬（工资、奖金、津贴、补贴）

① Basic benefits (salary, bonus, allowance, subsidy)

本公司在职工为其提供服务的会计期间，将实际发生的短期薪酬确认为负债，并计入当期损益，其他会计准则要求或允许计入资产成本的除外。

During the reporting period in which the employees provide service for the Company, the short-term compensation which actually occur is recognised as a liability, and shall be recognized in profit or loss, other than the exception that is required or permitted to be included in the cost of assets pursuant to other accounting standards.

②职工福利费

② Staff welfare

本公司发生的职工福利费，在实际发生时根据实际发生额计入当期损益或相关资产成本。职工福利费为非货币性福利的，按照公允价值计量。

Staff welfare are recognized in profit or loss or related cost of assets when they are incurred. If the welfare benefits are not monetary , they are measured by fair value.

④ 医疗保险费、工伤保险费、生育保险费等社会保险费和住房公积金，以及工会经费和职工教育经费

④ Medical insurance, employee injury insurance, maternity insurance and other social insurance and housing fund, as well as labor union fee and staff education fee

本公司为职工缴纳的医疗保险费、工伤保险费、生育保险费等社会保险费和住房公积金，以及按规定提取的工会经费和职工教育经费，在职工为其提供服务的会计期间，根据规定的计提基础和计提比例

计算确定相应的职工薪酬金额，并确认相应负债，计入当期损益或相关资产成本。

The Company pays the medical insurance, employee injury insurance, maternity insurance and other social insurance and housing fund for employee, and provide labor union fee and employee education fee according to the regulations, computes the employee benefits on the regulated accrual basis and percentage, and recognizes the corresponding liability and also recognizes it in profit or loss or related cost of assets.

④短期带薪缺勤

④ Short-term compensated leaves

本公司在职工提供服务从而增加了其未来享有的带薪缺勤权利时，确认与累积带薪缺勤相关的职工薪酬，并以累积未行使权利而增加的预期支付金额计量。本公司在职工实际发生缺勤的会计期间确认与非累积带薪缺勤相关的职工薪酬。

The Company recognizes employee benefits for cumulative compensated leaves as the employee provide services and increase their rights to enjoy paid leaves, and measured by the increased expected paying amount in respect of the cumulative unexercised rights. The Company recognizes the employee benefits associated with the non-cumulative compensated absence during the accounting period when employees take leaves.

⑤ 短期利润分享计划

⑤ Short-term profit sharing plan

利润分享计划同时满足下列条件的，本公司确认相关的应付职工薪酬：

When a profit sharing plan meets all of the following conditions, the Company recognizes the employee benefits payable.

A.企业因过去事项导致现在具有支付职工薪酬的法定义务或推定义务；

A. When the Company has a present legal or constructive obligation to pay employee benefits as a result of past events;

B.因利润分享计划所产生的应付职工薪酬义务金额能够可靠估计。

B. The employee benefits payable resulting from the profit sharing plan can be reliably estimated.

(2) 离职后福利的会计处理方法

(2) Accounting method for post-employment benefits

① 设定提存计划

① Defined contribution plan

本公司在职工为其提供服务的会计期间，将根据设定提存计划计算的应缴存金额确认为负债，并计入当期损益或相关资产成本。

During the accounting period when employees render service to the Company, the amount of contributions payable are recognized as liabilities and recognized in profit or loss or related asset cost.

根据设定提存计划，预期不会在职工提供相关服务的年度报告期结束后十二个月内支付全部应缴存金额的，本公司参照相应的折现率（根据资产负债表日与设定受益计划义务期限和币种相匹配的国债或活跃市场上的高质量公司债券的市场收益率确定），将全部应缴存金额以折现后的金额计量应付职工薪酬。

Pursuant to defined contribution plan, the amount of payable is not expected to be settled in full within the 12 months immediately after the end of the reporting period. The Company would discount the payables to its present value at the corresponding discount rate. (The discount rate is determined by reference to the yield on government debts or high-quality corporate bonds with deep markets, which subject to the same period and currency as that of the Company's obligation under the defined contribution plan at the end of the reporting period.) The entire payable to employee's benefits is stated at the discounted amount.

② 设定受益计划

② Defined benefit plan

A. 确定设定受益计划义务的现值和当期服务成本

A. Determine the present value and current service cost of the defined benefit plan

根据预期累计福利单位法，采用无偏且相互一致的精算假设对有关人口统计变量和财务变量等做出估计，计量设定受益计划所产生的义务，并确定相关义务的归属期间。本公司按照相应的折现率（根据资产负债表日与设定受益计划义务期限和币种相匹配的国债或活跃市场上的高质量公司债券的市场收益率确定）将设定受益计划所产生的义务予以折现，以确定设定受益计划义务的现值和当期服务成本。

According to the projected unit credit method, the Company adopts unbiased and consistent actuarial

assumptions to estimate the demographic variables and financial variables, measure the obligations under the defined benefit plan and determine the time period in which the obligations are vested. (The Company would discount the payables to its present value at the corresponding discount rate. The discount rate is determined by reference to the yield on government debts or high-quality corporate bonds with deep markets, which subject to the same period and currency as that of the Company's obligation under the defined benefit plan at the end of the reporting period.) The obligation under defined benefit plan is discounted to determine its present value and current service cost.

B. 确认设定受益计划净负债或净资产

B. Determine the net liability or net asset of the defined benefit plan

设定受益计划存在资产的，本公司将设定受益计划义务现值减去设定受益计划资产公允价值所形成的赤字或盈余确认为一项设定受益计划净负债或净资产。

When there are assets under the defined benefit plan, the net liability or net asset of the plan is measured by the deficit or surplus resulting from the difference of the present value of obligation under defined benefit plan and the fair value of those assets.

设定受益计划存在盈余的，本公司以设定受益计划的盈余和资产上限两项的孰低者计量设定受益计划净资产。

If a defined benefit plan has a surplus, the Company will measure the plan's net asset as the lower of the surplus and its asset ceiling.

C. 确定应计入资产成本或当期损益的金额

C. Determine the amount that recognized as cost of assets or in profit or loss.

服务成本，包括当期服务成本、过去服务成本和结算利得或损失。其中，除了其他会计准则要求或允许计入资产成本的当期服务成本之外，其他服务成本均计入当期损益。

Service cost including current service cost, past service cost and profit or loss at settlement. Unless required or permitted by other accounting principles that the current service cost to be capitalised into the cost of assets, other service cost is recognized profit or loss.

设定受益计划净负债或净资产的利息净额，包括计划资产的利息收益、设定受益计划义务的利息费用以

及资产上限影响的利息，均计入当期损益。

Net interest generated from the net liability or net asset of the defined benefit plan, including interest income from the plan's assets, interest expense from the plan's liability and interest relating to the impact of the plan's asset ceiling, is recognized profit or loss.

D. 确定应计入其他综合收益的金额

D. Determine the amount that recognised in other comprehensive income

重新计量设定受益计划净负债或净资产所产生的变动，包括：

Remeasure the changes of the net liability or net asset of the defined benefit plan, including:

(a) 精算利得或损失，即由于精算假设和经验调整导致之前所计量的设定受益计划义务现值的增加或减少；

(a) Actuarial gains or losses, that is, increase or decrease in the present value of the obligation of the defined benefit plan arised from actuarial assumptions and experience adjustments;

(b) 计划资产回报，扣除包括在设定受益计划净负债或净资产的利息净额中的金额；

(b) Return on the plan's asset, net of the net interest arising from the plan's net liability or net asset;

(c) 资产上限影响的变动，扣除包括在设定受益计划净负债或净资产的利息净额中的金额。

(c) Changes relating to the impact of the plain's asset ceiling, net of the net interest arising from the plan's net liability or net asset.

上述重新计量设定受益计划净负债或净资产所产生的变动直接计入其他综合收益，并且在后续会计期间不允许转回至损益，但本公司可以在权益范围内转移这些在其他综合收益中确认的金额。

The changes arising from the remeasurement of the net liability or net asset of the defined benefit plan are recognized immediately in other comprehensive income, and are not permitted to be retransferred into the profit or loss in the future accounting periods, but the Company can appropriate these amounts recognized in other comprehensive income.

(3) 辞退福利的会计处理方法

(3) Accounting method for termination benefits

本公司向职工提供辞退福利的，在下列两者孰早日确认辞退福利产生的职工薪酬负债，并计入当期损益：

The Company provides termination benefits to its employees, liability of termination benefits are recognised and recognized in profit or loss at the earlier of the following dates:

- ① 企业不能单方面撤回因解除劳动关系计划或裁减建议所提供的辞退福利时；
- ① When the Company can not unilaterally withdraw the termination benefits it provided under the termination plan or the voluntary redundancy plan;
- ② 企业确认与涉及支付辞退福利的重组相关的成本或费用时。
- ② When the Company recognizes costs or expense for a restructuring plan which involves the payment of termination benefits.

辞退福利预期在年度报告期结束后十二个月内不能完全支付的，参照相应的折现率（根据资产负债表日与设定受益计划义务期限和币种相匹配的国债或活跃市场上的高质量公司债券的市场收益率确定）将辞退福利金额予以折现，以折现后的金额计量应付职工薪酬。

When the sum of termination benefits is not expected to be settled in full within the 12 months immediately after the end of the reporting period, the amount is discounted to its present value at the corresponding discount rate. The discount rate is determined by reference to the yield on government debts or high quality corporate bonds with deep markets, which subject to the same period and currency as that of the Company's obligation under the defined benefit plan as at the end of the reporting period. The accrued termination benefit is stated at the discounted amount.

（4）其他长期职工福利的会计处理方法

(4) Accounting method of other long-term employee benefits

- ① 符合设定提存计划条件的
- ① Fulfilling the conditions of defined contribution plan

本公司向职工提供的其他长期职工福利，符合设定提存计划条件的，将全部应缴存金额以折现后的金额计量应付职工薪酬。

When the other long-term employee benefits provided by the Company fulfill the conditions of defined

contribution plan, employee benefits payable is measured by discounted value of the total amount payable.

② 符合设定受益计划条件的

② Fulfilling the conditions of defined benefit plan

在报告期末，本公司将其他长期职工福利产生的职工薪酬成本确认为下列组成部分：

At the end of a reporting period, the Company recognize the cost of employee benefits arising from other long-term employee benefits to the following components:

A.服务成本；

A. Service cost;

B.其他长期职工福利净负债或净资产的利息净额；

B. Net interest arising from the net liability or net asset of other long-term employee benefits;

C.重新计量其他长期职工福利净负债或净资产所产生的变动。

C. Changes arising from the re-measurement of the net liability or net asset of other long-term employee benefits.

为简化相关会计处理，上述项目的总净额计入当期损益或相关资产成本。

For the purpose of simplified accounting treatment, the net sum of the items above is recognized in the profit or loss of the current period, or the corresponding cost of assets.

21. 预计负债

21. Estimated provision

(1) 预计负债的的确认标准

(1) Recognition of estimated provision

如果与或有事项相关的义务同时符合以下条件，本公司将其确认为预计负债：

Provision is recognized when the Company has an obligation related to a contingency, which meets all of the following conditions:

① 该义务是本公司承担的现时义务；

- ① It is a present obligation assumed by the Company;
- ② 该义务的履行很可能导致经济利益流出本公司；
- ② It is probable that an outflow of economic benefits will be required to settle the obligation;
- ③ 该义务的金额能够可靠地计量。
- ③ The amount of the obligation can be reliably measured.

(2) 预计负债的计量方法

(2) Measurement method of provision

预计负债按照履行相关现时义务所需支出的最佳估计数进行初始计量，并综合考虑与或事项有关的风险、不确定性和货币时间价值等因素。每个资产负债表日对预计负债的账面价值进行复核。有确凿证据表明该账面价值不能反映当前最佳估计数的，按照当前最佳估计数对该账面价值进行调整。

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation, taking into account such factors as risk, uncertainty associated to contingency and the time value of money. At balance sheet date, the company reviews the carrying amount of provision. If there are conclusive evidences which indicate the carrying amount cannot reflect the best estimate, the carrying amount is adjusted to reflect the best estimate.

22. 盈余公积

22. Surplus reserve

法定盈余公积金按照净利润的 10% 提取，法定盈余公积金累计达到注册资本的 50% 时，可以不再提取。

Statutory surplus reserve is appropriated at an amount of 10% of net profit, until the statutory surplus reserve has accumulated to 50% of the registered capital.

任意盈余公积按照公司章程或者股东会决议提取和使用。

Discretionary surplus reserve is appropriated and utilised according to the Company's articles of association or shareholders' resolution.

23. 担保合同准备金

23. Guaranteed contract reserve

担保合同准备金包括未到期责任准备金和担保赔偿准备金。

Guaranteed contract reserve consists of unearned premium reserve and guaranteed compensation reserve.

公司对于融资性担保按照当年担保费收入的 50% 提取未到期责任准备金，实行差额提取。按照当年年末担保责任余额的 1% 提取担保赔偿准备金，担保赔偿准备金累计达到当年担保责任余额 10% 的，实行差额提取。

Provision of unearned premium revenue regarding financing guarantee is recognised at the difference of the balance of the reserve and 50% of the revenue generated from financing guarantee for the year. Provision of guaranteed compensation reserve is recognised at 1% of the outstanding obligation as at the end of the reporting period, and accumulated until the reserve has accumulated to 10% of the outstanding obligation.

24. 收入确认原则和计量方法

24. Principles for recognizing revenue and methods of measurement

(1) 销售商品收入

(1) Revenue from sales of goods

公司已将商品所有权上的主要风险和报酬转移给购买方；公司既没有保留与所有权相联系的继续管理权，也没有对已售出的商品实施有效控制；收入的金额能够可靠地计量；相关的经济利益很可能流入企业；相关的已发生或将发生的成本能够可靠地计量时，确认商品销售收入实现。

Revenue from sales of goods is recognized when all the following conditions are satisfied: The Company has transferred the significant risks and rewards of ownership of the goods to the buyer; the Company maintains neither managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; it is probable that related economic benefits will flow to the Company; the related cost that has incurred or might be incurred and can be reliably measured.

(2) 提供劳务收入

(2) Revenue from provision of labor service

在资产负债表日提供劳务交易的结果能够可靠估计的，采用完工百分比法确认提供劳务收入。提供劳务交易的完工进度，依据已完工作的测量确定。

When the result of the labor service can be reliably estimated at the date of balance sheet, the revenue from

provision of labor service is recognized according to the percentage of completion method. The stage of completion of the labor service is determined according to the certified completed work.

提供劳务交易的结果能够可靠估计是指同时满足：A、收入的金额能够可靠地计量；B、相关的经济利益很可能流入企业；C、交易的完工程度能够可靠地确定；D、交易中已发生和将发生的成本能够可靠地计量。

The result of the labor service can be reliably estimated when all of the following conditions are satisfied: A), the revenue can be reliably measured; B), it is probable that related economic benefits will flow to the Company; C), the progress of the labor transaction can be reliably measured; and D), the related cost that has incurred or might be incurred can be reliably measured.

本公司按照已收或应收的合同或协议价款确定提供劳务收入总额，但已收或应收的合同或协议价款不公允的除外。资产负债表日按照提供劳务收入总额乘以完工进度扣除以前会计期间累计已确认提供劳务收入后的金额，确认当期提供劳务收入；同时，按照提供劳务估计总成本乘以完工进度扣除以前会计期间累计已确认劳务成本后的金额，结转当期劳务成本。

The Company calculates the total revenue of labor service according to the amount indicated in the contract or agreement that have already been received or to be received, unless the amount indicated in the contract or agreement received or not received is not fair. At the balance sheet date, the Company recognises the revenue of labor service for a period by multiplying the total revenue of labor service with the stage of completion, minus the revenue of labor service that has been recognized at previous accounting periods. The Company recognises the cost of labor service for a period by multiplying the total estimated cost of labor service with the percentage of work progress, minus the cost of labor service that has been recognized in previous accounting periods.

在资产负债表日提供劳务交易结果不能够可靠估计的，分别下列情况处理：

If the result of labor services cannot be reliably estimated at balance sheet date, the revenue from provision of labor services is recognised according to the following basis:

① 已经发生的劳务成本预计能够得到补偿的，按照已经发生的劳务成本金额确认提供劳务收入，并按相同金额结转劳务成本。When the incurred labor cost is expected to be compensated, the incurred labor cost is recognized as the revenue of labor service, and recognize the same amount as labor cost.

② 已经发生的劳务成本预计不能够得到补偿的，将已经发生的劳务成本计入当期损益，不确认提供劳

务收入。When the incurred labor cost is not expected to be compensated, the incurred labor cost is recognized in profit or loss, and the revenue of labor service is not recognized.

(3) 让渡资产使用权收入

(3) Revenue from transfer of right to use of assets

与交易相关的经济利益很可能流入企业，收入的金额能够可靠地计量时，分别下列情况确定让渡资产使用权收入金额：

When it is probable that the related economic benefits will flow to the Company, and the revenue can be reliably measured, the revenue from transfer of right to use assets is recognized as follows.

① 利息收入金额，按照他人使用本企业货币资金的时间和实际利率计算确定。

① Interest income is calculated according to the period of time the borrowers have the right to use the Company's cash and the actual interest rate.

② 使用费收入金额，按照有关合同或协议约定的收费时间和方法计算确定。

② Revenue from the right of use is determined according to the time of use and basis as stated in the relevant contracts or agreements.

(4) 融资租赁收入

(4) Revenue from finance lease

于租赁期开始日将租赁开始日最低租赁应收款额与初始直接费用之和作为应收融资租赁款的入账价值，计入资产负债表的长期应收款，同时记录未担保余值；将最低租赁应收款额、初始直接费用及未担保余值之和与其现值之和的差额作为未实现融资收益，在租赁期内各个期间采用实际利率法确认为租赁收入。

Finance lease receivables are initially recognized as the sum of the minimum lease receivables at the beginning of the lease term and the initial direct costs, presented as long-term receivables at the balance sheet, and the non-guaranteed residual value is recognized as well. The difference between the total of the minimum lease receivable, initial direct cost and non-guaranteed residual value and their present values is recognized as unrealized finance lease income, and recognized as lease income for reporting periods within the lease period according to the effective interest rate method.

(5) 经营租赁收入

(5) Revenue from operating lease

采用直线法将收到的租金在租赁期内确认为收益。提供免租期的，将租金总额在不扣除免租期的整个租赁期内，按直线法或其他合理的方法进行分配，免租期内出租人也确认租金收入。

Rental income received is recognised during the lease period by using straight-line method. When there is a rent-free period, the total rental income is attributed to the entire lease term according to the straight-line method or other reasonable approach, that the lessor also recognizes rental income during the rent-free period.

(6) 担保费收入**(6) Revenue from guarantee**

担保费收入在同时满足以下条件时予以确认：担保合同成立并承担相应担保责任、与担保合同相关的经济利益能够流入企业、与担保合同相关的收入能够可靠地计量。

Revenue from guarantee is recognized when all of the following conditions are satisfied: The guarantee contract is established and the guarantor assumes its guarantee responsibility, the economic benefits related to the guarantee contract will flow to the Company, and the revenue associated with the guarantee contract can be reliably measured.

担保费收入的金额按委托担保合同规定的应向被担保人收取的金额确定。采取趸收方式向被担保人收取担保费的，一次性确认为担保费收入。

Revenue from guarantee is collected from the guaranteed entity according to the guarantee contract. If the guarantee fee is collected from the guaranteed entity on a lump-sum basis, the entire fee is recognized as revenue from financial guarantee immediately.

25. 政府补助**25. Government grants**

公司将从政府无偿取得货币性资产或非货币性资产，但不包括政府作为企业所有者投入的资本作为政府补助核算。

The Company recognizes the non repayable monetary assets or non-monetary assets obtained from the government, excluding capital investment made by the government as an investor, as government grants.

政府补助分为与资产相关的政府补助和与收益相关的政府补助。

Government grants include asset-related grants and revenue-related grants.

(1) 与资产相关的政府补助判断依据及会计处理方法**(1) Basis of judgment on asset-related government grants and accounting methods**

本公司从政府取得的、用于购建或以其他方式形成长期资产的补助，确认为与资产相关的政府补助。

The Company recognizes grants obtained from the government for the purpose to acquire and develop, or other mean of grants which constitute long-term assets as asset-related government grants.

与资产相关的政府补助，确认为递延收益，并在相关资产使用寿命内平均分配，计入当期损益。但是，以名义金额计量的政府补助，直接计入当期损益。

Asset-related government grants are recognized as deferred income and evenly amortized through out the economic life of the asset and recognized in profit or loss. However, government grants measured by nominal value are recognized in profit or loss immediately.

(2) 与收益相关的政府补助判断依据及会计处理方法**(2) Basis of judgment on revenue-related government grants and accounting methods**

本公司将从政府取得的各种奖励、定额补贴、财政贴息、拨付的研发经费（不包括购建固定资产）等与资产相关的政府补助之外的政府补助，确认为与收益相关的政府补助。

The Company recognizes various rewards, fixed subsidies, interest subsidies, R&D grants (excluding appropriations for acquiring or building fixed assets) from the government that are unrelated to asset as revenue-related government grants.

与收益相关的政府补助，分别下列情况处理：

Revenue-related government grants are separately accounted for as follows:

- ① 用于补偿公司以后期间的相关费用或损失的，确认为递延收益，并在确认相关费用的期间，计入当期损益；
- ① The government grants which are intended to compensate the Company's related expenses and losses in subsequent periods are recognized as deferred income and recognized in profit or loss in the period when the related expenses are recognized;
- ② 用于补偿公司已发生的相关费用或损失的，计入当期损益。

- ③ The government grants which are intended to compensate the Company's incurred expenses and losses are recognized in profit or loss.

26. 递延所得税资产和递延所得税负债

26. Deferred income tax assets and deferred income tax liabilities

本公司通常根据资产与负债在资产负债表日的账面价值与计税基础之间的暂时性差异，采用资产负债表债务法将应纳税暂时性差异或可抵扣暂时性差异对所得税的影响额确认和计量递延所得税负债或递延所得税资产。本公司不对递延所得税资产和递延所得税负债进行折现。

The Company generally recognizes and measures deferred tax liabilities and deferred tax assets arising from the tax effect of taxable temporary differences and deductible temporary differences by using the balance sheet liability method, according to the temporary differences between the carrying amounts of assets and liabilities at the balance sheet date and their tax base. The Company does not discount the deferred tax assets and deferred tax liabilities.

(1) 递延所得税资产的确认

(1) Recognition of deferred income tax assets

对于可抵扣暂时性差异，其对所得税的影响额按预计转回期间的所得税税率计算，并将该影响额确认为递延所得税资产，但是以本公司很可能取得用来抵扣可抵扣暂时性差异、可抵扣亏损和税款抵减的未来应纳税所得额为限。

With respect to deductible temporary difference, the income tax effect will be measured according to the income tax rate to be levied during the expected period of expatriation, and the effect will be recognized as deferred income tax assets, However, it is limited to the expected future taxable profits available for offsetting with those deductible taxable difference, deductible tax losses and tax deductions.

同时具有下列特征的交易或事项中因资产或负债的初始确认所产生的可抵扣暂时性差异对所得税的影响额不确认为递延所得税资产：

Deferred tax assets are not recognized when the effect to income tax of deductible temporary differences arose from the initial recognition of assets and liabilities from transactions or events that fulfill the following characteristics:

A. 该项交易不是企业合并；

A. The transaction is not a corporate merger;

B. 交易发生时既不影响会计利润也不影响应纳税所得额（或可抵扣亏损）。

B. It has no impact on accounting profit or taxable income (or deductible loss) when the transaction took place.

本公司对与子公司、联营公司及合营企业投资相关的可抵扣暂时性差异，同时满足下列两项条件的，其对所得税的影响额（才能）确认为递延所得税资产：

The deductible temporary differences related to the Company's investments in subsidiaries, associated companies and joint ventures are recognized as deferred income tax asset, only when the following two conditions are satisfied.

A. 暂时性差异在可预见的未来很可能转回；

A. It is probable the temporary differences will be reversed in the foreseeable future;

B. 未来很可能获得用来抵扣可抵扣暂时性差异的应纳税所得额；

B. It is probable to have taxable income that can be used to offset deductible temporary differences in the future.

资产负债表日，有确凿证据表明未来期间很可能获得足够的应纳税所得额用来抵扣可抵扣暂时性差异的，确认以前期间未确认的递延所得税资产。

At the balance sheet date when there are solid evidences suggesting the Company will likely get enough taxable income in the future to offset deductible temporary differences, deferred tax assets not recognized in prior periods should be recognized.

在资产负债表日，本公司对递延所得税资产的账面价值进行复核。如果未来期间很可能无法获得足够的应纳税所得额用以抵扣递延所得税资产的利益，减记递延所得税资产的账面价值。在很可能获得足够的应纳税所得额时，减记的金额予以转回。

The Company reviews the carrying value of deferred tax assets at the balance sheet date. When it is unlikely to have enough taxable income in the future to offset deductible deferred tax asset, the deferred income tax asset's carrying value is written down. If it is probable that the Company will get enough taxable income, the write-down is reversed.

(2) 递延所得税负债的确认**(2) Recognition of deferred tax liabilities**

本公司所有应纳税暂时性差异均按预计转回期间的所得税税率计量对所得税的影响，并将该影响额确认为递延所得税负债，但下列情况的除外：

The Company adopts the income tax rate during the expected reversal period to measure the impact on income tax arose from taxable income's provisional differences, and recognizes the impact as deferred income tax liabilities, except for the following circumstances:

① 因下列交易或事项中产生的应纳税暂时性差异对所得税的影响不确认为递延所得税负债：

① The impact of taxable temporary differences arose from the following transactions or events is not recognized as deferred tax liabilities:

A. 商誉的初始确认；

A. Initial recognition of goodwill;

B. 具有以下特征的交易中产生的资产或负债的初始确认：该交易不是企业合并，并且交易发生时既不影响会计利润也不影响应纳税所得额或可抵扣亏损。

B. Initial recognition of an asset or liability in transactions that are not business combinations and, at the time of the transaction, affects neither the accounting profit, taxable income nor deductible losses.

② 本公司对与子公司、合营企业及联营企业投资相关的应纳税暂时性差异，其对所得税的影响额一般确认为递延所得税负债，但同时满足以下两项条件的除外：

② Under general circumstances, the impact of taxable temporary differences relating to the Company's investments in subsidiaries, associated companies and joint ventures, is recognized as deferred tax liabilities, except when the following two conditions apply:

A. 本公司能够控制暂时性差异转回的时间；

A. The Company can control when to reverse the temporary differences;

B. 该暂时性差异在可预见的未来很可能不会转回。

B. The temporary differences are probably not going to be reversed in the foreseeable future.

(3) 特定交易或事项所涉及的递延所得税负债或资产的确认**(3) Recognition of deferred tax liabilities or assets relating to specific transactions or events**

① 与企业合并相关的递延所得税负债或资产

① Deferred tax liabilities or assets relating to business combination

非同一控制下企业合并产生的应纳税暂时性差异或可抵扣暂时性差异，在确认递延所得税负债或递延所得税资产的同时，相关的递延所得税费用（或收益），通常调整企业合并中所确认的商誉。

For taxable temporary differences or deductible temporary differences arose from business combinations not under the common control, the deferred tax expenses (or credits) would generally be adjusted to goodwill under the business combination when the deferred tax liabilities or assets are recognized.

② 直接计入所有者权益的项目

② Items directly recognized in the owner's equity

与直接计入所有者权益的交易或者事项相关的当期所得税和递延所得税，计入所有者权益。暂时性差异对所得税的影响计入所有者权益的交易或事项包括：可供出售金融资产公允价值变动等形成的其他综合收益、会计政策变更采用追溯调整法或对前期（重要）会计差错更正差异追溯重述法调整期初留存收益、同时包含负债成份及权益成份的混合金融工具在初始确认时计入所有者权益等。

Income tax and deferred tax in relation to transactions or events that should be directly recognized in owner's equity, is directly recognized in the owner's equity. Such transactions or events include: Other comprehensive income from changes in fair value of available-for-sale financial assets, retained earnings adjustment from adoption of new accounting policies or correcting accounting errors retrospectively, and hybrid financial instruments consisting of debt and equity interest which is recognized in owner's equity at initial recognition.

③ 可弥补亏损和税款抵减

③ Repairable losses and tax credits

A. 本公司自身经营产生的可弥补亏损以及税款抵减

A. Repairable losses and tax credits generated by the Company from its operations

可抵扣亏损是指按照税法规定计算确定的准予用以后年度的应纳税所得额弥补的亏损。对于按照税法规

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定可以结转以后年度的未弥补亏损（可抵扣亏损）和税款抵减，视同可抵扣暂时性差异处理。在预计可利用可弥补亏损或税款抵减的未来期间内很可能取得足够的应纳税所得额时，以很可能取得的应纳税所得额为限，确认相应的递延所得税资产，同时减少当期利润表中的所得税费用。

Deductible loss is a loss allowed by the tax law to be offset by taxable income in the subsequent financial years. Unutilized losses (Deductible losses) and tax credits that are allowed to be reversed in subsequent financial years are treated as deductible temporary differences. If the Company expects to get enough taxable income to offset reparable losses or tax credits, the deferred tax asset is recognized as much as the taxable income it expects to get, and is used to be set off with the income tax expenses in the profit or loss.

B.因企业合并而形成的可弥补的被合并企业的未弥补亏损

B. Unutilized losses of the merged enterprise caused by business combinations

在企业合并中，本公司取得被购买方的可抵扣暂时性差异，在购买日不符合递延所得税资产确认条件的，不予以确认。购买日后 12 个月内，如取得新的或进一步的信息表明购买日的相关情况已经存在，预期被购买方在购买日可抵扣暂时性差异带来的经济利益能够实现的，确认相关的递延所得税资产，同时减少商誉，商誉不足冲减的，差额部分确认为当期损益；除上述情况以外，确认与企业合并相关的递延所得税资产，计入当期损益。

In a business combination where the Company obtains the acquiree's deductible temporary differences, it should not recognize them if they do not meet the conditions to be recognized as deferred tax assets at the date of acquisition. Within 12 months from the date of acquisition, if new or further information suggests the economic benefits to be brought by the deductible temporary differences can be realized, the deferred tax asset is recognized and goodwill is decreased. If goodwill is not enough to offset, the shortfall is recognized in profit or loss. Except for the aforementioned circumstances, the deferred tax assets relating to business combination are recognized in profit or loss.

④合并抵销形成的暂时性差异

④ Temporary differences caused by elimination due to combination

本公司在编制合并财务报表时，因抵销未实现内部销售损益导致合并资产负债表中资产、负债的账面价值与其在所属纳税主体的计税基础之间产生暂时性差异的，在合并资产负债表中确认递延所得税资产或

递延所得税负债，同时调整合并利润表中的所得税费用，但与直接计入所有者权益的交易或事项及企业合并相关的递延所得税除外。

When the Company prepares consolidated financial statements, if there are temporary differences between the carrying value of its assets and liabilities and its tax base, the differences are recognized as deferred tax assets or deferred tax liabilities in the consolidated balance sheet, and the income tax expenses in the consolidated income statement is adjusted accordingly, except for deferred tax for transactions or events relating to business combinations which is directly recognized in owner's equity.

⑤以权益结算的股份支付

⑤ Equity-settled share-based payments

如果税法规定与股份支付相关的支出允许税前扣除，在按照会计准则规定确认成本费用的期间内，本公司根据会计期末取得信息估计可税前扣除的金额计算确定其计税基础及由此产生的暂时性差异，符合确认条件的情况下确认相关的递延所得税。其中预计未来期间可税前扣除的金额超过按照会计准则规定确认的与股份支付相关的成本费用，超过部分的所得税影响应直接计入所得税权益。

When the tax law allows pretax deductions of expenses relating to share-based payments, during the period when the cost is recognized according to accounting principles, the Company determines its tax base and temporary differences according to information it obtains at the end of financial period, and recognizes the deferred tax if relevant conditions are satisfied. When it expects the pretax deductions exceed the cost associated with equity payments recognized according to accounting principles, the excessive income tax impact is recognized directly to income tax benefits.

27. 重要会计政策和会计估计的变更

27. Significant changes to accounting policies and estimates

(1) 重要会计政策变更

(1) Significant changes to accounting policies

本报告期内，本公司无重大会计政策变更。

During the reporting period, the Company did not have any significant changes to its accounting policies.

(2) 重要会计估计变更**(1) Significant changes to accounting estimates**

经本公司子公司兴泰典当总经理办公会审议通过，本公司典当贷款业务自 2015 年 10 月 12 日起对贷款损失准备的计提比例进行了变更，变更前计提比例如下：

The office of the general manager of Xingtai Pawnshop, a subsidiary of the Company, resolved to change the ratio of provision of loan impairment losses beginning from October 12, 2015. The ratio of provision before the change are specified below:

类 别 Loan category	计提比例 (%) Ratio of provision (%)
正常类 Normal	-
关注类 Focusd	1
次级类 Subordinated	6
可疑类 Doubtful	24
损失类 Defaulted	100

变更后计提比例如下：

The ratios of provision after the change are specified below:

类 别 Loan category	计提比例 (%) Provision ratio (%)
正常类 Normal	-
关注类 Focused	15
次级类 Subordinated	20
可疑类 Doubtful	30
损失类 Defaulted	100

注：修改后的计提比例可再根据变更后的计提比例的实际情况上下浮动 50%。

Note: These revised ratios of provision can be 50% higher or lower than the ratios stated above according to actual situations.

此项会计估计变更减少公司 2015 年度净利润 12,249,000.00 元。

This change to accounting estimates had reduced the Company's 2015 net profit for RMB 12,249,000.00.

(3) 前期会计差错更正**(3) Correction of accounting errors in prior period**

报告期内本公司未发生前期会计差错更正。

During the reporting period, the Company did not discover any accounting errors in prior period that need to be corrected.

四、税项

IV Tax items

1.主要税种及税率

1. Major tax items and tax rates

税 种 Tax items	计税依据 Taxation basis	税率 Tax rate
增值税 Value-added tax	销售货物或提供应税劳务 Sell goods or provide taxable labor services	17%
营业税 Business tax	营业收入 Business revenue	5%
城市维护建设税 Urban maintenance and construction tax	应缴流转税额 Turnover tax payable	7%
教育费附加 Education surcharge	应缴流转税额 Turnover tax payable	3%
地方教育费附加 Local education surcharge	应缴流转税额 Turnover tax payable	2%
企业所得税 Enterprise income tax	应纳税所得额 Income tax payable	25%、16.5% [Note]

注：兴泰控股（香港）有限公司的企业所得税率为16.5%。

Note: Xingtai Holdings (Hong Kong) Co., Ltd subjects to a corporate income tax rate at 16.5%.

2.其他税项

2. Other tax items

按国家和地方有关规定计算缴纳。

Other tax items are paid subject to relevant national and local regulations.

3.税收优惠

3. Tax privileges

(1) 根据2012年8月2日安徽省经济和信息化委员会与安徽省地方税务局联合下发的皖经信中小企（2012）989号文，即《转发工业和信息化部国家税务总局关于公布中小企业信用担保机构免征营业税

Hefei Xingtai Financial Holding Group Co., Ltd.Notes to the Financial Statements

和取消免征资格名单的通知》的相关规定，本公司的子公司合肥市兴泰融资担保有限公司在通知颁布的免征营业税单位名单之内，在办理完毕相关免税手续后，自2012年12月开始享受营业税免征优惠，期限为3年，即2012年12月至2015年11月。

(1) According to a notice issued on August 2, 2012 by Anhui Economy and Information Commission and Anhui Local Taxation Bureau, which forwarded a notice from the Ministry of Industry and Information Technology and the State Administration of Taxation to announce a list of SMEs credit guarantee institutions eligible for business tax waiver, the Company's subsidiary Hefei Xingtai Finance Guarantee Co., Ltd was on the list. It was eligible for business tax waiver for a term of three years from December 2012 to November 2015.

(2) 根据财政部和国家税务总局2011年11月6日发布的财税(2011)111号相关规定，经人民银行、银监会、商务部批准经营融资租赁业务的试点纳税人中的一般纳税人提供有形动产融资租赁服务的，对其增值税实际税负超过3%的部分实行增值税即征即退政策。本公司的子公司安徽兴泰融资租赁有限责任公司自2012年10月开始按照17%的税率计算缴纳增值税，同时在达到相关政策要求时开始享受该项政策优惠。

(2) According to a joint notice released on November 6, 2011 by the Ministry of Finance and the State Administration of Taxation, if a general taxpayer is authorized by the People's Bank of China, China Banking Regulatory Commission and the Ministry of Commerce to provide finance leasing service for physical and mobile properties, and its value-added tax rate is higher than 3%, the extra value-added tax would be collected and immediately returned. The Company's subsidiary Anhui Xingtai Finance Leasing Co., Ltd has begun to pay value-added tax at a tax rate of 17% since October 2012, and it has started to enjoy the tax privileges after it met the policy requirements.

(3) 根据皖地税(2012)2号及合地税庐通(2015)12185号文，安徽省政府金融办批准成立的融资性担保机构，按照国家规定标准收取的中小企业信用担保业务收入，3年内免征营业税，本公司的子公司合肥市兴泰融资担保有限公司2015年度取得的担保费收入免缴营业税。

(3) According to statements issued by Anhui and Hefei local taxation bureaus, financing guarantee agencies approved by Anhui Financial Office would be exempt from business tax for three years on their credit guarantee revenue collected from small and medium-sized enterprises. The Company's subsidiary Hefei Xingtai Finance Guarantee Co., Ltd did not have to pay business tax for its guarantee business revenue in 2015.

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(4) 根据工信部联企业〔2014〕20号文,按照其机构所在地地市级(含)以上人民政府规定标准取得的担保业务收入,自主管税务机关办理免税手续之日起,三年内免征营业税,本公司的子公司合肥市巢湖兴泰融资担保有限公司2015年度取得的担保费收入免缴营业税。

(4) According to a notice released by the Ministry of Industry and Information Technology in 2014, guarantee business revenue would be free of business tax for three years starting from the date when the tax-free application is approved by tax authorities. The Company's subsidiary Hefei Chaohu Xingtai Finance Guarantee Co., Ltd did not have to pay business tax for its guarantee business revenue in 2015.

五、合并财务报表主要项目注释

V. Notes to the consolidated financial statements

1. 货币资金 Monetary Assets

项目 Items	期末余额 Ending balance			期初余额 Beginning balance		
	外币金额 Amount of foreign currency	折算率 Exchange rate		外 币 金 额 Amount of foreign currency	折 算 率 Exchange rate	
现金: Cash:			507,630.77			608,730.49
人民币 Renminbi			504,802.19			608,730.49
港币 Hong Kong dollars	3,376.20	0.8378	2,828.58			-
银行存款: Bank savings:			4,113,489,569.13			878,927,989.24
人民币 Renminbi			4,112,566,437.90			857,003,211.78
港币 Hong Kong dollars	1,100,779.23	0.8378	922,232.84	27,791,580.00	0.7889	21,924,777.46
美元 US dollars	138.35	6.4936	898.39	-	-	-
其他货币资金: Other monetary assets:	-	-	826,827,712.64	-	-	598,241,664.72
人民币 Renminbi			826,827,712.64			598,241,664.72
合 计 Total			4,940,824,912.54			1,477,778,384.45

(1) 期末其他货币资金余额主要系住房置业公积金保证金 824,399,618.30 元、保函保证金 170,627.90 元和存出投资款 2,257,466.44

(1) The ending balance of other monetary assets comprised mainly of RMB824,399,618.30 in deposits for

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housing provident fund, RMB170,627.90 for deposits pledged to bank and RMB2,257,466.44 cash in investment accounts.

(2) 住房置业公积金保证金系公司下属子公司合肥担保按照5%至20%不等收取开发商的保证金后存入其保证金账户,待房产办理过抵押手续之后,再退还给开发商。

(2) Deposits for housing provident funds represent the deposits received by Hefei Guarantee, a subsidiary of the Company, from property developers at a rate of 5% to 20% of the construction contracts. The deposits would be refunded to the developers after completion of the mortgage procedures of the properties.

(3) 存出投资款系公司将资金转入证券账户,以备进行相关证券交易投资的款项。

(3) Cash in investment accounts are funds the Company has transferred to its securities account to be invested in securities.

2. 存出保证金

2. Deposits with exchanges and financial institutions

项目 Items	期末余额 Ending balance	期初余额 Beginning balance
存出保证金 Deposits with exchanges and financial institutions	919,085,950.23	410,950,360.93
合计 Total	919,085,950.23	410,950,360.93

存出保证金系公司下属子公司合肥担保、国控担保、长丰担保和巢湖担保为其他企业从银行借款提供担保而被要求存入银行的保证金,金额为银行贷出款项的10%,于担保业务解除时退还。

Deposits with exchanges and financial institutions are deposits held by Hefei Guarantee, Guokong Guarantee, Changfeng Guarantees and Chaohu Guarantee and pledged to banks for loans granted to other corporation, the deposit pledged to banks are fixed at 10% of the loan amount drawn and refundable when the obligation under such guarantee is released.

3. 以公允价值计量且其变动计入当期损益的金融资产

3. Financial assets measured at fair value with changes recognized in profit or loss

(1) 交易性金融资产的分类 Classification of financial assets held for trading

项目 Items	期末余额 Ending balance	期初余额 Beginning balance
股票 Stock	1,521,356.50	1,356,716.55
基金 Fund	10,610,879.36	7,229,984.38
合计 Total	12,132,235.86	8,586,700.93

(2) 股票系美菱电器股份(代码:000521)208,405.00股,2015年12月31日每股市价7.30元;基

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金系华富基金—华富竞争力(代码: 410001) 9,162,317.04 份, 2015 年 12 月 31 日每份净值 1.1581 元。

The stock includes 208,405.00 shares of Heifei Meiling (ticker symbol: 000521), market price on 31 December 2015 was RMB7.30 per share; The fund was 9,162,317.04 shares of Harfor Fund - Huafu Competitiveness (ticker symbol: 410001), net value on 31 December 2015 was RMB1.1581 per unit.

4. 应收票据 Bills receivable

(1) 应收票据分类 Classification of bills receivable

种类 Category	期末余额 Ending balance	期初余额 Beginning balance
银行承兑汇票 Issued by banks	9,750,000.00	1,050,000.00
商业承兑汇票 Issued by other corporations	-	-
合 计 Total	9,750,000.00	1,050,000.00

(2) 应收票据期末余额较期初增长 828.57%, 系公司子公司兴泰担保等本期使用应收票据结算增加所致。The ending balance of bills receivable had increased for 828.57% when compared to that of the beginning balance, which was mainly due to Xingtai Guarantee, a subsidiary of the Company, and other subsidiaries of the Company had received more settlements by bills receivable during the current period.

(3) 截止本会计期末, 本公司无已经用于质押的应收票据。The Company has no bills receivable that were pledged at the end of the current reporting period.

5. 应收账款 Accounts receivable

(1) 按照应收账款的类别列示 Accounts receivable by category

种 类 Category	期末余额 Ending balance			
	账面余额 Carrying amount		账 面 余 额 Carrying amount	
	金 额 Amount	金 额 Amount	金 额 Amount	金 额 Amount
单项金额重大并单项计提坏账准备的应收账款 Accounts receivable that are significant and for which a bad debt provision has been made on an individual basis	-	-	-	-
按组合计提坏账准备的应收账款 Accounts receivable for which a bad	21,708,513.78	100.00	578,411.98	2.66

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debt provision has been made on a group basis				
其中：以账龄作为信用风险特征的组合 Where: the group of accounts receivable with a credit risk portfolio identified by aging	21,708,513.78	100.00	578,411.98	2.66
其他组合 Other groups	-	-	-	-
单项金额虽不重大但单项计提坏账准备的应收账款 Accounts receivable that are not significant but for which a bad debt provision has been made on an individual basis	-	-	-	-
合计 Total	21,708,513.78	100.00	578,411.98	2.66

(续上表) (Continued)

种 类 Category	期初余额 Beginning balance			
	账面余额 Carrying amount		账面余额 Carrying amount	
	金额 Amount	金 额 Amount	金额 Amount	金 额 Amount
单项金额重大并单项计提坏账准备的应收账款 Accounts receivable that are significant and for which a bad debt provision has been made on an individual basis	-	-	-	-
按组合计提坏账准备的应收账款 Accounts receivable for which a bad debt provision has been made on a group basis	4,208,786.95	100.00	537,458.76	12.77
其中：以账龄作为信用风险特征的组合 Where: the group of accounts receivable with a credit risk portfolio identified by aging	4,208,786.95	100.00	537,458.76	12.77
其他组合 Other groups	-	-	-	-
单项金额虽不重大但单项计提坏账准备的应收账款 Accounts receivable that are not significant but for which a bad debt provision has been made on an individual basis	-	-	-	-

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合 计 Total	4,208,786.95	100.00	537,458.76	12.77
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组合中, 采用账龄分析法计提坏账准备的应收账款Accounts receivable for which a bad debt provision has been made under the aging method on a group basis:

账 龄 Age	期末余额 Ending balance			期初余额 Beginning balance		
	账 面 余 额 Carrying amount		坏 账 准 备 Bad debt provision	账 面 余 额 Carrying amount		坏 账 准 备 Bad debt provision
	金 额 Amount	比 例 (%) Percentage (%)		金 额 Amount	比 例 (%) Percentage (%)	
1 年以内 Within one year	20,623,814.43	95.00	-	3,644,418.19	86.59	-
1 至 2 年 1-2 years	535,963.74	2.47	53,596.37	29,900.00	0.71	2,990.00
2 至 3 年 2-3 years	29,900.00	0.14	5,980.00	-	-	-
3 至 4 年 3-4 years	-	-	-	-	-	-
4 至 5 年 4-5 years	-	-	-	-	-	-
5 年以上 Over 5 years	518,835.61	2.39	518,835.61	534,468.76	12.70	534,468.76
合计 Total	21,708,513.78	100.00	578,411.98	4,208,786.95	100.00	537,458.76

(2) 期末应收账款余额中较大的应收账款单位如下 (2) Entities which contribute significantly to the ending balance of accounts receivable are as follows:

单位名称 Entities	与本公司关系 Relationship with the Company	金额 Amount	年限 Age	占应收账款总额的比例 (%) As a percentage of total accounts receivable (%)
合肥市邮政局 Hefei Post Office	非关联方 Non-related party	4,162,000.00	1 年 以 内 Within one year	19.17
中国工商银行安徽省分行 Industrial and Commercial Bank of China Anhui Branch	非关联方 Non-related party	1,760,480.00	1 年 以 内 Within one year	8.11
中国银行股份有限公司安徽省分行 Bank of China Limited Anhui Branch	非关联方 Non-related party	1,234,440.00	1 年 以 内 Within one year	5.69
兴业银行合肥分行 Industrial	非关联方	835,700.00	1 年 以 内	3.85

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Bank Hefei Branch	Non-related party		Within one year	
徽商银行股份有限公司合肥分行 Huishang Bank Corporation Limited Hefei Branch	非关联方 Non-related party	671,190.00	1 年 以 内 Within one year	3.09
合计 Total		8,663,810.00		39.91

(3) 期末应收账款余额较期初增长了415.79%，主要系公司子公司保安集团本期应收保安服务费大幅增加所致。The ending balance of accounts receivable had increased for 415.79% as compared to that of the beginning balance, mainly represented by a substantial increase of security service fees of Security Group, a subsidiary of the Company.

6. 应收代偿款 Receivables for repayments under guarantee arrangements

(1) 应收代偿款余额 Balance of receivables for repayments under guarantee arrangements are as follows:

项 目 Items	期末余额 Ending balance	期初余额 Beginning balance
应 收 代 偿 款 Receivables for repayments under guarantee arrangements	373,545,603.89	101,300,941.48
合计 Total	373,545,603.89	101,300,941.48

(3) 期末应收代偿款余额中前5名的单位如下The top five entities included in the ending balance of receivables for repayments under guarantee arrangements are as follows:

单位名称 Entities	与本公司关系 Relationship with the Company	金额 Amount	年限 Age	占 应 收 代 偿 款 总 额 的 比 例 (%) As a percentage of total receivables for repayments under guarantee arrangements(%)
合肥大自然商贸有限公司 Hefei Daziran Trading Co, Ltd.	非 关 联 方 Non-related party	30,277,253.22	1 年 以 内 Within one year	8.11
合肥市和平糖酒饮料有限责任公司 Hefei Heping Sugar, Alcohol and Beverage Co.,	非 关 联 方 Non-related party	20,191,226.82	1 年 以 内 Within one year	5.41

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Ltd.				
合肥达美建筑装饰工程有限责任公司 Hefei Damei Building Decoration Engineering Co., Ltd.	非关联方 Non-related party	19,474,808.01	1 年以内 Within one year	5.21
安徽思创制罐集团有限公司 Anhui Strong Can Group Co., Ltd.	非关联方 Non-related party	17,732,908.15	1 年以内 Within one year	4.75
安徽恒实建设有限公司 Anhui Hengshi Construction Co., Ltd	非关联方 Non-related party	15,138,000.00	1 年以内 Within one year	4.05
合计 Total		102,814,196.20		27.53

(3) 期末应收代偿款余额较期初增长了268.75%，主要系公司本期划拨新增子公司国控担保增加了代偿款余额以及子公司合肥担保本期支付大额担保代偿款所致。The ending balance of receivables for repayments under guarantee arrangements had increased for 268.75% as compared to that of the beginning balance, mainly represented by the increased receivables held by Guokong Guarantee, a newly consolidating subsidiary of the Company, and substantial repayments under guarantee arrangements made by Hefei Guarantee, a subsidiary of the Company, during the current period.

7. 预付款项 Prepaid expenses

(1) 预付账款按照账龄列示 Prepaid expenses by age

账龄 age	期末余额 Ending balance		期初余额 Beginning balance	
	金额 Amount	比例 (%) Percentage (%)	金额 Amount	比例 (%) Percentage (%)
1 年以内 Within one year	620,362.32	31.24	12,282,008.54	99.07
1 至 2 年 1-2 years	1,261,401.60	63.53	39,390.00	0.32
2 至 3 年 2-3 years	39,390.00	1.98	71,000.00	0.48
3 年以上 More than 3 years	64,500.00	3.25	4,500.00	0.13
合计 TotalTotal	1,985,653.92	100.00	12,396,898.54	100.00

(2) 期末预付账款余额主要系预付的购货款。The ending balance of prepaid expenses mainly represents trade deposits paid.

(3) 预付账款期末余额较期初下降 83.98%，主要系上期预付大量设备购置款和工程款的子公司庐

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江美庐本期被整体股权转让所致。The ending balance of prepaid expenses had decreased for 83.98% as compared to that of the beginning balance, mainly due to the transfer in the current period of all of its equity interest in subsidiary Lujiang Meilu which made large prepayments for equipment acquisition and construction in the previous period.

8. 应收利息 Interest receivable

种类 Category	期末余额 Ending balance	期初余额 Beginning balance
委托贷款利息 Interest on entrusted loans	3,280,039.08	204,768.98
合计 Total	3,280,039.08	204,768.98

9. 应收股利 Dividends receivable

单位名称 Entities	期末余额 Ending balance	期初余额 Beginning balance
和县宏图房地产开发有限公司 He County Hongtu Real Estate Development Co., Ltd.	36,753,920.76	-
合肥市 大湖名城 中小企业创新发展基金(有限合伙) Hefei Dahu Mingcheng SME Innovation Development Fund (Limited Partnership)	2,451,343.37	-
三亚丰乐实业有限公司 Sanya Fengle Industrial Co., Ltd.	-	1,159,200.00
合计 Total	39,205,264.13	1,159,200.00

10. 其他应收款 Other receivables

(1) 按照其他应收款的类别列示 Other receivables by category

种类 Category	期末余额 Ending balance			
	账面余额 Carrying amount		坏账准备 Bad debt provision	
	金额 Amount	比例 (%) Percentage (%)	金额 Amount	比例 (%) Percentage (%)
单项金额重大并单项计提坏账准备的其他应收款 Other receivables that were significant and for which a bad debt provision has been made on an individual basis	28,832,319.72	3.58	28,832,319.72	100.00

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按组合计提坏账准备的其他 应收款 Other accounts receivable for which a bad debt provision has been made on a group basis	772,574,405.03	95.80	79,404,528.93	10.28
其中：以账龄作为信用风险特 征的组合 Where: the group of accounts receivable with a credit risk portfolio identified by aging	616,343,886.79	76.43	79,404,528.93	12.88
其他组合 Other groups	156,230,518.24	19.37	-	
单项金额虽不重大但单项计提 坏账准备的其他应收款 Other accounts receivable that are not significant but for which a bad debt provision has been made on an individual basis	5,032,081.25	0.62	5,032,081.25	100.00
合 计 Total	806,438,806.00	100.00	113,268,929.90	14.05

(续上表) (Continued)

种 类 Category	期初余额 Beginning balance			
	账面余额 Carrying amount		账面余额 Carrying amount	
	金额 Amount	比例 (%) Percentage (%)	金额 Amount	比例 (%) Percentage (%)
单项金额重大并单项计提坏账准备的其他 应收款 Other accounts receivable that are significant and for which a bad debt provision has been made on an individual basis	28,832,319.72	4.05	28,832,319.72	100.00
按组合计提坏账准备的其他应收款 Other accounts receivable for which a bad debt provision has been made on a group-by-group basis	677,803,156.3 9	95.24	66,976,736.38	9.88
其中：以账龄作为信用风险特征的组合 Where: the group of accounts receivable with a credit risk portfolio characterized by aging	398,924,368.2 5	56.05	66,976,736.38	16.79
其他组合 Other groups	278,878,788.1 4	39.19	-	-
单项金额虽不重大但单项计提坏账准	5,032,081.25	0.71	5,032,081.25	100.00

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备的其他应收款 Other accounts receivable that are not significant but for which a bad debt provision has been made on an individual basis				
合计 Total	711,667,557.36	100.00	100,841,137.35	14.17

组合中, 采用账龄分析法计提坏账准备的其他应收款: Other receivables for which a bad debt provision has been made under the aging method on a group basis:

Age	期末余额 Ending balance			期初余额 Beginning balance		
	账面余额 Carrying amount		坏账准备 Bad debt provision	账面余额 Carrying amount		坏账准备 Bad debt provision
	金额 Amount	比例 (%) Percentage (%)		金额 Amount	比例 (%) Percentage (%)	
1 年以内 Within one year	344,721,197.85	55.93	-	244,638,924.71	61.32	-
1 至 2 年 1-2 years	191,963,611.37	31.15	19,246,361.14	62,523,009.57	15.67	6,252,300.96
2 至 3 年 2-3 years	12,344,872.16	2.00	2,468,974.44	22,625,441.47	5.67	4,525,088.29
3 至 4 年 3-4 years	19,230,252.46	3.12	9,615,126.23	21,102,468.71	5.29	10,551,234.36
4 至 5 年 4-5 years	49,429.16	0.01	39,543.33	11,932,055.08	2.99	9,545,644.06
5 年以上 More than 5 years	48,034,523.79	7.79	48,034,523.79	36,102,468.71	9.05	36,102,468.71
合计 Total	616,343,886.79	100.00	79,404,528.93	398,924,368.25	100.00	66,976,736.38

(2) 单项金额重大并单项计提坏账准备的其他应收款 Other receivables that are significant and for which a bad debt provision has been made on an individual basis

单位名称 Entities	账面余额 Carrying amount	坏账金额 Amount of bad debt	计提比例 As a percentage of accounts receivable	计提理由 Reason for making the provision
代垫改制费用 Restructuring costs incurred with an expectation of reimbursement	28,832,319.72	28,832,319.72	100.00%	预计无法收回 Expected not to be recovered

(4) 单项金额虽不重大但单项计提坏账准备的其他应收款 Other accounts receivable that are not

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significant but for which a bad debt provision has been made on an individual basis

单位名称 Entities	账面余额 Carrying amount	坏账金额 Amount of bad debt	计提比例 A percentage of accounts receivable	计提理由 Reason for making the provision
安徽省六本食品有限责任公司 Anhui Liuben Food Co., Ltd.	5,032,081.25	5,032,081.25	100.00%	预计无法收回 Expected not to be recovered

(5) 期末主要其他应收款余额情况 Ending balance of major other receivables

单位名称 Entities	与本公司关系 Relationship with the Company	金额 Amount	年限 Age	占其他应收款总额的比例 (%) As a percentage of total other receivables (%)
合肥市集体联社 Hefei Collective Industry Association	划转改制企业 Enterprise restrucuted from state-owned enterprises	49,122,057.52	1-2 年 1-2 years	6.09
东风化工总厂 Hefei Dongfeng General Chemical Plant	划转改制企业 Enterprise restrucuted from state-owned enterprises	36,230,929.72	5 年以上 More than 5 years	4.49
国风集团 Guofeng Group	划转改制企业 Enterprise restrucuted from state-owned enterprises	34,924,983.96	1-5 年内 Less than 5 years	4.33
合肥科技农村商业银行股份有限公司 Hefei Science & Technology Rural Commercial Bank	划转改制企业 Enterprise restrucuted from state-owned enterprises	28,832,319.72	5 年以上 More than 5 years	3.58
合肥市财政证券债权 Hefei Finance and Securities Company	划转改制企业 Enterprise restrucuted from state-owned enterprises	15,450,000.00	3-4 年 3-4 years	1.92
合计 Total		164,560,290.92		20.41

(5) 期末公司代为履行政府职能而垫付资金帮助国企改制, 不计提坏账准备单位如下

At the end of the period, the Company had provided funds on behalf of the government to companies for the purpose

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of restructuring, without providing provision of bad debt are as follows:

单位名称 Entities	金额 Amount	资金性质 Nature of funds
东方室内装饰公司 Dongfang Interior Decoration Company	2,133,373.00	垫付国企改制资金 Funds for the restructuring of state-owned enterprises advanced on behalf of the government
东风化工总厂 Hefei Dongfeng General Chemical Plant	36,230,929.72	垫付国企改制资金 Funds for the restructuring of state-owned enterprises advanced on behalf of the government
社区领导小组 Community Leadership Team	25,000.00	垫付国企改制资金 Funds for the restructuring of state-owned enterprises advanced on behalf of the government
东方家具厂 Dongfang Furniture Factory	4,432,509.23	垫付国企改制资金 Funds for the restructuring of state-owned enterprises advanced on behalf of the government
五户集体企业 Five collectively-owned enterprises	10,389,810.00	垫付国企改制资金 Funds for the restructuring of state-owned enterprises advanced on behalf of the government
合肥市集体联社 Hefei Collective Industry Association	49,122,057.52	垫付国企改制资金 Funds for the restructuring of state-owned enterprises advanced on behalf of the government
市泰普供水公司 Hefei Taipu Water Supply Engineering Co. Ltd.	11,000.00	垫付国企改制资金 Funds for the restructuring of state-owned enterprises advanced on behalf of the government
国风集团 Guofeng Group	34,924,983.96	垫付国企改制资金 Funds for the restructuring of state-owned enterprises advanced on behalf of the government
肥东纺织厂等 13 户 13 entities including Feidong Textile Mill	18,960,854.81	垫付国企改制资金 Funds for the restructuring of state-owned enterprises advanced on behalf of the government
合计 Total	156,230,518.24	

11. 存货 Inventory

(1) 存货分类 Inventory Classification

项目 Items	期末余额 Ending balance			期初余额 Beginning balance		
	账面余额 Carrying value balance	跌价准备 Provision for obsolete inventory	账面价值 Carrying value	账面余额 Carrying value balance	跌价准备 Provision for obsolete inventory	账面价值 Carrying value
库存商品 Finished	107,354.17	-	107,354.17	112,593.94	-	112,593.94

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goods						
开发产品 Product developed	-	-	-	59,435,911.34	11,469,921.75	47,965,989.59
开发成本 Development costs	-	-	-	309,915,661.82	-	309,915,661.82
周转材料 Consumable materials	386,074.58	-	386,074.58	355,937.12	-	355,937.12
合计 Total	493,428.75	-	493,428.75	369,820,104.22	11,469,921.75	358,350,182.47

(2) 存货跌价准备 Provision for obsolete inventory

Category	期初余额 Beginning balance	本期计提 Provision made for the current period	本期减少 Write-down in the current period		期末余额 Ending balance
			转回 Reversal	转销 Transferred	
车位 Parking spaces	11,469,921.75	-	-	11,469,921.75	-
合计 Total	11,469,921.75	-	-	11,469,921.75	-

注：上期车位系原子公司和县宏图开发产品，本期和县宏图整体转让，跌价准备相应转销。

Note: Parking spaces in the last corresponding period represent products developed by Hexian Hongtu Real Estate Development Co., Ltd., the then subsidiary of the Company. Following the transfer of ownership of Hexian Hongtu Real Estate Development Co., Ltd., during the current period, the provision for obsolete inventory was transferred out accordingly .

(3) 截至本会计期末，公司存货无用于抵押、担保或其他所有权受到限制的情况。At the end of the reporting period, the Company has no inventories that are mortgaged, guaranteed or in other circumstances which the ownership is restricted.

12. 一年内到期的非流动资产 Non-current assets due within one year

项目 Items	期末余额 Ending balance	期初余额 Beginning balance
1 年内到期的长期应收款 Long-term receivables due within one year	1,242,892,447.11	971,494,886.09
委托贷款 Entrusted loans	110,166,666.68	108,666,666.04
合计 Total	1,353,059,113.79	1,080,161,552.13

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一年内到期的非流动资产主要系按照融资租赁合同约定预计将于一年以内到期的长期应收款。

The non-current assets due within one year comprise mainly of long-term receivables that are expected to due within one year under finance lease contract.

13.其他流动资产 Other current assets

项目 Items	期末余额 Ending balance	期初余额 Beginning balance
委托贷款 Entrusted loans	787,524,300.00	232,000,000.00
理财产品 Financial products	821,036,071.57	567,900,000.00
待抵扣增值税 VAT to be deducted	64,365,049.83	-
短期租赁款 Short-term lease receivables	129,613,821.70	151,213,847.16
短期租赁款减值准备 Provision for impairment of short-term finance lease receivables	-23,976,314.54	-13,538,026.34
融资租赁收益款 Income from finance leases	49,263,090.96	-
合计 Total	1,827,826,019.52	937,575,820.82

(1) 其他流动资产期末余额较期初增长 94.95%，主要系委托贷款和购买银行理财产品增加所致。The ending balance of other current assets had increased for 94.95% compared to that of the beginning balance, which was mainly due to an increase in entrusted loans and financial products purchased.

(2) 短期租赁款系子公司兴泰租赁与客户签订租赁期限不超过一年的融资租赁合同而产生的应收融资租赁款。Short-term lease receivables are finance lease receivables arising from finance leases with a term of less than one year entered by Xingtai Lease, a subsidiary of the Company.

14.发放贷款和垫款 Loans and advances

项目 Items	期末余额 Ending balance			期初余额 Beginning balance		
	账面余额 Carrying amount	贷款损失准备 Provision for loan loss	账面价值 Book value	账面余额 Carrying amount	贷款损失准备 Provision for loan loss	账面价值 Book value
抵押贷款 Mortgage loans	105,602,000.00	4,845,000.00	100,757,000.00	58,990,000.00	-	58,990,000.00
质押贷款 Secured loans	216,800,000.00	15,725,000.00	201,075,000.00	221,900,000.00	10,784,000.00	211,116,000.00
一般贷款	988,340,979.00	68,929,695.38	919,411,283.62	401,123,000.00	21,057,400.00	380,065,600.00

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General loans						
合计 Total	1,310,742,979.00	89,499,695.38	1,221,243,283.62	682,013,000.00	31,841,400.00	650,171,600.00

(1) 抵押和质押贷款系公司下属子公司兴泰典当对外发放的财产抵押质押性质的贷款，一般贷款系公司下属子公司国控小贷、兴泰小贷和时雨小贷对外发放的小额担保贷款。The mortgage and secured loans were mortgage and secured loans issued by Xingtai Pawn, a subsidiary of the Company; the general loans were small secured loans issued by Guokong Small Loans, Xingtai Small Loan and Shiyu Small Loans, subsidiaries of the Company.

(2) 期末发放贷款和垫款余额较期初增长 92.19%，原因主要系本期公司新增合并子公司国控小贷的贷款增加所致。The ending balance of loans and advances had increased for 92.19% as compared to that of the beginning balance, which was mainly due to the increased loans issued by Guokong Small Loans, a newly consolidating subsidiary of the Company.

15.可供出售金融资产 Available-for-sale financial assets

(1) 可供出售金融资产类别 Available-for-sale financial assets

项 目 Items	期末余额 Ending balance	期初余额 Beginning balance
可供出售权益工具 Available-for-sale equity instruments	4,386,085,365.12	3,527,784,004.96
合计 Total	4,386,085,365.12	3,527,784,004.96

(2) 可供出售金融资产明细 Details of available-for-sale financial assets

被投资单位	期初余额	本期增加	本期减少	期末余额
合肥美菱股份有限公司	311,330,340.51	37,780,486.79		349,110,827.30
国元证券股份有限公司	588,126,407.16	2,958,297.72	191,053,123.56	400,031,581.32
合肥百货大楼股份有限公司	942,330,625.27	300,090,814.31	-	1,242,421,439.58
徽商银行股份有限公司	945,997,030.07	64,946,473.00	-	1,010,943,503.07
合肥火花创业投资有限公司	302,999.99	-	-	302,999.99
安徽省股权托管交易中心有限公司	10,000,000.00	-	-	10,000,000.00
合肥市大湖名城创新基金	100,000,000.00	30,000,000.00	-	130,000,000.00
国元农业保险有限公司	114,233,174.00	-	-	114,233,174.00
池州九华农商行	40,360,000.00	-	-	40,360,000.00
安徽省屹科保安装备器材供应有限公司	200,000.00	-	200,000.00	-

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国通管业股份有限公司	25,866,000.00	-	8,567,685.00	17,298,315.00
长江经济联合发展（集团）有限公司	4,900,000.00	-	-	4,900,000.00
合肥安利聚氨酯新材料有限公司	5,858,676.33	-	-	5,858,676.33
合肥天年美菱环保科技有限公司	2,468,684.94	-	-	2,468,684.94
合肥美菱太阳能科技有限公司	2,230,626.67	-	-	2,230,626.67
合肥美菱小家电有限公司	6,447,591.26	-	-	6,447,591.26
合肥美菱奥凯电器有限责任公司	8,571,728.33	-	-	8,571,728.33
合肥高新技术开发区管委会	200,000.00	-	-	200,000.00
合肥美菱车业有限公司	1,569,928.68	-	-	1,569,928.68
合肥恒通玻璃制品有限责任公司	11,382,041.73	-	-	11,382,041.73
安徽美菱家电进出口公司	137,087.53	-	137,087.53	-
安徽华星金属结构工程有限公司	7,037,297.56	-	-	7,037,297.56
合肥美菱荣丰包装制品有限公司	11,749,235.79	-	11,749,235.79	-
合肥美菱环保设备技术有限公司	300,000.00	-	-	300,000.00
合肥美联恒置业有限责任公司	1,200,000.00	-	-	1,200,000.00
合肥美菱橱柜电器有限责任公司	870,063.07	-	-	870,063.07
合肥汇邦高分子材料有限公司	1,075,278.56	-	-	1,075,278.56
上海联合融资担保有限公司	30,012,000.00	-	-	30,012,000.00
美菱环宇有限公司	3,173,554.84	-	-	3,173,554.84
合肥科技农村商业银行股份有限公司	238,175,632.67	16,281,670.22	-	254,457,302.89
安徽舒城农村商业银行股份有限公司	91,000,000.00	-	-	91,000,000.00
三亚丰乐实业有限公司	7,728,000.00	-	7,728,000.00	-
合肥信立德基金管理有限公司	300,000.00	-	-	300,000.00
合肥市城乡建设开发公司	12,250,000.00	-	-	12,250,000.00
合肥兴泰新型城镇化发展基金合伙企业（有限合伙）	-	5,000,000.00	-	5,000,000.00
合肥铭城建设发展有限公司	-	5,000,000.00	-	5,000,000.00
上海浦江租赁信息服务平台管理有限公司	400,000.00	-	-	400,000.00
合肥兴泰光电智能创业投资有限公司	-	41,600,000.00	-	41,600,000.00
阜阳保安服务有限公司	-	72,887,600.00	-	72,887,600.00
安徽恒牛置业有限公司	-	6,191,150.00	-	6,191,150.00
南方资本股权管理有限公司	-	495,000,000.00	-	495,000,000.00
合 计	3,527,784,004.96	1,077,736,492.04	219,435,131.88	4,386,085,365.12

Hefei Xingtai Financial Holding Group Co., Ltd.

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Investee	Beginning balance	Increase for the current period	Decrease for the current period	Ending balance
Hefei Meiling Co., Ltd.	311,330,340.51	37,780,486.79		349,110,827.30
Guoyuan Securities Company Limited	588,126,407.16	2,958,297.72	191,053,123.56	400,031,581.32
Hefei Department Store Group Co.,Ltd.	942,330,625.27	300,090,814.31	-	1,242,421,439.58
Huishang Bank Corporation Limited	945,997,030.07	64,946,473.00	-	1,010,943,503.07
Hefei Huohua Venture Capital Co., Ltd.	302,999.99	-	-	302,999.99
Anhui Equity Exchange Co., Ltd.	10,000,000.00	-	-	10,000,000.00
Hefei Dahu Mingcheng Innovation Fund	100,000,000.00	30,000,000.00	-	130,000,000.00
Guoyuan Agricultural Insurance Co., Ltd.	114,233,174.00	-	-	114,233,174.00
Chizhou Juhua Rural Commercial Bank	40,360,000.00	-	-	40,360,000.00
Anhui Yike Security Equipment Supply Co., Ltd.	200,000.00	-	200,000.00	-
Guotong Pipes Industry Co., Ltd.	25,866,000.00	-	8,567,685.00	17,298,315.00
Yangtze River Economic United Development (Group) Co., Ltd.	4,900,000.00	-	-	4,900,000.00
Hefei Anli Polyurethane New Material Co., Ltd.	5,858,676.33	-	-	5,858,676.33
Hefei Tiannian Meiling Environmental Protection Technology Co., Ltd.	2,468,684.94	-	-	2,468,684.94
Hefei Meiling Solar Energy Science and Technology Co., Ltd.	2,230,626.67	-	-	2,230,626.67
Hefei Meiling Small Appliance Co., Ltd.	6,447,591.26	-	-	6,447,591.26
Hefei Meiling Aokai Electrical Equipment Co., Ltd.	8,571,728.33	-	-	8,571,728.33
Hefei Hi-tech Development Zone Management Committee	200,000.00	-	-	200,000.00
Hefei Meiling Vehicle Industry Co., Ltd.	1,569,928.68	-	-	1,569,928.68
Hefei Hengtong Glass Product Co., Ltd.	11,382,041.73	-	-	11,382,041.73
Anhui Meiling Appliance Import and Export Co., Ltd.	137,087.53	-	137,087.53	-
Anhui Huaxing Metal Structural Steel Engineering Co., Ltd.	7,037,297.56	-	-	7,037,297.56
Hefei Meiling Rongfeng Packaging Product Co., Ltd.	11,749,235.79	-	11,749,235.79	-

Hefei Xingtai Financial Holding Group Co., Ltd.

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Hefei Meiling Environmental Equipment Technology Co., Ltd.	300,000.00	-	-	300,000.00
Hefei Meilianheng Property Co., Ltd.	1,200,000.00	-	-	1,200,000.00
Hefei Meiling Cupboard and Electrical Appliance Co., Ltd.	870,063.07	-	-	870,063.07
Hefei Huibang High Polymer Material Co., Ltd.	1,075,278.56	-	-	1,075,278.56
Shanghai Union Financing Guarantee Co., Ltd.	30,012,000.00	-	-	30,012,000.00
Meiling Huangyu Co., Ltd.	3,173,554.84	-	-	3,173,554.84
Hefei Science & Technology Rural Commercial Bank Co., Ltd.	238,175,632.67	16,281,670.22	-	254,457,302.89
Anhui Shucheng Rural Commercial Bank Co., Ltd.	91,000,000.00	-	-	91,000,000.00
Sanya Fengle Industrial Co., Ltd.	7,728,000.00	-	7,728,000.00	-
Hefei Xinlide Fund Management Co., Ltd.	300,000.00	-	-	300,000.00
Hefei Urban and Rural Construction & Development Co., Ltd.	12,250,000.00	-	-	12,250,000.00
Hefei Xingtai New-type Urbanization Development Fund Partnership (Limited Partnership)		5,000,000.00		5,000,000.00
Hefei Mingcheng Construction Development Co., Ltd.	-	5,000,000.00		5,000,000.00
Shanghai Pujiang Leasing Information Service Platform Management Co., Ltd.	400,000.00	-	-	400,000.00
Hefei Xingtai Guangdian Intelligent Venture Capital Investment Co., Ltd.	-	41,600,000.00	-	41,600,000.00
Fuyang Security Service Co., Ltd.	-	72,887,600.00	-	72,887,600.00
Anhui Hengniu Property Co., Ltd.	-	6,191,150.00	-	6,191,150.00
Southern Capital & Equity Management Co., Ltd.	-	495,000,000.00	-	495,000,000.00
Total	3,527,784,004.96	1,077,736,492.04	219,435,131.88	4,386,085,365.12

注：截至本会计期末，公司以所持有的徽商银行股份有限公司的非境外上市法人股壹亿股的股权权利及其所产生的收益权利做质押，向厦门国际银行直属分行取得贷款资金，期限 2014 年 3 月 24 日至 2016 年 3 月 17 日，贷款金额 21,690.00 万元。

Note: By the end of the reporting period, the Company has pledged the 100 million non-overseas listed legal person shares it held in Huishang Bank Corporation Limited and the earnings arising therefrom as collateral to a loan obtained from a branch directly affiliated to Xiamen International Bank. The term of the loan commenced on 24 March 2014 and ending on 17 March 2016; the amount of the loan was RMB216.9 million.

16. 长期应收款 Long-term receivables

项目 Items	期末余额 Ending balance	期初余额 Beginning balance
融资租赁款 Finance lease receivables	3,818,076,361.73	2,244,835,140.04
未实现融资收益 Unrealized financing income	-594,036,972.51	-398,496,780.24
在租资产减值准备 Provision for depreciation on assets rented out	-205,572,892.74	-118,267,646.19
暂估增值税 Estimated VAT	-43,756,440.52	-57,785,302.96
合计 Total	2,974,710,055.96	1,670,285,410.65

17. 长期股权投资 Long-term equity investments

(1) 账面价值 Carrying value

被投资单位 Investee	期末余额 Ending balance			期初余额 Beginning balance		
	账面成本 Cost	减值准备 Provision for impairment	账面价值 Carrying value	账面成本 Cost	减值准备 Provision for impairment	账面价值 Carrying value
对子公司的投资 Investments in subsidiaries	-	-	-	-	-	-
对联营公司投资 Investment in associated companies	2,425,555,650.93	-	2,425,555,650.93	2,040,124,400.59	-	2,040,124,400.59
对其他公司投资 Investment in other companies	-	-	-	-	-	-
合计 Total	2,425,555,650.93	-	2,425,555,650.93	2,040,124,400.59	-	2,040,124,400.59

(2) 长期股权投资明细情况 Details of long-term equity investments

被投资单位 Investee	核算方法	期初余额 Beginning balance	本期增加 Increase during	本期减少 Decrease	期末余额 Ending balance
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Hefei Xingtai Financial Holding Group Co., Ltd.

Notes to the Financial Statements

	Method of recognition		the current period	during the current period	
建信信托股份有限公司 CCB Trust Co., Ltd.	权益法 Equity method	1,979,087,359.70	321,325,498.82	-	2,300,412,858.52
华富基金管理有限公司 Harfor Fund Management Co., Ltd.	权益法 Equity method	36,163,219.38	57,477,703.70	-	93,640,923.08
安徽火花科技创业投资有限公司 Anhui Spark Technology Venture Investment Co., Ltd.	权益法 Equity method	24,873,821.51	-241,912.18	-	24,631,909.33
赛富兴合投资基金有限合伙企业 SAIF XINGHE Investment Fund L.P.	权益法 Equity method	-	6,869,960.00	-	6,869,960.00
合计 Total		2,040,124,400.59	385,431,250.34	-	2,425,555,650.93

(续上表) (Continued)

被投资单位 Investee	在被投资单位持股比例 (%) Proportion of the investee's shares held by the Company (%)	在被投资单位表决权比例 (%) Proportion of the investee's voting shares held by the Company (%)	在被投资单位持股比例与表决权比例不一致的说明 Difference between the proportion of the investee's shares held by the Company and the proportion of the investee's voting shares held by the Company	减值准备 Provision for impairment	本期计提减值准备 Provision for impairment made for the current period	现金红利 Cash dividends
建信信托股份有限公司 CCB Trust Co., Ltd	27.50	27.50	-	-	-	-
华富基金管理有限公司 Harfor Fund Management Co., Ltd.	24.00	24.00	-	-	-	-
安徽火花科技创业投资有限公司 Anhui Spark Technology Venture Investment Co., Ltd.	25.00	25.00	-	-	-	-
赛富兴合投资基金有限合伙企业 SAIF XINGHE	32.00	32.00	-	-	-	-

Investment Fund L.P.						
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18.投资性房地产 Investment properties

项目 Items	期初余额 Beginning balance	本期增加 Increase during the current period	本期减少 Decrease during the current period	期末余额 Ending balance
一、账面原值合计: 1. Total original carrying value:	240,236,211.80	156,236,646.11	-	396,472,857.91
房屋建筑物 Buildings and structures	240,236,211.80	156,236,646.11	-	396,472,857.91
二、累计折旧合计: 2. Accumulated depreciation:	65,480,256.05	41,306,273.42	-	106,786,529.47
房屋建筑物 Buildings and structures	65,480,256.05	41,306,273.42	-	106,786,529.47
三、固定资产账面净值合计 3. Total net carrying value of fixed assets	174,755,955.75	-	-	289,686,328.44
房屋建筑物 Buildings and structures	174,755,955.75	-	-	289,686,328.44
四、减值准备合计 4. Total provision for impairment	-	-	-	-
房屋建筑物 Buildings and structures	-	-	-	-
五、固定资产账面价值合计 5. Total carrying value of fixed assets	174,755,955.75	-	-	289,686,328.44
房屋建筑物 Buildings and structures	174,755,955.75	-	-	289,686,328.44

(1) 投资性房地产原值期末较期初增长 65.03%，主要系本期新并入子公司国控担保所持有的投资性房地产所致。

(1) The ending balance of the original carrying value of investment properties had increased for 65.03% as compared to that of the beginning balance, which was mainly due to the inclusion of investment properties held by Guokong Guarantee, a newly consolidating subsidiary of the Company.

(2) 本期公司投资性房地产累计折旧增加 41,306,273.42 元，其中当期计提金额为 4,753,349.43 元，子公司国控担保和国控小贷、孙公司徽恒物业并入前投资性房地产已计提累计折旧金额 36,552,923.99 元。

(2) The accumulated depreciation on investment properties increased by RMB41,306,273.42 in the current

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period, for which a provision of RMB4,753,349.43 represented charge for the current period in addition of RMB36,552,923.99 provision for depreciation brought forward in the amount of Guokong Guarantee and Guokong Small Loans and sub-subsidiary Huiheng property, newly consolidating subsidiaries of the Company.

(3) 截至本会计期末, 公司子公司兴泰股权的投资性房地产期末余额中账面原值 197,413,186.29 元, 净值 138,902,914.77 元的百盛逍遥广场房屋建筑物已经作为抵押物和房屋出租产生的应收租赁款债权作为质押物向工商银行安徽省分行取得贷款资金 47,000.00 万元, 扣除已归还 2,937.50 万元, 结存贷款资金余额 44,062.50 万元。

(3) At the end of the reporting period, the investment properties Parkson Xiaoyao Plaza held by Xingtai equity, a subsidiary of the Company, with an original carrying value amounted to RMB197, 413, 186.29 and a net carrying value amounted to RMB138,902,914.77 have been pledged to Industrial and Commercial Bank of China as collateral for a loan of RMB470 million. The loan balance, net of repayment of RMB29.375 million which has been repaid, is RMRB440.625 million at the end of the reporting period.

19. 固定资产 Fixed assets

项目 Items	期 初 余 额 Beginning balance	本期增加 Increase during the current period	本 期 减 少 Decrease during the current period	期末余额 Ending balance
一、账面原值合计: 1. Total original carrying value:	257,083,735.22	79,494,451.22	48,850,215.36	287,727,971.08
房屋建筑物 Buildings and structures	162,560,011.37	42,398,004.33	20,735,188.63	184,222,827.07
机械设备 Equipment	8,259,593.66	636,995.27	-	8,896,588.93
运输设备 Transportation equipment	68,503,683.87	29,652,179.37	24,101,737.13	74,054,126.11
电子 和其他 设备 Electronic and other equipment	17,760,446.32	6,807,272.25	4,013,289.60	20,554,428.97
二、累计折旧合计: 2. Accumulated depreciation:	72,765,336.07	24,721,385.19	33,707,045.88	63,779,675.38
房屋建筑物 Buildings and structures	21,112,660.03	10,476,893.97	8,869,638.25	22,719,915.75
机械设备 Equipment	3,935,764.05	65,557.41	-	4,001,321.46
运输设备 Transportation Equipment	39,723,483.67	10,150,377.88	23,243,384.83	26,630,476.72
电子 和其他 设备 Electronic and other equipment	7,993,428.32	4,028,555.93	1,594,022.80	10,427,961.45
三、固定资产账面净值合计 3. Total net carrying value of fixed assets	184,318,399.15	-	-	223,948,295.70

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房屋建筑物 Buildings and structures	141,447,351.34	-	-	161,502,911.32
机械设备 Machinery and equipment	4,323,829.61	-	-	4,895,267.47
运输设备 Transportation equipment	28,780,200.20	-	-	47,423,649.39
电子 和其他 设备 Electronic and other equipment	9,767,018.00	-	-	10,126,467.52
四、减值准备合计 4. Total provision for impairment	3,645,877.19	-	85,000.00	3,560,877.19
房屋建筑物 Buildings and structures	-	-	-	-
机械设备 Equipment	3,466,971.31	-	-	3,466,971.31
运输设备 Transportation equipment	178,905.88	-	85,000.00	93,905.88
电子 和其他 设备 Electronic and other equipment				
五、固定资产账面价值合计 5. Total carrying value of fixed assets	180,672,521.96			220,387,418.51
房屋建筑物 Buildings and structures	141,447,351.34			161,502,911.32
机械设备 Equipment	856,858.30			1,428,296.16
运输设备 Transportation equipment	28,601,294.32			47,329,743.51
电子 和其他 设备 Electronic and other equipment	9,767,018.00			10,126,467.52

注：本期公司固定资产折旧增加 24,721,385.19 元，其中当期计提金额为 15,037,764.85 元，子公司国控担保、国控小贷、公司徽恒物业划拨转入前固定资产已提累计折旧金额 9,683,620.34 元。

Note: The depreciation on fixed assets had increased by RMB24,721,385.19 in the current period, for which a provision of RMB15,037,764.85 represented charge for the current period in addition of RMB9,683,620.34 provision for depreciation brought forward in the accounts of Guokong Guarantee and Guokong Small Loans and Huiheng Property, newly consolidating subsidiaries of the Company.

20.在建工程 Construction in progress

(1) 在建工程情况 Construction in progress

项目 Items	期末余额 Ending balance			期初余额 Beginning balance		
	账面余额 Cost	减值准备 Provision for impairment	账面价值 Carrying value	账面余额 Cost	减值准备 Provision for impairment	账面价值 Carrying value
房屋装修 Renovation work	90,115,681.22	-	90,115,681.22	88,395,672.02	-	66,890,739.17

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其他零星工程 Other miscellaneous works	760,657.00	-	760,657.00	66,521.00	-	66,521.00
合计 Total	90,876,338.22	-	90,876,338.22	88,462,193.02	-	88,462,193.02

(2) 期末在建工程-房屋装修系子公司金海安名下房产—海南汇通酒店因经营需要进行整体装修，转入在建工程核算所致，本期仍在施工过程中。The construction renovation work at the end of the reporting period represents the overall renovation of Hainan Huitong Hotel, a property held by Jin Hai'an, a subsidiary of the Company, for operational purpose and remained under construction during the current period.

(3) 期末在建工程无减值迹象，故未计提减值准备。No indicator of impairment exists for construction in progress at the end of the reporting period, therefore no provision for impairment has been made.

(4) 期末在建工程无用于抵押、担保或其他所有权受到限制的情况。The construction work in progress is not mortgaged, guaranteed or in other circumstances which the ownership is restricted.

20. 无形资产 Intangible assets

项目 Items	期 初 余 额 Beginning balance	本期增加 Increase during the current period	本 期 减 少 Decrease during the current period	期 末 余 额 Ending balance
一、账面原值合计 1. Total original carrying value	27,074,005.61	2,542,785.51	13,412,354.61	16,204,436.51
土地使用权 Land use rights	26,459,743.29	-	13,412,354.61	13,047,388.68
软件 Software	614,262.32	2,542,785.51	-	3,157,047.83
二、累计摊销合计 2. Accumulated amortization	1,771,333.96	828,512.21	1,172,222.00	1,427,624.17
土地使用权 Land use rights	1,508,981.31	481,092.64	1,172,222.00	817,851.95
软件 software	262,352.65	347,419.57	-	609,772.22
三、无形资产账面净值合计 3. Total net carrying value of intangible assets	25,302,671.65	-	-	14,776,812.34
土地使用权 Land use rights	24,950,761.98	-	-	12,229,536.73
软件 Software	351,909.67	-	-	2,547,275.61
四、减值准备合计 4. Total provision for impairment	-	-	-	-
土地使用权 Land use rights	-	-	-	-
软件 Software	-	-	-	-
五、无形资产账面价值合计 5. Total	25,302,671.65			14,776,812.34

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carrying value of intangible assets			
土地使用权 Land use rights	24,950,761.98		12,229,536.73
软件 software	351,909.67		2,547,275.61

(1) 本期无形资产摊销金额为 828,512.21 元。The amount of amortization of intangible assets recognized in the current period was RMB828 512.21.

(2) 本期无形资产减少主要系子公司兴美资产房屋建筑物用于对外出租，房屋建筑物对应的土地使用权转入投资性房地产所致。The decrease in intangible assets in the current period was mainly due to the transfer of the land use rights corresponding to the buildings and structures of Xingmei Asset, a subsidiary of the Company, to investment property as a result of the leasing of the buildings and structures.

22. 长期待摊费用 Long-term prepaid expenses

项目 Items	期末余额 Ending balance	期初余额 Beginning balance
装修费 Renovation costs	8,339,467.93	2,878,278.00
其他 Other	2,968,988.91	-
合计 Total	11,308,456.84	2,878,278.00

注：长期待摊费用期末余额主要系子公司保安集团的办公楼装修费及基地建设支出。Note: The ending balance of long-term prepaid expenses comprised mainly the renovation costs of office buildings and base construction expenditure of Security Group, a subsidiary of the Company.

23. 递延所得税资产 Deferred tax assets

类别 Category	期末余额 Ending balance	
	递延所得税资产 Deferred tax assets	可抵扣暂时性差异 Deductible temporary differences
坏账准备影响 Effect of the provision for bad debts	25,199,847.91	100,799,391.64
短期租赁减值准备影响 Effect of the provision for impairment of short-term lease receivables	5,994,078.64	23,976,314.54
贷款及委托贷款损失准备影响 Effect of the provision for losses on loans and entrusted loans	23,295,476.49	93,181,905.96
长期应收款减值准备影响 Effect of the provision for impairment on long-term receivables	51,393,223.19	205,572,892.76
其他影响 Other effects	543,054.73	2,172,218.92

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合计 Total	106,425,680.96	425,702,723.82
续上表：Continued:		
类别 Category	期初余额 Beginning balance	
	递延所得税资产 Deferred tax assets	可抵扣暂时性差异 Deductible temporary differences
坏账准备影响 Effect of the provision for bad debts	16,517,616.95	66,070,467.81
短期租赁减值准备影响 Effect of the provision for impairment of short-term lease receivables	3,384,506.59	13,538,026.34
贷款及委托贷款损失准备影响 Effect of the provision for losses on loans and entrusted loans	9,477,644.53	37,910,578.10
存货减值准备影响 Effect of the provision for inventory impairment	2,867,480.44	11,469,921.75
长期应收款减值准备影响 Effect of the provision for impairment of long-term receivables	29,566,911.55	118,267,646.19
其他影响 Other effects	3,704,606.02	14,818,424.08
合计 Total	65,518,766.08	262,075,064.27

递延所得税资产期末余额较期初余额增长 62.44%，主要系坏账准备和长期应收款减值准备的期末余额增加所致。The ending balance of deferred tax assets had increased for 62.44% as compared to that of the beginning balance, which was mainly due to the increase of provision for bad debts and provision of long-term receivables at the end of the reporting period.

24. 其他非流动资产 Other non-current assets

Items	期末余额 Ending balance	期初余额 Beginning balance
委托贷款 Entrusted loans	20,358,440.69	136,658,448.33
委托贷款减值 Impairment of entrusted loans	-7,690,865.54	-6,069,178.10
理财产品 Financial products	-	3,000,000.00
在拆迁房屋建筑物 Demolition of properties	1,162,474.73	1,162,474.73
持有待售房屋建筑物 Properties held for sale	24,505,479.56	31,589,658.32
抵债资产 Foreclosed assets	36,631,409.65	-
合计 Total	74,966,939.09	166,341,403.28

Hefei Xingtai Financial Holding Group Co., Ltd.

Notes to the Financial Statements

(1) 委托贷款系公司下属子公司兴泰租赁委托银行对外发放的期限在 1 年以上的贷款。The entrusted loans are loans with a maturity longer than one year entrusted to banks by Xingtai Leasing, a subsidiary of the Company.

(2) 持有待售房屋建筑物系公司子公司兴泰股权持有的自行开发的香樟雅苑未销售尾盘房产, 本期销售 7,084,178.76 元。The properties held for sale represent the remaining unsold units at the self-developed Xiangzhang Yayuan held by Xingtai Equity, a subsidiary of the Company. Sales in the current period was RMB7,084,178.76.

(3) 抵债资产系公司子公司合肥担保等在履行担保代偿义务后从客户处获取的抵偿债务的房产等。The foreclosed assets are properties, etc. the Company's subsidiaries including Hefei Guarantee have taken from clients to cover the debt after fulfilling their obligation to make repayments on behalf of guaranteed parties.

(4) 其他非流动资产期末余额较期初余额下降 54.93%, 主要系委托贷款减少所致。The ending balance of other non-current asset had increased for 54.93% as compared to that of the beginning balance, which was mainly due to the decrease of entrusted loans.

25. 短期借款 Short-term borrowings

(1) 短期借款余额 Balance of short-term borrowings

项目 Items	期末余额 Ending balance	期初余额 Beginning balance
保证借款 Guaranteed loans	1,435,000,000.00	1,220,000,000.00
质押借款 Pledge loans	-	175,000,000.00
信托借款 Trust Loans	-	55,000,000.00
合计 Total	1,435,000,000.00	1,450,000,000.00

(2) 期末短期借款明细情况 Details of short-term borrowings at the end of the period

借款银行 Bank	金额 Amount	借款日期 Borrowing date	还款日期 Repayment date	币种 Currency	年利率 Interest Rate	借款方式 Borrowing method
徽商银行合肥长江路支行 Huishang Bank Hefei Changjiang Road Sub-branch	200,000,000.00	2015/1/ 28	2016/1/27	Renminbi	6.70%	保证借款 Guaranteed loans
徽商银行合肥长江路支行	200,000,000.00	2015/6/	2016/6/29	Renminbi	4.85%	保证借款

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Huishang Bank Hefei Changjiang Road Sub-branch		30				Guaranteed loans
光大银行合肥分行 China Everbright Bank Hefei Branch	100,000,000.00	2015/4/16	2016/4/14	Renminbi	5.89%	保证借款 Guaranteed loans
杭州银行合肥分行 Bank of Hangzhou Hefei Branch	100,000,000.00	2015/5/15	2016/4/27	Renminbi	5.10%	保证借款 Guaranteed loans
浦发银行合肥分行 SPD Bank Hefei Branch	200,000,000.00	2015/9/10	2016/9/10	Renminbi	4.60%	保证借款 Guaranteed loans
工商银行合肥汇通支行 ICBC Hefei Huitong Sub-branch	200,000,000.00	2015/9/29	2016/9/27	Renminbi	4.60%	保证借款 Guaranteed loans
工商银行汇通支行 ICBC Huitong Sub-branch	50,000,000.00	2015/7/31	2016/7/31	Renminbi	4.85%	保证借款 Guaranteed loans
合肥科技农村商业银行滨湖支行 Hefei Science & Technology Rural Commercial Bank Binhu Sub-branch	40,000,000.00	2015/3/13	2016/3/13	Renminbi	5.89%	保证借款 Guaranteed loans
建设银行濉溪支行 China Construction Bank Suixi Sub-branch	35,000,000.00	2015/6/29	2016/6/28	Renminbi	4.85%	保证借款 Guaranteed loans
工商银行合肥汇通支行 ICBC Hefei Huitong Sub-branch	100,000,000.00	2015/12/29	2016/12/28	Renminbi	4.35%	保证借款 Guaranteed loans
中信银行合肥分行 Citic Bank Hefei Branch	20,000,000.00	2015/12/10	2016/12/10	Renminbi	4.35%	保证借款 Guaranteed loans
中信银行合肥分行 Citic Bank Hefei Branch	30,000,000.00	2015/11/3	2016/11/3	Renminbi	4.35%	保证借款 Guaranteed loans
合肥科农行商业银行营业部 Business Department of Hefei Science & Technology Rural Commercial Bank	40,000,000.00	2015/8/24	2016/8/23	Renminbi	4.85%	保证借款 Guaranteed loans
合肥科农行商业银行营业部 Business Department of Hefei Science & Technology Rural Commercial Bank	120,000,000.00	2015/8/3	2016/8/2	Renminbi	4.85%	保证借款 Guaranteed loans
合 计 Total	1,435,000,000.00					

(3) 保证借款系合肥市工业投资控股有限公司为本公司提供担保分别向徽商银行合肥长江路支行取得贷款资金 40,000.00 万元，向光大银行合肥分行取得贷款资金 10,000.00 万元，向杭州银行取得贷款

Hefei Xingtai Financial Holding Group Co., Ltd.Notes to the Financial Statements

资金 10,000.00 万元, 向浦发银行合肥分行取得贷款资金 20,000.00 万元; 合肥市国有资产控股有限公司为本公司提供担保向工商银行合肥汇通支行取得贷款资金 20,000.00 万元; 本公司为下属子公司保安集团提供担保向工商银行汇通支行取得贷款资金 5,000.00 万元; 本公司为下属子公司兴泰租赁提供担保分别向合肥科技农村商业银行滨湖支行取得贷款资金 4,000.00 万元, 向建设银行濉溪支行取得贷款资金 3,500.00 万元, 向工商银行合肥汇通支行取得贷款资金 10,000.00 万元; 本公司为下属子公司兴泰资产提供担保分别向中信银行合肥分行取得贷款资金 5,000.00 万元, 向合肥科技农村商业银行营业部取得贷款资金 16,000.00 万元。The secured borrowings represent bank loans obtained which were guaranteed by the Company are from: Huishang Bank Hefei Branch Changjiang Road Sub-branch- RMB400 million, China Everbright Bank Hefei Branch- RMB100 million, Bank of Hangzhou- RMB100 million, Shanghai Pudong Development Bank Hefei Bank- RMB200 million, and bank loans of RMB200 million obtained from Shanghai Pudong Development Bank Hefei Branch which were guaranteed by Hefei Industrial Investment Holdings Co., Ltd. Bank loans obtained by Guarantee Group, a subsidiary of the Company, for RMB500 million from Industrial and Commercial Bank of China Huitong Sub-branch, guaranteed by the Company. Bank loans obtained by Xingtai Lease, a subsidiary of the Company, for RMB40 million from Hefei Science & Technology Rural Commercial Bank Binhu Sub-branch, RMB35 million from China Construction Bank Suixi Sub-branch and RMB100 million from Industrial and Commercial Bank of China Hefei Branch Huitong Sub-branch, all guaranteed by the Company. Bank loans obtained by Xingtai Asset, a subsidiary of the Company, for RMB50 million from CITIC Bank Hefei Branch and RMB160 million yuan from the Business Department of Hefei Science & Technology Rural Commercial Bank, both guaranteed by the Company.

26. 应付账款 Accounts payable

(1) 应付账款账面余额: Carrying amount of accounts payable:

项目 Items	期末余额 Ending balance	期初余额 Beginning balance
1 年以内 Within one year	7,903,337.72	13,158,315.59
1 至 2 年 1-2 years	237,306.42	674,082.09
2 至 3 年 2-3 years	22,108.09	24,608.00
3 年以上 More than 3 years	1,057,960.09	1,220,371.52
合计 Total	9,220,712.32	15,077,377.20

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(2) 账龄超过 3 年的应付账款主要是子公司兴美资产无偿接收划拨而来的对合肥美菱包装制品有限责任公司的改制债务所致。The accounts payable which were pass due more than 3 years arose mainly from subsidiary Xingmei Asset assuming the debts of Hefei Meiling Packing Products Co., Ltd. as a result of a restructuring in which the assets of Hefei Meiling Packing Products Co., Ltd. were transferred to Xingmei Asset at no consideration.

(3) 应付账款期末余额较期初下降 38.84%，系本期孙公司产业基金下属原子公司和县宏图转让，应付账款等债务随之转让，导致本期末应付账款余额较期初余额减少。The ending balance of accounts payable is 38.84% less than the beginning balance which was due to the transfer of the accounts payable and other liabilities of He County Hongtu, a subsidiary of sub-subsidiary Industry Fund, that came with the transfer of the He County Hongtu.

27.预收款项 Advances from customers

(1) 预收账款账面余额: Carrying amount of advances from customers:

项目 Items	期末余额 Ending balance	期初余额 Beginning balance
1 年以内 Within one year	219,672,572.92	141,868,161.91
1 至 2 年 1-2 years	166,252.00	5,780,392.30
2 至 3 年 2-3 years	-	522,180.64
3 年以上 More than 3 years	3,093,870.48	3,095,870.48
合计 Total	222,932,695.40	151,266,605.33

(2) 账龄超过 3 年的大额预收账款主要系公司下属子公司兴泰资产无偿接收划拨而来的对合肥美菱环宇塑胶有限责任公司的改制债务所致。The large advances from customers which were aged more than 3 years arose mainly from the Company's subsidiary Xingmei Asset assuming the debts of Hefei Meiling Huanyu Plastic Co., Ltd. as a result of a restructuring in which the assets of Hefei Meiling Huanyu Plastic Co., Ltd. were transferred to Xingmei Asset at no consideration.

(3) 预收账款期末余额较期初增长 47.38%，主要系子公司兴泰股权预收百盛逍遥广场租赁款所致。The ending balance of advances from customers is 47.38% more than the beginning balance, mainly due to subsidiary Xingtai Equity received rental payment in advance for Parkson Xiaoyao Plaza.

28.应付职工薪酬 Payroll payable

(1) 应付职工薪酬列示 Payroll payable

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Notes to the Financial Statements

项目 Items	期初余额 Beginning balance	本期增加 Increase during the current period	本期减少 Decrease during the current period	期末余额 Ending balance
一、短期薪酬 1. Short-term compensation	10,619,140.47	176,926,378.27	172,974,736.65	14,570,782.09
二、离职后福利-设定提存计划 2. Post-employment benefits-defined contribution plans	57,544.45	18,723,787.07	18,754,556.02	26,775.50
三、辞退福利 2. Termination benefits	-	-	-	-
四、一年内到期的其他福利 4. Other benefits due within one year	-	-	-	-
合计 Total	10,676,684.92	195,650,165.34	191,729,292.67	14,597,557.59

(2) 短期薪酬列示 Short-term remuneration

项目 Items	期初余额 Beginning balance	本期增加 Increase during the current period	本期减少 Decrease during the current period	期末余额 Ending balance
一、工资、奖金、津贴和补贴 1. Wages, bonuses, allowances and subsidies	8,489,111.90	149,922,755.42	145,308,382.10	13,103,485.22
二、职工福利费 2. Employee benefits	4,000.00	14,803,183.82	14,644,466.30	162,717.52
三、社会保险费 3. Social insurance	26,448.13	3,815,560.59	3,830,405.92	11,602.80
其中：医疗保险费 Of which: medical insurance	23,765.11	3,292,793.66	3,306,799.77	9,759.00
工伤保险费 Work-related injury insurance	1,031.93	196,304.92	196,810.05	526.80
生育保险费 Maternity insurance	1,651.09	326,462.01	326,796.10	1,317.00
四、住房公积金 4. Housing provident fund	324.87	6,050,193.60	6,050,518.47	-
五、工会经费及职工教育经费 5. Trade union funds and funds for the education and training of employees	1,059,321.25	2,069,150.26	1,835,494.96	1,292,976.55
六、其他 Other	1,039,934.32	265,534.58	1,305,468.90	-
合计 Total	10,619,140.47	176,926,378.27	172,974,736.65	14,570,782.09

(3) 设定提存计划列示 Defined contribution plans

项目 Items	期初余额 Beginning balance	本期增加 Increase during the current period	本期减少 Decrease during the current period	期末余额 Ending balance
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Notes to the Financial Statements

1. 养老保险 1. Endowment insurance	52,904.67	18,186,592.32	18,214,696.99	24,800.00
2. 失业保险 2. Unemployment insurance	4,639.78	537,194.75	539,859.03	1,975.50
合计 Total	57,544.45	18,723,787.07	18,754,556.02	26,775.50

29. 应交税费 Taxes and dues payable

项目 Items	期末余额 Ending balance	期初余额 Beginning balance
增值税 VAT	1,829,350.68	-23,216,056.47
营业税 Business tax	12,232,320.20	8,035,587.84
企业所得税 Enterprise income tax	134,355,395.89	94,822,700.56
城市维护建设税 City maintenance and construction tax	978,713.90	524,434.80
教育费附加 Education surcharge	683,230.36	354,052.21
土地使用税 Land use tax	248,616.59	335,674.04
房产税 Property tax	2,627,198.71	140,818.42
土地增值税 Land appreciation tax	5,250.00	10,732,245.58
其他 Other	297,548.76	118,508.66
合计 Total	153,257,625.09	91,847,965.64

30. 应付利息 Interest payable

项目 Items	期末余额 Ending balance	期初余额 Beginning balance
短期借款应付利息 Interest payable on short-term borrowings	3,157,920.82	1,921,794.44
长期借款应付利息 Interest payable on long-term borrowings	9,184,162.90	4,942,839.16
应付债券利息 Bond interest payable	37,911,122.27	-
其他 Other	2,807,268.81	5,078,438.65
合计 Total	53,060,474.80	11,943,072.25

注：应付利息期末余额较期初增长 344.28%，主要系本期新发行债券计提相应利息费用所致。Note: The ending balance of interest payable had increased by 344.28% as compared to that of the beginning balance since interest on newly issued bonds was accrued during the current period.

31. 应付股利 Dividends payable

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单位 Entities	期末余额 Ending balance	期初余额 Beginning balance
深圳市振业（集团）股份公司 Shenzhen Zhenye (Group) Co., Ltd.	-	800.00
内部职工股 Employee-owned shares	-	26,240.00
合计 Total	-	27,040.00

32.其他应付款 Other payables

(1) 账面余额 Carrying amount

项目 Items	期末余额 Ending balance	期初余额 Beginning balance
1 年以内 Within one year	3,021,350,379.74	1,025,851,702.76
1 至 2 年 1-2 years	655,070,300.01	48,753,529.45
2 至 3 年 2-3 years	12,807,451.43	6,761,889.51
3 年以上 More than 3 years	97,245,731.90	214,519,239.32
合计 Total	3,786,473,863.08	1,295,886,361.04

(2) 期末其他应付款余额主要明细：Major items included in the ending balance of other payables:

单位名称 Entities	金额 Amount	Age	性质 Nature
合肥市财政局 Hefei Municipal Bureau of Finance	1,555,688,739.97	1 年以内、3 年以上 Less than one year, more than 3 years	政府引导基金等 Government guide funds, etc.
合肥市住房公积金管理中心 Hefei Housing Fund Management Center	1,412,221,526.14	1 年以内、1-2 年 Within one year, 1-2 years	公积金业务保证金等 Deposits for housing provident fund loans, etc.
合肥宏图房地产开发公司工会委员会 Trade union committee of Hefei Hongtu Real Estate Development Co., Ltd.	13,406,250.00	3 年以上 More than 3 years	往来款 Receivables and payables
兴泰财富平台 Xingtai Wealth Platform	10,000,000.00	1 年以内 Within one year	往来款 Receivables and payables
兴业信用社（市商行鼓楼支行）Xingye Credit Cooperatives (Hefei Science & Technology Rural Commercial Bank Gulou Branch)	9,997,560.00	3 年以上 More than 3 years	往来款 Receivables and payables
合计 Total	3,001,314,076.11		

33.担保合同准备金 Provision for guarantee contracts

项目 Items	期末余额 Ending balance	期初余额 Beginning balance
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担保赔偿准备金 Guaranteed compensation reserve	219,545,389.25	102,378,776.13
未到期责任准备金 Unearned premium reserve	77,170,527.23	38,133,850.09
合计 Total	296,715,916.48	140,512,626.22

(1) 担保合同准备金期末余额较期初增长 111.17%，主要系期末在担保项目余额和担保收入大幅增长所致。The ending balance of the provision for guarantee contracts had increased by 111.17% as compared to that of the beginning balance as there was a substantial increase in the balance of guarantees and income from guarantees at the end of the period.

(2) 截至本会计期末，公司融资性在担保余额为 9,289,797,841.98 元。The balance of financing guarantees was RMB9,289,797,841.98 at the end of the reporting period.

34. 一年内到期的非流动负债 Non-current liabilities due within one year

(1) 一年内到期的非流动负债余额 The balance of non-current liabilities due within one year

项目 Items	期末余额 Ending balance	期初余额 Beginning balance
保证借款 Guaranteed loans	521,903,333.32	320,903,648.56
抵押借款 Mortgage loans	153,193,806.20	160,037,553.29
质押借款 Pledge loans	-	406,893,078.45
合计 Total	675,097,139.52	887,834,280.30

(2) 一年内到期的非流动负债明细情况 Details of non-current liabilities due within one year

借款银行 Bank	金额 Amount	借款日期 Borrowing Date	还款日期 Repayment date	币种 Currency	年利率 Annual interest rate	借款方式 Borrowing method
徽商银行长江路支行 Huishang Bank Changjiang Road Branch	10,000,000.00	2015/6/18	2016/12/17	Renminbi	5.50%	保证借款*注 1 Guaranteed loans * Note 1
工商银行合肥汇通支行 Industrial and Commercial Bank of China Hefei Branch Huitong Sub-branch	16,310,000.00	2015/1/30	2016/1/28	Renminbi	6.60%	保证借款*注 2 Guaranteed loans * Note 2
工商银行合肥汇通支行 Industrial and Commercial Bank of China Hefei Branch Huitong Sub-branch	10,200,000.00	2015/4/3	2016/4/2	Renminbi	6.04%	保证借款*注 2 Guaranteed loans * Note 2

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工商银行合肥汇通支行 Industrial and Commercial Bank of China Hefei Branch Huitong Sub-branch	10,200,000.00	2015/7/3	2016/7/2	Renminbi	5.51%	保证借款*注 2 Guaranteed loans * Note 2
厦门国际银行直属分行 Xiamen International Bank Direct Branch	4,000,000.00	2014/3/24	2016/3/17	Renminbi	6.15%	质押借款*注 3 Pledged loan* Note 3
工商银行合肥汇通支行 Industrial and Commercial Bank of China Hefei Branch Huitong Sub-branch	26,940,000.00	2015/3/26	2016/3/25	Renminbi	5.75%	质押借款*注 4 Pledged loan* Note 4
交通银行三孝口支行 Bank of Communications Sanxiaokou Branch	120,000,000.00	2013/7/18	2016/7/18	Renminbi	6.15%	保证借款*注 7 Guaranteed loans * Note 7
交通银行三孝口支行 Bank of Communications Sanxiaokou Branch	4,000,000.00	2014/7/14	2016/7/14	Renminbi	6.21%	保证借款*注 7 Guaranteed loans * Note 7
交通银行三孝口支行 Bank of Communications Sanxiaokou Branch	4,000,000.00	2014/11/21	2016/11/21	Renminbi	6.30%	保证借款*注 7 Guaranteed loans * Note 7
交通银行三孝口支行 Bank of Communications Sanxiaokou Branch	29,128,472.84	2015/1/23	2016/12/22	Renminbi	5.60%	质押借款*注 8 Pledged loan* Note 8
交通银行三孝口支行 Bank of Communications Sanxiaokou Branch	40,000,000.00	2015/12/31	2016/11/30	Renminbi	4.80%	保证借款*注 7 Guaranteed loans * Note 7
工行汇通支行 ICBC Huitong Sub-branch	10,440,000.00	2013/6/5	2016/12/28	Renminbi	6.40%	质押借款*注 8 Pledged loan* Note 8
工行汇通支行 ICBC Huitong Sub-branch	1,516,000.00	2014/7/21	2016/12/28	Renminbi	6.15%	质押借款*注 8 Pledged loan* Note 8
工行汇通支行 ICBC Huitong Sub-branch	2,720,000.00	2014/6/21	2016/12/28	Renminbi	6.00%	质押借款*注 8 Pledged loan* Note 8
工行汇通支行 ICBC Huitong Sub-branch	6,000,000.00	2014/12/4	2016/12/28	Renminbi	6.00%	质押借款*注 8 Pledged loan* Note 8
工行汇通支行 ICBC Huitong Sub-branch	8,996,000.00	2014/12/18	2016/12/28	Renminbi	6.00%	质押借款*注 8 Pledged loan* Note 8
工行汇通支行 ICBC	3,070,000.00	2015/3/21	2016/6/15	Renminbi	5.75%	质押借款*注 8

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Huitong Sub-branch							Pledged loan* Note 8
工行汇通支行 ICBC Huitong Sub-branch	2,160,000.00	2015/3/21	2016/7/12	Renminbi	5.75%		质押借款*注 8 Pledged loan* Note 8
工行汇通支行 ICBC Huitong Sub-branch	1,990,000.00	2015/3/21	2016/12/28	Renminbi	5.75%		质押借款*注 8 Pledged loan* Note 8
工行汇通支行 ICBC Huitong Sub-branch	3,700,000.00	2015/3/21	2016/12/28	Renminbi	5.75%		质押借款*注 8 Pledged loan* Note 8
工行汇通支行 ICBC Huitong Sub-branch	6,160,000.00	2015/3/21	2016/12/28	Renminbi	5.75%		质押借款*注 8 Pledged loan* Note 8
工行汇通支行 ICBC Huitong Sub-branch	3,040,000.00	2015/3/21	2016/12/28	Renminbi	5.75%		质押借款*注 8 Pledged loan* Note 8
中国金屯支行 Bank of China Jintun Sub-branch	28,000,000.00	2013/1/11	2016/12/21	Renminbi	6.15%		保证借款*注 11 Guaranteed loans * Note 11
芜湖中行 Bank of China Wuhu Branch	28,000,000.00	2013/1/11	2016/12/21	Renminbi	6.15%		保证借款*注 11 Guaranteed loans * Note 11
滁州中行 Bank of China Chuzhou Branch	40,000,000.00	2013/5/30	2016/12/21	Renminbi	5.50%		保证借款*注 11 Guaranteed loans * Note 11
中国绩溪路支行 Bank of China Jixi Road Branch	40,000,000.00	2013/5/30	2016/12/21	Renminbi	5.50%		保证借款*注 11 Guaranteed loans * Note 11
招商银行 China Merchants Bank	40,000,000.00	2013/3/25	2016/3/25	Renminbi	6.04%		保证借款*注 12 Guaranteed loans * Note 12
华夏银行 Huaxia Bank	33,333,333.32	2015/12/14	2016/12/21	Renminbi	4.75%		保证借款*注 7 Guaranteed loans * Note 7
进出口银行 Export-Import Bank of China	57,860,000.00	2015/5/19	2016/12/20	Renminbi	4.90%		保证借款*注 7 Guaranteed loans * Note 7
光大胜利路支行 China Everbright Bank Shengli Road Branch	43,333,333.36	2015/12/24	2016/12/20	Renminbi	4.75%		质押借款*注 8 Pledged loan* Note 8

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徽行长江路支行 Huishang Bank Changjiang Road Branch	20,000,000.00	2015/9/23	2016/12/20	Renminbi	5.00%	保证借款*注 7 Guaranteed loans * Note 7
徽行长江路支行 Huishang Bank Changjiang Road Branch	20,000,000.00	2015/10/30	2016/12/20	Renminbi	4.75%	保证借款*注 7 Guaranteed loans * Note 7
合计 Total	675,097,139.52					

各项注释详见五、合并财务报表主要“项目、37.长期借款”。 See 37. Long-Term Borrowings in V. Notes to the Consolidated Financial Statements for various notes.

35.其他流动负债 Other current liabilities

(1) 其他流动负债余额 Balance of other current liabilities

项目 Items	期末余额 Ending balance	期初余额 Beginning balance
受托理财款 Funds managed on behalf of clients	-	39,000,000.00
合计 Total	-	39,000,000.00

36.长期借款 Long-term borrowings

(1) 长期借款余额 Balance of long-term borrowings

项目 Items	期末余额 Ending balance	期初余额 Beginning balance
保证借款 Guaranteed loans	2,227,658,666.68	797,000,000.00
抵押借款 Mortgage loans	542,849,721.27	70,770,364.38
质押借款 Pledge loans	340,625,000.00	1,178,766,221.38
合计 Total	3,111,133,387.95	2,046,536,585.76

(2) 期末长期借款明细情况 Details of long-term borrowings outstanding at the end of the period

借款银行 Bank	金额 Amount	借款日期 Borrowing date	还款日期 Repayment date	年利率 Annual interest Rate	币种 Currency	借款方式 Borrowing method
徽商银行长江路支行 Huishang Bank Changjiang	185,000,000.00	2015/6/18	2017/6/17	5.50%	Renminbi	保证借款*注 1 Guaranteed loans

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Road Branch						* Note 1
工商银行合肥汇通支行 Industrial and Commercial Bank of China Hefei Branch Huitong Sub-branch	65,240,000.00	2015/1/30	2020/1/28	6.60%	Renminbi	保证借款*注 2 Guaranteed loans * Note 2
工商银行合肥汇通支行 Industrial and Commercial Bank of China Hefei Branch Huitong Sub-branch	40,800,000.00	2015/4/3	2020/4/2	6.04%	Renminbi	保证借款*注 2 Guaranteed loans * Note 2
工商银行合肥汇通支行 Industrial and Commercial Bank of China Hefei Branch Huitong Sub-branch	40,800,000.00	2015/7/3	2020/7/2	5.51%	Renminbi	保证借款*注 2 Guaranteed loans * Note 2
厦门国际银行直属分行 Xiamen International Bank Direct Branch	206,900,000.00	2014/3/24	2016/3/17	6.15%	Renminbi	质押借款*注 3 Guaranteed loans * Note 3
工商银行合肥汇通支行 Industrial and Commercial Bank of China Hefei Branch Huitong Sub-branch	107,760,000.00	2015/3/26	2020/3/25	5.75%	Renminbi	质押借款*注 4 Pledged loan* Note 4
建设银行庐阳支行 China Construction Bank Luyang Branch	100,000,000.00	2015/1/15	2017/1/14	6.77%	Renminbi	保证借款*注 5 Guaranteed loans * Note 5
工商银行 Industrial and Commercial Bank of China	440,625,000.00	2015/3/13	2023/3/11	5.90%	Renminbi	抵押借款*注 6 Mortgaged loans * Note 6
交通银行三孝口支行 Bank of Communications Sanxiaokou Branch	72,000,000.00	2014/7/14	2017/7/14	6.21%	Renminbi	保证借款*注 7 Guaranteed loans * Note 7
交通银行三孝口支行 Bank of Communications Sanxiaokou Branch	32,000,000.00	2014/11/21	2017/11/21	6.30%	Renminbi	保证借款*注 7 Guaranteed loans * Note 7
交通银行三孝口支行 Bank of Communications Sanxiaokou Branch	10,038,054.63	2015/1/23	2017/12/13	5.60%	Renminbi	质押借款*注 8 Pledged loan* Note 8
交通银行三孝口支行 Bank of Communications Sanxiaokou Branch	120,000,000.00	2015/12/31	2018/12/31	4.80%	Renminbi	保证借款*注 7

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工行汇通支行 ICBC Huitong Sub-branch	10,440,000.00	2013/6/5	2017/12/28	6.40%	Renminbi	质押借款*注 8 Pledged loan* Note 8
工行汇通支行 ICBC Huitong Sub-branch	757,000.00	2014/7/21	2017/1/21	6.15%	Renminbi	质押借款*注 8 Pledged loan* Note 8
工行汇通支行 ICBC Huitong Sub-branch	620,000.00	2014/6/21	2017/3/21	6.00%	Renminbi	质押借款*注 8 Pledged loan* Note 8
工行汇通支行 ICBC Huitong Sub-branch	4,500,000.00	2014/12/4	2017/9/4	6.00%	Renminbi	质押借款*注 8 Pledged loan* Note 8
工行汇通支行 ICBC Huitong Sub-branch	6,748,000.00	2014/12/18	2017/7/18	6.00%	Renminbi	质押借款*注 8 Pledged loan* Note 8
工行汇通支行 ICBC Huitong Sub-branch	450,000.00	2015/3/21	2017/5/10	5.75%	Renminbi	质押借款*注 8 Pledged loan* Note 8
工行汇通支行 ICBC Huitong Sub-branch	1,850,000.00	2015/3/21	2017/5/24	5.75%	Renminbi	质押借款*注 8 Pledged loan* Note 8
工行汇通支行 ICBC Huitong Sub-branch	3,080,000.00	2015/3/21	2017/6/27	5.75%	Renminbi	质押借款*注 8 Pledged loan* Note 8
工行汇通支行 ICBC Huitong Sub-branch	3,040,000.00	2015/3/21	2017/10/17	5.75%	Renminbi	质押借款*注 8 Pledged loan* Note 8
中国金屯支行 Bank of China Jintun Branch	112,000,000.00	2013/1/11	2021/1/11	6.15%	Renminbi	保证借款*注 11 Guaranteed loans * Note 11
芜湖中行 Bank of China Wuhu Branch	112,000,000.00	2013/1/11	2021/1/11	6.15%	Renminbi	保证借款*注 11 Guaranteed loans * Note 11
滁州中行 Bank of China Chuzhou Branch	65,000,000.00	2013/5/30	2018/5/30	5.50%	Renminbi	保证借款*注 11 Guaranteed loans * Note 11
中国绩溪路支行 Bank of China Jixi Road Branch	65,000,000.00	2013/5/30	2018/5/30	5.50%	Renminbi	保证借款*注 11 Guaranteed loans * Note 11
华夏银行 Huaxia Bank	66,666,666.68	2015/12/14	2018/12/14	4.75%	Renminbi	保证借款*注 7 Guaranteed loans * Note 7

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建行濉溪路支行 China Construction Bank Suixi Road Branch	66,000,000.00	2015/11/27	2017/11/26	4.75%	Renminbi	保证借款*注 7 Guaranteed loans * Note 7
进出口银行 Export-Import Bank of China	405,152,000.00	2015/5/19	2023/3/23	4.90%	Renminbi	保证借款*注 7 Guaranteed loans * Note 7
光大胜利路支行 China Everbright Bank Shengli Road Branch	86,666,666.64	2015/12/24	2018/12/20	4.75%	Renminbi	质押借款*注 8 Pledged loan* Note 8
徽行长江路支行 Huishang Bank Changjiang Road Branch	260,000,000.00	2015/9/23	2018/9/23	5.00%	Renminbi	保证借款*注 7 Guaranteed loans * Note 7
徽行长江路支行 Huishang Bank Changjiang Road Branch	80,000,000.00	2015/10/30	2018/10/30	4.75%	Renminbi	保证借款*注 7 Guaranteed loans * Note 7
中国工商银行釜山分行 ICBC Fushan Branch	240,000,000.00	2015/6/11	2018/5/7	4.80%	Renminbi	保证借款 *注 9 Guaranteed loans * Note 9
徽商银行合肥新站支行 Huishang Bank Hefei Xinzhan Branch	100,000,000.00	2014/9/29	2017/9/29	6.42%	Renminbi	保证借款*注 10 Guaranteed loans * Note 10
合 计 Total	3,111,133,387.95					

注 1: 系合肥市工业投资控股有限公司为本公司提供担保向徽商银行长江路支行取得贷款资金 20,000.00 万元, 扣除已归还 500.00 万元, 截止 2015 年 12 月 31 日结存贷款余额 19,500.00 万元, 其中 1,000.00 万元按照借款合同约定将于 2016 年内到期。Note 1: The Company has obtained a loan of RMB200 million from Huishang Bank Changjiang Road Sub-branch which was guaranteed by Hefei Industrial Investment Holdings Co., Ltd. Deducting RMB5 million repaid, the outstanding balance as of 31 December 2015 was RMB195 million, of which RMB10 million will be due within 2016.

注 2: 系合肥市国有资产控股有限公司为本公司提供担保向工商银行合肥汇通支行取得贷款资金 18,355.00 万元, 其中 3,671.00 万元将于 2016 年内到期。Note 2: The Company has obtained a loan of RMB183.55 million from Industrial and Commercial Bank of China Hefei Branch Huitong Sub-branch which was guaranteed by Hefei State-owned Assets Holding Co., Ltd., of which RMB36.71 million will be due in 2016.

注 3: 系本公司以所持有的对子公司兴泰租赁的股权和徽商银行股份有限公司的非境外上市法人股壹亿股的股权权利及其所产生的收益权利做质押, 向厦门国际银行直属分行取得贷款资金 21,690.00 万元, 扣除已归还 600.00 万元, 截止至 2015 年 12 月 31 日结存贷款余额 21,090.00 万元, 其中 400 万元将于 2016

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年内到期。Note 3: The Company has obtained a loan of RMB216.9 million from Xiamen International Bank Direct Branch against its shareholdings in Xingtai Lease, a subsidiary of the Company, and the 100 million non-overseas listed legal person shares it held in Huishang Bank Corporation Limited and the income arising therefrom. Deducting RMB6 million repaid, the outstanding balance on the loan as of 31 December 2015 was RMB210.9 million, of which RMB4 million will be due in 2016.

注 4: 本公司已所持有的子公司兴泰担保 28,459.00 万股权利做质押, 向工商银行合肥汇通支行取得贷款资金 13,470.00 万元, 其中 2,694.00 万元将与 2016 年内到期。Note 4: The Company has obtained a loan of RMB134.7 million from Industrial and Commercial Bank of China Hefei Branch Huitong Sub-branch against the Company's 284.59 million shares of the subsidiary Xingtai Lease. RMB26.94 million of the loan will be due in 2016.

注 5: 系合肥市工业投资控股有限公司为本公司提供担保, 向建设银行庐阳支行取得贷款资金 10,000.00 万元。Note 5: The Company has obtained a loan of RMB100 million from China Construction Bank Luyang Branch which was guaranteed by Hefei Industrial Investment Holdings Co., Ltd.

注 6: 系子公司兴泰股权以其持有的投资性房地产(淮河路百盛逍遥广场北楼负一层至第五层商办楼、九狮桥路 45 号南楼菜场综合楼、淮河路百盛逍遥广场南楼一层及二层、淮河路逍遥广场南楼办公 5101、庐阳区淮河路步行街)所有权做质押, 向工商银行取得贷款资金 47,000.00 万元, 扣除已归还 2,937.50 万元, 截至 2015 年 12 月 31 日结存贷款余额 44,062.50 万元。Note 6: Xingtai Equity has obtained a loan of RMB470 million from Industrial and Commercial Bank of China against its investment properties (the first basement to the fifth floor of the north commercial office building of Parkson Xiaoyao Plaza at Huaihe Road, the south complex building of the food market at 45 Jiushiqiao Road, the first and second floors of the south building of Parkson Xiaoyao Plaza at Huaihe Road, Room 5101 of the south building of Parkson Xiaoyao Plaza at Huaihe Road and the pedestrian street at Huaihe Road in Luyang District). Deducting RMB29.375 million repaid, the outstanding balance on the loan as of 31 December 2015 was RMB440.625 million.

注 7: 系本公司为子公司兴泰租赁提供担保分别向交通银行三孝口支行、华夏银行、建行濉溪路支行、进出口银行、徽行长江路支行取得贷款资金 39,200.00 万元、10,000.00 万元、6,600.00 万元、46,301.20 万元、40,000.00 万元, 扣除徽行长江路支行已偿还 2,000.00 万元, 期末结存贷款余额分别为 27,200.00 万元、10,000.00 万元、6,600.00 万元、46,301.2 万元、38,000.00 万元, 其中交通银行三孝口支行借款 16,800.00 万元、华夏银行借款 3,333.33 万元、进出口银行借款 5,786.00 万元、徽行长江路支行 4,000.00 万将于 2016

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年内到期。Note 7: Xingtai Lease, a subsidiary of the Company, has obtained loans of RMB392 million from Bank of Communications Sanxiaokou Branch, RMB100 million from Huaxia Bank, RMB66 million from China Construction Bank Suixi Road Branch, loan of RMB463.012 million from Import-Export Bank of China and RMB400 million from Huishang Bank Changjiang Road Branch which were guaranteed by the Company. Deducting RMB200 million repaid to Huishang Bank Changjiang Road Branch, the outstanding balance on the loans at the end of the period were RMB272 million, RMB100 million, RMB66 million, RMB463.012 million and RMB380 million respectively, of which RMB168 million was borrowed from China Construction Bank Sanxiaokou Branch, RMB33.3333 million borrowed from Huaxia Bank, RMB57.86 million borrowed from Export-Import Bank of China and RMB40 million borrowed from Huishang Bank Changjiang Road Branch will be due in 2016.

注 8: 系本公司的子公司兴泰租赁以应收租赁款做质押从银行获取贷款, 截至 2015 年 12 月 31 日, 交通银行结存贷款余额 39,166,527.47 元, 其中 29,128,472.84 元将于 2016 年内到期; 工行汇通支行结存贷款余额 76,047,000.00 元, 其中 44,562,000.00 元将 2016 年内到期; 光大胜利路支行结存贷款余额 130,000,000.00 元, 其中 43,333,333.36 元将于 2016 年内到期; Note 8: Xingtai Lease, a subsidiary of the Company, has obtained loans from banks against its lease receivables. As of 31 December 2015, the outstanding balance on loan from Bank of Communications was RMB39,166,527.47, of which RMB29,128,472.84 will be due in 2016; the outstanding balance on loan from Industrial and Commercial Bank of China Huitong Branch was RMB76,047,000.00, of which RMB44,562,000.00 will be due in 2016; the outstanding balance on loan from China Everbright Bank Shengli Road Branch was RMB130,000,000.00 yuan, of which RMB43,333,333.36 will be due in 2016;

注 9: 系本公司为子公司兴泰香港提供担保向中国工商银行釜山分行取得贷款资金 24,000.00 万元。

Note 9: Xingtai Hong Kong, a subsidiary of the Company, has obtained a loan of RMB240 million from Industrial and Commercial Bank of China Busan Branch which was guaranteed by the Company.

注 10: 系合肥市大名湖城中小企业创新发展基金(有限合伙)为子公司兴泰资产提供担保向徽商银行合肥新站支行取得贷款资金 10,000.00 万元。

Note 10: Xingtai Asset, a subsidiary of the Company, has obtained a loan of RMB100 million from Huishang Bank Hefei Branch Xinzhan Branch which was guaranteed by Hefei Daminghu Cheng Small and Medium-Sized Enterprise Innovation and Development Fund (limited partnership).

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注 11: 芜湖长江大桥公路桥有限公司为本公司子公司兴泰租赁提供担保向中国银行取得贷款资金 29,000.00 万元, 扣除本期归还 1,000.00 万元, 截止至 2015 年 12 月 31 日结存贷款资金 28,000.00 万元, 其中 5,600.00 万元将于 2016 年内到期。安徽滁宁高速公路开发有限公司和洪文振为本公司子公司兴泰租赁提供担保分别向中行滁州支行、中行绩溪路支行取得贷款资金 27,000.00 万元, 扣除本期已归还 6,000.00 万元, 截至 2015 年 12 月 31 日结存贷款资金 21,000.00 万元, 其中 8,000.00 万元将于 2016 年内到期。

Note 11: Xingtai Lease, a subsidiary of the Company, has obtained a loan of RMB290 million from Bank of China which was guaranteed by Wuhu Yangtze River Bridge Co., Ltd. Ducting RMB10 million repaid during the current period, the outstanding balance on the loan as of 31 December 2015 was RMB280 million, of which RMB56 million will be due in 2016. Furthermore, Xingtai Lease, a subsidiary of the Company, obtained loans of RMB270 million from Bank of China Chuzhou Sub-branch and RMB270 million from Bank of China Jixi Road Sub-branch, which were guaranteed by Anhui Chuning Expressway Development Co., Ltd. and Hong Wenzhen. Ducting RMB60 million repaid during the current period, the outstanding balance on the loans as of 31 December 2015 was RMB210 million, of which RMB80 million will be due in 2016.

注 12: 系本公司为子公司兴泰租赁提供担保向招商银行取得贷款资金 4,000.00 万元, 其中 4,000.00 万元将于 2016 年内到期, 已全部重分类至“一年内到期的非流动负债”。

Note 12: Xingtai Lease, a subsidiary of the Company, has obtained a loan of RMB40 million from China Merchants Bank which was guaranteed by the Company and will be due in 2016. The loan has been reclassified to "Non-Current Liabilities Due within One Year".

37. 应付债券 Bonds payable

(1) 应付债券 Bonds payable

债券类型 Type of bonds	期末余额 Ending balance	期初余额 Beginning balance
企业债 Corporate bonds	994,219,333.33	-
私募债 Private placement bonds	97,711,111.07	-
合计 Total	1,091,930,444.40	-

(2) 应付债券情况 Details of bonds payable

债券名称 Bonds	面值 face value	发行日期 Issue date	债券期限 Maturity	利率 Interest rate	期末余额 Ending balance
15 兴泰债 15	1,000,000,000.00	2015.4.29	7 Years	5.60%	994,219,333.33

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Xingtai Bond					
国控小贷 2014 年私募债券 1 Guokong Small Loans 2014 Private Placement Bond 1	50,000,000.00	2014.9.11	2 Years	8.40%	48,855,555.54
国控小贷 2014 年私募债券 2 Guokong Small Loans 2014 Private Placement Bond 2	50,000,000.00	2014.9.11	2 Years	8.20%	48,855,555.53

38.长期应付款 Long-term accounts payable

(1) 长期应付款余额 Balance of long-term accounts payable

项 目 Items	期末余额 Ending balance	期初余额 Beginning balance
1 年以内 Within 1 year	214,624,705.50	144,391,780.00
1-2 年 1-2 years	135,511,780.00	116,932,815.00
2-3 年 2-3 years	91,202,815.00	135,249,925.00
3 年以上 More than 3 years	157,957,125.00	53,967,200.00
合计 Total	599,296,425.50	450,541,720.00

(2) 期末余额较大的长期应付款单位 Entities which contribute significantly to the ending balance of long-term accounts payable

单位名称 Entities	金额 Amount	账龄 Age
淮北市建投控股集团有限公司 Huaibei City Construction Investment Holding Group Co., Ltd.	25,000,000.00	1 年以内 Within 1 year
扬州广陵经济开发区开发建设有限公司 Yangzhou Guangling Economic Development Zone Development and Construction Co., Ltd.	15,000,000.00	1 年以内 Within 1 year
池州冠华黄金冶炼有限公司 Chizhou Guanhua Gold Smelting Co., Ltd.	15,000,000.00	1 年以内 Within 1 year
淮南市宏泰钢铁有限责任公司 Huainan Hongtai Iron & Steel Co., Ltd.	15,000,000.00	1-2 年、3 年以上 1-2 years, over 3 years
合肥市田源精铸有限公司 Hefei Tenver Precision Casting Co., Ltd.	14,000,000.00	2 年以内 Within 2 years

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合 计 Total	84,000,000.00	
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(3) 长期应付款期末余额系子公司兴泰租赁收取客户的融资租赁履约保证金。The ending balance of long-term accounts payable consists of finance leases deposits received by Xingtai Lease, a subsidiary of the Company, from clients.

39.专项应付款 Special accounts payable

项 目 Items	期末余额 Ending balance	期初余额 Beginning balance
拆迁补偿款 Relocation compensation	9,159,984.57	9,243,984.57
组建基金公司专项配套资金 Special funds for the formation of a fund company	41,600,000.00	-
支持民营经济专项资金 Special funds for supporting the private sector	10,600,000.00	-
农村中小企业担保资金 Guarantee funds for rural small and medium-sized enterprises	32,022,044.52	-
合计 Total	93,382,029.09	9,243,984.57

注：(1) 拆迁补偿款期末余额系公司下属子公司兴泰资产位于轨道二号线附近的出租用房因工程建设需要而进行拆迁，收到合肥市龙岗经济开发区管委会拨付的部分房屋拆迁补偿款 9,243,984.57，本期支付 84,000.00 元，余额 9,159,984.57。截止至本会计期末，拆迁工作仍在进行中。

Note: (1) The ending balance of relocation compensation of RMB 9,159,984.57 represents the unpaid portion of the total compensation RMB9,243,984.57 from the administrative committee of Hefei Longgang Economic Development Zone as part of the compensation for the demolition of the rental buildings near Rail Line No.2 due to construction needs, of which RMB84,000.00 have been paid during the current period. The demolition work was still in progress at the end of the reporting period.

(2) 基金公司专项配套资金系本公司子公司兴泰资本提交的《关于申请组建合肥兴泰光电智能产业投资基金（筹）的请示》获得合肥金融工作办公室、合肥市发展与改革委员会、合肥市财政局下发的合金办（2015）92 号文件批复同意后，收到的合肥市财政局拨付的专项配套资金 4,160.00 万元。

(2) The special funds for the formation of a fund company of RMB41.6 million represents a special fund obtained by the Company's subsidiary Xingtai Capital from Hefei Municipal Finance Bureau upon approval of its Request for Instructions on Application for the Formation of the Hefei Xingtai Intelligent Photoelectric

Industry Investment Fund (in its preparatory phase) by Hefei Financial Work Office, Hefei Development and Reform Commission and Hefei Municipal Finance Bureau through the issuance of He Jin Ban (2015) No.92 document.

(3) 支持民营经济专项资金系公司本期新划拨转入的子公司国控担保以前年度收到的合肥市瑶海区国有资产经营有限责任公司支付的并委托其进行专项管理的支持民营经济专项资金 1,060.00 万元。

(3) The special funds for supporting the private sector of RMB10.6 million represents special funds for supporting the private sector previously obtained from Hefei Yaohai District State-Owned Assets Management by the Company's newly included subsidiary State-Owned Guarantee who are entrusted for the project management during the current period.

(4) 农村中小企业担保资金系公司本期新划拨转入的子公司国控担保以前年度收到的合肥市农村中小企业担保资金管委会支付的并委托其进行专项管理的农村中小企业担保资金 32,022,044.52 元。

(4) The guarantee funds for rural small and medium-sized enterprises comprise a fund of RMB32,022,044.52 of which the management committee for guarantee funds for rural small and medium-sized enterprises of Hefei has paid to a subsidiary of the Company, Guokong Guarantee, and entrusted to its management to manage this fund in previous year. This subsidiary was transferred from state-owned enterprise to the Company during the current period.

40. 递延所得税负债 Deferred income tax liabilities

项 目 Items	期末余额 Ending balance	期初余额 Beginning balance
可供出售金融资产公允价值变动 Changes in fair value of available-for-sale financial assets	615,195,434.03	558,349,198.60
合计 Total	615,195,434.03	558,349,198.60

41. 股本 Share capital

股东名称 Shareholder	期初余额 Beginning balance	本期增加 Increase during the current period	本期减少 Decrease during the current period	期末余额 Ending balance
合肥市国有资产监督管理委员会 State-Owned Assets Supervision and Administration Commission of Hefei Municipal Government	2,000,000,000.00	-	-	2,000,000,000.00
合计 Total	2,000,000,000.00	-	-	2,000,000,000.00

42. 资本公积 Capital reserve

项目 Items	期初余额 Beginning balance	本期增加 Increase during the current period	本期减少 Decrease during the current period	期末余额 Ending balance
股本溢价 Share premium	-	-	-	-
其他资本公积 Other capital reserve	1,808,142,792.50	2,242,335,327.56	-	4,050,478,120.06
合计 Total	1,808,142,792.50	2,242,335,327.56	-	4,050,478,120.06

注：资本公积本期增加主要系：合肥市财政局和商务局拨入建信信托股份有限公司、合肥保安集团有限公司和合肥兴泰资产管理有限公司的增资资金增加资本公积 1,047,000,000.00 元；国资委无偿划入合肥国控建设融资担保有限公司和合肥国控小额贷款有限公司等公司，增加资本公积 1,251,920,140.84 元和子公司安徽兴泰融资租赁有限责任公司、合肥市兴泰融资担保有限公司等公司本期引进新股东进行增资，导致因公司所持股权份额发生变动引起不丧失控制权下的股东权益变动，冲减了资本公积—其他资本公积 56,584,813.28 元所致。

Note: The increase in capital reserves during the period was mainly due to: (i) The RMB 1,047,000,000.00 injection in capital reserves of CCB Trust Co., Ltd., Hefei Security Group Co., Ltd. and Hefei Xingtai Asset Management Co., Ltd. from Hefei Municipal Finance Bureau and Hefei Municipal of Commerce; (ii) the acquisition of Hefei Guokong Construction Financing Guarantee Co., Ltd. and Hefei Guokong Small Loans Co., Ltd. approved by the State-owned Assets Supervision and Administration Commission of the State Council which increased capital reserve by RMB 1,251,920,140.84; and (iii) issuance of shares from subsidiaries such as Anhui Xingtai Financial Leasing Co., Ltd. and Hefei Xingtai Financing Guarantee Co., Ltd. to new shareholders during the current period which reduced other capital reserve of capital reserve by 56,584,813.28. Without losing control, the changes in shareholding proportion led to changes in shares of interests in subsidiaris' equity.

43. 盈余公积 Surplus reserves

项目 Items	期初余额 Beginning balance	本期增加 Increase during the current period	本期减少 Decrease during the current period	期末余额 Ending balance
法定盈余公积 Statutory surplus reserve	129,056,385.37	28,382,419.31	-	157,438,804.68
任意盈余公积	61,480,065.67	-	-	61,480,065.67

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Discretionary surplus reserve				
合计 Total	190,536,451.04	28,382,419.31	-	218,918,870.35

44. 一般风险准备金 General risk reserve

项目 Items	期初余额 Beginning balance	本期计提 Provision for the current period	其他增加 Other increase	本期减少 Decrease during the current period	期末余额 Ending balance
一般风险准备金 General risk reserve	13,071,365.51	5,644,973.93	18,915,438.49	-	37,631,777.93
合计 Total	13,071,365.51	5,644,973.93	18,915,438.49	-	37,631,777.93

其他增加系本期公司新增划拨而来的子公司国控担保和国控小贷账面期初已经计提的准备金。The increase during the current period represented beginning balance brought forward from the books of subsidiaries Guokong Guarantee and Guokong Small Loans which were newly transferred from the state-owned enterprise to the Company during the period.

45.未分配利润 Retained earnings

项目 Items	本期发生额 Amount incurred in the current period	上期发生额 Amount incurred in the previous period
年初未分配利润 Retained earnings at the beginning of the year	1,309,611,514.86	1,085,362,117.23
加: 本年 归属于母公司所有者的净利润 Plus: Net profit for the year attributable to owners of the Company	403,319,391.27	261,798,057.88
减: 提取法定盈余公积 Less: statutory surplus reserve	28,382,419.31	21,820,159.94
提取一般准备金 General reserve	5,644,973.93	7,268,900.31
上交利润 Profit turned over to the State	24,633,507.38	8,459,600.00
应付普通股股利 Dividends payable on common stock	-	-
转作股本的普通股股利 Common stock dividends converted into equity	-	-
年末未分配利润 Retained earnings at the end of the year	1,654,270,005.51	1,309,611,514.86

46.营业收入及营业成本 Operating income and operating costs

(1) 营业收入及成本 Operating income and costs

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项目 Items	本期发生额 Amount incurred in the current period	上期发生额 Amount incurred in the previous period
主营业务收入 Income from principal operations	553,738,974.80	575,597,083.18
其他业务收入 Income from other operations	498,812.99	5,697,323.27
营业收入合计 Total operating income	554,237,787.79	581,294,406.45
主营业务成本 Cost of principal business	163,171,037.46	266,525,168.71
其他业务成本 Cost of other business	2,476,945.49	2,219,630.94
营业成本合计 Total operating cost	165,647,982.95	268,744,799.65

(2) 主营业务（分类）Principal business (classification)

名称 Items	本期发生额 Amount incurred in the current period	
	主营业务成本 Cost of principal business	主营业务成本 Cost of principal business
融资租赁收入 Income from finance leases	283,537,984.61	-
房地产开发收入 Income from real estate development	15,422,021.95	13,468,758.88
保安服务费收入 Income from security service fees	185,382,577.70	128,495,106.68
委托贷款理财收入 Income from the management of entrusted loans	44,245,769.22	
经营租赁收入 Income from operating leases	15,385,395.74	12,940,257.82
其他收入 Other incomes	9,765,225.58	8,266,914.08
合计 Total	553,738,974.80	163,171,037.46

续：Continued:

名称 Items	上期发生额 Amount incurred in the previous period	
	主营业务收入 Income from principal business	主营业务收入 Income from principal business
融资租赁收入 Income from finance leases	209,509,125.36	-
房地产开发收入 Income from real estate development	194,290,633.00	174,401,895.34
保安服务费收入 Income from security service fees	109,798,551.90	79,282,119.59
委托贷款理财收入 Income from the management of entrusted loans	40,281,337.72	-
经营租赁收入 Income from operating leases	10,233,027.01	4,255,354.44

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leases		
其他收入 Other incomes	11,484,408.19	8,585,799.34
合计 Total	575,597,083.18	266,525,168.71

(3) 公司前五名客户的营业收入情况 The Company's top five customers in terms of contribution to its operating income

客户名称 Customers	金额 Amount	占全部营业收入的比例 (%) Percentage of the total operating income (%)
合肥公交集团有限公司 Hefei Public Transport Group Co., Ltd.	21,751,346.62	3.92
寿县城市建设投资有限公司 Shou County Urban Construction and Investment Co., Ltd.	17,218,851.10	3.11
合肥百盛逍遥广场公司 Hefei Baisheng Xiaoyao Plaza Co., Ltd.	17,060,797.34	3.09
芜湖长江大桥公路桥有限公司 Wuhu Yangtze River Bridge & Highway Bridge Co., Ltd.	16,930,576.37	3.05
安徽滁宁高速公路开发有限公司 Anhui Chouning Highway Development Co., Ltd.	15,130,341.36	2.73
合计 Total	88,091,912.79	15.89

47. 提取担保合同准备金 Provision for guarantee contracts

项目 Items	本期发生额 Amount incurred in the current period	上期发生额 Amount incurred in the previous period
担保赔偿准备金 Guaranteed compensation reserve	78,014,978.42	38,464,030.00
未到期责任准备金 Unearned premium reserve	2,432,844.82	12,944,846.24
合计 Total	80,447,823.24	51,408,876.24

48. 营业税金及附加 Business taxes and surcharges

项目 Items	本期发生额 Amount incurred in the current period	上期发生额 Amount incurred in the previous period
营业税 Business tax	35,422,179.28	31,190,486.52
城市维护建设税 City maintenance and construction tax	2,652,780.15	2,766,730.86

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教育费附加 Education surcharge	1,142,676.58	1,262,094.32
地方教育费 附加 Local education surcharge	756,746.28	869,273.13
土地增值税 Land appreciation tax	1,266,439.82	505,766.72
其他 Others	-	7,550.00
合计 Total	41,240,822.11	36,601,901.55

59.销售费用 Selling expenses

项目 Items	本期发生额 Amount incurred in the current period	上期发生额 Amount incurred in the previous period
工资性费用 Salaries and wages	2,784,799.84	2,789,800.29
广告宣传费 Advertising expense	1,784,824.89	2,675,775.77
维修费 Maintenance expenses	535,549.32	713,328.11
安保保洁费 Security and cleaning fee	1,779,156.07	1,480,773.91
托管费 Trustee's fee	792,325.00	302,276.46
差旅费 办公费 Travel and office expenses	476,143.14	48,813.22
其他 Others	2,975,020.72	1,977,528.59
合计 Total	11,127,818.98	9,988,296.35

50.管理费用 Administrative expenses

项目 Items	本期发生额 Amount incurred in the current period	上期发生额 Amount incurred in the previous period
工资性费用 Salaries and wages	77,144,298.66	56,371,584.92
业务招待费 Business entertainment expenses	3,391,695.08	3,999,279.10
交通费 Transportation expenses	5,530,727.81	4,778,755.37
税金 Taxes	7,671,550.62	5,510,135.49
差旅 办公费 Travel and office expenses	14,785,643.22	10,348,860.46
折 旧 摊 销 Depreciation and amortization expenses	12,980,232.48	12,864,060.81
会务费 Conference fee	1,637,211.60	2,092,986.05
中介机构费 Intermediary fee	5,866,512.48	4,815,377.91
业务宣传费 Publicity expenses	3,156,393.05	1,952,288.32
其他费用 Others	20,554,970.14	11,625,450.75
合 计 Total	152,719,235.14	114,358,779.18

51. 财务费用 Financial expenses

项目 Items	本期发生额 Amount incurred in the current period	上期发生额 Amount incurred in the previous period
利息支出 Interest expense	325,816,633.40	301,693,473.68
减：利息收入 Less: Interest income	41,301,850.45	68,108,976.06
利息净支出 Net interest expense	284,514,782.95	233,584,497.62
银行手续费 Bank charges	2,794,035.51	4,699,821.84
汇兑净损失 Net exchange loss	4,983,104.85	-
其他 Others	645,746.27	523,365.59
合计 Total	292,937,669.57	238,807,685.05

52. 资产减值损失 Impairment losses on assets

项目 Items	本期发生额 Amount incurred in the current period	上期发生额 Amount incurred in the previous period
坏账损失 Bad debt	13,147,851.87	23,105,593.30
短期租赁减值准备 Provision for impairment of short-term leases	10,438,288.20	3,178,026.34
贷款损失准备 Provision for irrecoverable loan	35,629,363.38	17,324,150.00
存货跌价准备 Provision for impairment on inventories	-	-2,243,601.27
长期应收款减值准备 Provision for impairment on long-term receivables	87,305,246.55	55,248,109.95
委托贷款减值准备 Provision for impairment on entrusted loans	18,014,137.44	6,069,178.10
固定资产减值准备 Provision for impairment on fixed assets	-	-282,615.47
无形资产减值准备 Provision for impairment on intangible assets	-	-27,950.00
合计 Total	164,534,887.44	102,370,890.95

注：资产减值损失本期发生额较上期增长 60.72%，原因主要系贷款减值损失和长期应收款减值准备计提增加所致。Note: The amount of impairment losses on assets for the current period has increased by 60.72% as compared to the previous period, which was mainly due to the increase in provisions for impairment on irrecoverable loan and long-term receivables.

53. 公允价值变动收益 Gains arising from changes in fair value

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公允价值变动收益来源 Source of gains arising from changes in fair value	本期发生额 Amount incurred in the current period	上期发生额 Amount incurred in the previous period
交易性金融资产 Financial assets held for trading	3,545,534.93	1,693,548.91
合计 Total	3,545,534.93	1,693,548.91

54.投资收益 Investment income

(1) 投资收益明细 Details of investment income

项目 Items	本期发生额 Amount incurred in the current period	上期发生额 Amount incurred in the previous period
成本法核算的长期股权投资收益 Investment income from long-term equity investments under the cost method	-	-
权益法核算的投资收益 Investment income under the equity method	345,704,477.60	239,066,821.00
处置长期股权投资的投资收益 Gain on disposal of long-term equity investments	8,853,486.47	4,797,100.35
持有可供出售金融资产等期间取得的投资收益 Investment income from possession of available-for-sale financial assets, etc.	106,910,437.39	104,781,030.82
交易性金融资产处置收益 Gain on disposal of financial assets held for trading	18,602,563.12	1,035,860.32
其他 Others	33,036,841.26	5,199,707.89
合计 Total	513,107,805.84	354,880,520.38

注：投资收益本期发生额较上期增长了 44.59%，原因主要系按权益法核算的投资收益和其他--银行理财产品收益增加所致。Note: The amount of investment income for the current period has increased by 44.59%, which was mainly due to the increase in investment income under the equity method and income from bank financial products included in other income.

(2) 按权益法核算的长期股权投资投资收益 Income from long-term equity investments under the equity method

被投资单位 Investees	本期发生额 Amount incurred in the current period	上期发生额 Amount incurred in the previous period
建信信托有限责任公司 CCB Trust Co., Ltd.	328,483,179.56	238,949,926.73

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华富基金管理有限责任公司 Harfor Fund Management Co., Ltd.	17,463,210.22	152,978.41
安徽火花科技创业投资有限公司 Anhui Spark Technology Venture Investment Co., Ltd.	-241912.18	-36,084.14
合计 Total	345,704,477.60	239,066,821.00

55. 营业外收入 Non-operating income

(1) 营业外收入明细 Details of non-operating income

项目 Items	本期发生额 Amount incurred in the current period	上期发生额 Amount incurred in the previous period
处置非流动资产利得 Gain on disposal of non-current assets	183,494.93	1,250,362.27
捐赠利得 Donation income	-	179,776.92
政府补助 Government subsidies	5,849,059.34	4,364,239.87
其他 Others	4,482,279.35	1,554,579.20
合计 Total	10,514,833.62	7,348,958.26

其他主要系子公司合肥宏图 and 振业地产本期清算, 依据税务清算报告处理以前年度计提但不需支付的营业税金及附加和部分薪酬费用。Others included in non-operating income mainly represented written off of provision for business taxes and surcharges and accrued salaries and wages of subsidiaries Hefei Hongtu and Zhenye Real Estate credited to non-operating income upon their liquidation during the period.

(2) 政府补助明细 Details of government subsidies

项目 Items	本期发生额 Amount occurring during the current period	上期发生额 Amount occurring during the previous period
企业岗位补贴 Enterprise post subsidies	1,211,000.00	266,000.00
退税收入 Tax rebates	-	4,098,239.87
市直公积金资产管理补贴 Subsidies for managing provident fund asset for entities directly under the municipal government	1,520,655.14	-
私募债券发行奖励 Private placement bond issuance incentives	1,500,000.00	-
中小微企业典当风险补偿基金 Mortgage risk compensation fund for micro, small and medium enterprises	624,300.00	-
对外投资合作专项资金 Special funds	983,104.20	-

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for foreign investment cooperation		
其他 Others	10,000.00	-
合计 Total	5,849,059.34	4,364,239.87

56. 营业外支出 Non-operating expenses

项目 Items	本期发生额 Amount incurred in the current period	上期发生额 Amount incurred in the previous period
非流动资产处置损失合计 Loss on disposal of non - current assets	1,076,412.43	1,239,103.52
其中：固定资产处置损失 Of which: loss on disposal of fixed assets	1,076,412.43	1,239,103.52
债务重组损失 Loss on debt restructuring	407,721.44	-
捐赠 Donations	160,080.00	1,030,772.72
滞纳金和罚款 Late fees and fines	1,339,873.14	-
营改增多付补偿款 Additional compensation paid as a result of replacing business tax with VAT	503,047.00	-
其他 Others	794,157.00	175,451.05
合计 Total	4,281,291.01	2,445,327.29

注：本期发生额较上期增长 75.08%，原因主要系公司子公司保安集团补交划转至本公司之前的 2011 至 2013 年度应纳税款的滞纳金，子公司兴泰租赁退营改增多付补偿款返还所致。Note: The amount incurred in the current period was 75.08% more than the previous period as subsidiary Security Group paid taxation late fee which was incurred during 2011-2013 before its equity was transferred to the Company. Moreover, the increase is also contributed from the additional compensation paid by subsidiary Xingtai Lease as a result of replacing business tax with VAT.

57. 所得税费用 Income tax expense

项目 Items	本期发生额 Amount incurred in the current period	上期发生额 Amount incurred in the previous period
当期所得税费用 Current income tax expense	75,899,997.39	70,935,323.12
递延所得税费用 Deferred income tax expense	-40,906,914.88	-22,556,586.20
合计 Total	34,993,082.51	48,378,736.92

58. 其他综合收益 58. Other comprehensive income

Hefei Xingtai Financial Holding Group Co., Ltd.

Notes to the Financial Statements

项目 Items	本期发生额 Amount incurred in the current period	上期发生额 Amount incurred in the previous period
1.可供出售金融资产产生的利得(损失) 1. Gain (loss) on available-for-sale financial assets	227,384,941.72	1,874,362,415.39
减:可供出售金融资产产生的所得税影响 Less: income tax effects of available-for-sale financial assets	56,846,235.43	468,590,603.85
小计 Subtotal	170,538,706.29	1,405,771,811.54
2.按照权益法核算的在被投资单位其他综合收益中所享有的份额 2. Share of the investee's other comprehensive income under the equity method	12,953,797.54	9,433,001.29
小计 Subtotal	12,953,797.54	9,433,001.29
3.外币财务报表折算差额 3. Exchange difference in translating financial statements in foreign currency	6,135,134.76	-
小计 Subtotal	6,135,134.76	-
合计 Total	189,627,638.59	1,415,204,812.83

59. 现金流量表项目注释 59. Notes to the cash flow statement**(1) 收到的其他与经营活动有关的现金 Cash received relating to other operating activities**

项目 Items	本期发生额 Amount incurred in the current period	上期发生额 Amount incurred in the previous period
政府补助 Government subsidies	5,849,059.34	5,641,214.00
保证金 Deposits	595,368,420.00	270,530,315.38
往来款 Receivables and payables	248,340,567.78	174,555,185.11
其他 Others	12,216,545.52	2,902,509.51
拆迁补偿款 Compensation for demolition	-	529,780.00
转贷基金 Refinance funds	441,900,000.00	-
委托贷款 Entrusted loans	348,271,750.00	-
合肥市财政局 Hefei Municipal Finance Bureau	239,076,109.87	-
政府引导基金 Government guide funds	1,208,067,000.00	100,000,000.00
合计 Total	3,099,089,452.51	554,159,004.00

(2) 支付的其他与经营活动有关的现金 Cash paid relating to other operating activities

项目 Items	本期发生额 Amount incurred in the	上期发生额 Amount incurred in the
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Hefei Xingtai Financial Holding Group Co., Ltd.

Notes to the Financial Statements

	current period	previous period
办公 差旅费 Travel and office expenses	14,571,841.47	12,716,766.18
车辆费用 Vehicle expenses	5,401,384.35	3,617,373.70
会务费 Conference fees	1,615,211.20	1,926,303.43
业务招待费 Business entertainment expenses	3,546,258.06	3,324,561.13
聘请中介机构费 Intermediary fees	4,094,517.29	4,756,245.23
公司经费 Company expenses	3,083,302.39	3,644,321.16
手续费 Handling charges	11,609,378.77	7,447,013.91
广告费及业务宣传费 Advertising and publicity expenses	3,787,262.57	3,356,928.25
保险费 Insurance	1,222,037.69	1,540,726.00
电梯、安保及消防费用 Elevator, security and fire protection expenses	1,138,317.50	2,070,229.10
其他 Others	15,710,999.77	19,246,028.01
往来款 Current accounts movement	130,342,680.19	94,029,085.56
保证金 Deposits	26,148,392.00	36,945,023.33
发放委托贷款 Entrusted loans issued	658,239,000.00	-
贷出转贷基金 Refinance funds lent	344,732,500.00	-
合计 Total	1,225,243,083.25	194,620,604.99

(3) 收到的其他与投资活动有关的现金 Cash received relating to other investment activities

项目 Items	本期发生额 Amount incurred in the current period	上期发生额 Amount incurred in the previous period
银行存款利息 Interest on bank deposits	41,301,850.45	68,108,976.06
新增子公司在划拨日的货币资金 余额 Balance of monetary funds of newly acquired subsidiaries at date of acquisition	221,891,417.84	-
合计 Total	263,193,268.29	68,108,976.06

(4) 收到的其他与筹资活动有关的现金 Cash received relating to other financing activities

项目 Items	本期发生额 Amount incurred in the current period	上期发生额 Amount incurred in the previous period
财政资金拨付投资款 Financial funds allocated for investment	1,047,000,000.00	220,000,000.00
收到代持股投资款 Investments in shares held on trust	41,600,000.00	-

Hefei Xingtai Financial Holding Group Co., Ltd.

Notes to the Financial Statements

合计 Total	1,088,600,000.00	220,000,000.00
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61. 现金流量表补充资料 61. Supplementary information to the statement of cash flow**(1) 现金流量表补充资料 Supplementary information to the statement of cash flows**

补充资料 Supplementary information	本期发生额 Amount incurred in the current period	上期发生额 Amount incurred in the previous period
将净利润调节为经营活动现金流量： Reconciliation of net income to net cash generated from operating activities:		
净利润 Net profit	436,364,296.27	280,678,122.67
加：资产减值准备 Add: provision for impairment of assets	244,982,710.68	102,370,890.95
固定资产折旧、油气资产折耗、生产性生物资产折旧 Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	19,791,114.28	43,779,948.51
无形资产和长期待摊费用摊销 Amortization of intangible assets and long-term expenses	5,056,672.19	578,925.62
处置固定资产、无形资产和其他长期资产的损失（减：收益） Loss on disposal of fixed assets, intangible assets and other long-term assets (less: gain)	892,917.50	-11,258.75
固定资产报废损失 Loss on scrapping of fixed assets		-
公允价值变动损失 Loss on changes in fair value	-3,545,534.93	-1,693,548.91
财务费用 Financial expenses	288,211,914.78	233,584,497.62
投资损失（减：收益） Investment Loss (less: income)	-513,107,805.84	-354,880,520.38
递延所得税资产减少（减：增加） Decrease in deferred income tax assets (less: increase)	-40,906,914.88	-22,556,586.20
递延所得税负债增加（减：减少） Increase in deferred income tax liabilities (less: decrease)		-
存货的减少（减：增加） Decrease in inventories (Less: increase)	-24,897.69	1,794,798.67
经营性应收项目的减少（减：增加） Decrease in operating receivables (less: increase)	-2,275,204,324.28	984,763,667.10
经营性应付项目的增加（减：减少） Increase in operating payables (Less: decrease)	1,899,329,411.37	-1,156,739,089.79

Hefei Xingtai Financial Holding Group Co., Ltd.

Notes to the Financial Statements

经营活动产生的现金流量净额 Net cash flow from operating activities	61,839,559.45	111,669,847.11
2.不涉及现金收支的重大投资和筹资活动： 2. Significant non-cash investing and financing activities		
债务转为资本 conversion of debt into capital	-	-
一年内到期的可转换公司债券 Convertible corporate bonds due within one year	-	-
融资租入固定资产 Fixed assets acquired under finance leases	-	-
3. 现金及现金等价物净变动情况： 3. Net changes in cash and cash equivalents:		
现金的期末余额 Closing cash balance	4,116,425,294.24	1,024,570,870.79
减：现金的期初余额 Less: Opening cash balance	1,024,570,870.79	1,110,925,231.89
加：现金等价物的期末余额 Add: Ending balance of cash equivalents	-	-
减：现金等价物的期初余额 Less: Beginning balance of cash equivalents	-	-
现金及现金等价物净增加额 Net increase in cash and cash equivalents	3,091,854,423.45	-86,354,361.10

(1) 现金和现金等价物构成情况 Composition of cash and cash equivalents

项目 Items	期末余额 Ending balance	期初余额 Beginning balance
一、现金 1. Cash	4,116,425,294.24	1,024,570,870.79
其中：库存现金 Of which: cash on hand	507,630.77	608,730.49
可随时用于支付的银行存款 Deposits at call	4,113,489,569.13	878,927,989.24
可随时用于支付的其他货币资金 Other monetary assets at call	2,428,094.34	145,034,151.06
二、现金等价物 Cash equivalents	-	-
其中：三个月内到期的债券投资 Of which: bond investments maturing within three months	-	-
三、期末现金及现金等价物余额 3. Ending balance of cash and cash equivalents	4,116,425,294.24	1,024,570,870.79

注：其他货币资金中的住房置业公积金保证金（含住房置业定期存款）等，使用权或受到限制或期限在3个月以上，不属于现金和现金等价物。

Note: Deposits for housing provident fund loans (including time deposits in housing provident fund accounts),

Hefei Xingtai Financial Holding Group Co., Ltd.

Notes to the Financial Statements

etc. in other monetary assets may have restriction on use or have a maturity period of more than three months. Therefore these were not classified as cash and cash equivalents.

六、关联方关系及其交易 VI.Related party relationships and transactions

关联方的认定标准：一方控制、共同控制另一方或对另一方施加重大影响，以及两方或两方以上同受一方控制、共同控制或重大影响的构成关联方。

Criteria for identifying related parties: A party is related to an entity if it has control or joint control over the entity or has significant influence over the entity or, together with the entity is under the control, joint control or significant influence of the same party.

1. 本公司的母公司情况 1. Parent company of the Company

(1) 基本情况 (1) Basic information

名称 Name	关 联 关 系 Relationship with the Company	业务性质 Nature of business	注册地 Place of registration
合肥市国有资产监督管理委员会 State-Owned Assets Supervision and Administration Commission of Hefei Municipal Government	母 公 司 Parent company	合肥市的国有资产的监督和管理 Supervision and administration of state-owned Assets of Hefei	合肥 Hefei

(2) 对本公司持股比例及其变化 Shareholding in the Company and changes therein

期初余额 Beginning balance		本期增加 Increase during the current period		本期减少 Decrease during the current period		期末余额 Ending balance	
金 额 Amount	比 例 Shareholding	金 额 Amount	比 例 Shareholding	金 额 Amount	比 例 Shareholding	金 额 Amount	比 例 Shareholding
2,000,000,000.00	100.00%	-	-	-	-	2,000,000,000.00	100.00%

1. 本公司的子公司情况 Subsidiaries of the Company

子公司全称 Full name of subsidiary	子公司 类型 Subsidiary type	企业 类型 Enterpri se type	注册 地址 Regist ered address	法人代 表 Legal represent ative	业务 性质 Nature of business	注册资本 (万元) Registered capital (10,000 yuan)	持股比 例 (%) Sharehold ing (%)	表决 权 比 例 (%) Percentage (%)	注册号或统一社会 信用代码证 Registration number or unified social credit code certificate
合肥兴泰资产管理有限公司 Hefei Xingtai Asset Management Co., Ltd.	全 资 子 公 司 Wholly-owned subsidiary	有限 责 任 公 司 (国 有 独 资) Limited liability company (Solely State-owned)	合 肥 Hefei	陈 锐 Chen Rui	资 产 管 理 Asset management	50,000.00	100.00	100.00	91340100737306 1787

Hefei Xingtai Financial Holding Group Co., Ltd.

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合肥兴泰股权投资管理有限公司 Hefei Xingtai Equity Investment Management Co., Ltd.	全资子公司 Wholly-owned subsidiary	一人有限责任公司 One-person limited liability company	合肥 Hefei	秦震 Qin Zhen	投资管理 Investment management	15,700.00	100.00	100.00	913401007117568245
安徽兴泰融资租赁有限责任公司 Anhui Xingtai Financial Leasing Co., Ltd.	控股 子公司 Holding company	有限责任公司（国有控股） Limited liability company (State-controlled)	合肥 Hefei	孙泉 Sun Quan	融资租赁 Financing lease	100,000.00	75.00	75.00	91340100758538349P
合肥市兴泰融资担保有限公司 Hefei Xingtai Financial Guarantee Co., Ltd.	控股 子公司 Holding company	其他有限责任公司 Other limited liability company	合肥 Hefei	黄友志 Huang Youzhi	融资担保 Financing guarantee	130,000.00	80.24	80.24	91340100728497523W
安徽兴泰典当有限责任公司 Anhui Xingtai Pawn Co., Ltd.	全资子公司 Wholly-owned subsidiary	有限责任公司（国有控股） Limited liability company (State-controlled)	合肥 Hefei	张大勇 Zhang Dayong	典当 Pawn	30,000.00	100.00	100.00	913401007865409569
兴泰控股（香港）有限公司 Xingtai Holdings (Hong Kong) Co., Ltd.	全资子公司 Wholly-owned subsidiary	有限责任公司（国有独资） Limited liability company (Solely State-owned)	香港 Hong Kong	梅鹏军 Mei Pengjun	投资 Investment	9,164.00	100.00	100.00	61990397-000-09-13-0
合肥兴泰资本管理有限公司 Hefei Xingtai Capital Management Co., Ltd.	全资子公司 Wholly-owned subsidiary	有限责任公司（国有独资） Limited liability company (Solely State-owned)	合肥 Hefei	郑晓静 Zheng Xiaojing	投资咨询 Investment consulting	5,000.00	100.00	100.00	91340100149022398R
合肥保安集团有限公司 Hefei Security Group Co., Ltd.	全资子公司 Wholly-owned subsidiary	有限责任公司（国有独资） Limited liability company (Solely State-owned)	合肥 Hefei	王家华 Wang Jiahua	保安服务 Security services	10,000.00	100.00	100.00	340100000127788
上海合信投资咨询有限公司 Shanghai Hexin Investment Consulting Co., Ltd.	全资子公司 Wholly-owned subsidiary	有限责任公司（国内合资） Limited liability company (State-controlled)	上海 Shanghai	程儒林 Cheng Rulin	投资咨询 Investment consulting	500.00	100.00	100.00	310104000133760

Hefei Xingtai Financial Holding Group Co., Ltd.

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合肥美菱财务咨询 有限公司 Hefei Meiling Financial Consulting Co., Ltd.	全资 子公司 Wholly-owned subsidiary	一人有限 责任公司 One-person limited liability company	合肥 Hefei	赵平 Zhao Ping	租赁咨询 Lease consulting	450.00	100.00	100.00	34010000020907 2
合肥兴美资产管理 有限公司 Hefei Xingmei Asset Management Co., Ltd.	控股 子公司 Holding company	其他有限 责任公司 Other limited liability company	合肥 Hefei	陈锐 Chen Rui	租赁咨询 Lease consulting	100.00	51.72	51.72	34010000054080 4
合肥市兴泰小额贷款 有限公司 Hefei Xingtai Small Loans Co., Ltd.	控股子公司 Holding company	其他有限 责任公司 Other limited liability company	合肥 Hefei	陈锐 Chen Rui	贷款 Lending	20,000.00	30.00	30.00	9134010059865848 X3
安徽兴泰汇众金融信 息服务有限公司 Anhui Xingtai Huizhong Financial Information Service Co., Ltd.	全资 子公司 Wholly-owned subsidiary	其他有限 责任公司 Other limited liability company	合肥 Hefei	陈锐 Chen Rui	金融服务 Financial services	5,000.00	100.00	100.00	91340100595721 9066
合肥市兴泰时雨小额 贷款有限责任公司 Hefei Xingtai Shiyu Small Loa Co., Ltd.	控股 子公司 Holding company	有限 责任公司 Limited liability company	合肥 Hefei	陈锐 Chen Rui	贷款 Lending	10,500.00	32.38	32.38	91340100684951 850J
合肥市巢湖兴泰融 资担保有限公司 Hefei Chaohu Xingtai Financin Guarantee Co., Ltd.	控股 子公司 Holding company	有限责 任公司 Limited liability company	合肥 Hefei	张宝彪 Zhang Baobiao	融资 担保 Financing guarantee	10,100.00	84.16	84.16	34140000000135 4
合肥市长丰兴泰融资担保 有限公司 Hefei Changfeng Xingtai Financing Guarantee Co., Ltd.	控股 子公司 Holding company	其他有限 责任公司 Other limited liability company	合肥 Hefei	王庆峰 Wang Qingfeng	融资担保 Financing guarantee	15,000.00	44.88	44.88	91340121774991 258Y
合肥兴泰商业资产运营有限 公司 Hefei Xingtai Commerical Asset Operations Co., Ltd.	全资 子公司 Wholly-owned subsidiary	一人有限 责任公司 One-person limited liability company	合肥 Hefei	吴辉 Wu Hui	物业管理 Property management	498.00	100.00	100.00	91340100711008 981D
庐江兴泰创业投资有限公 司 Lujiang Xingtai Venture Capital Investment Co., Ltd.	控股 子公司 Holding company	其他有限 责任公司 Other limited liability company	庐江 Lu Jiang	秦震 Qin Zhen	创业投资 Venture capital investment	22,000.00	90.91	90.91	91340124078720 892L
合肥国嘉产业资本管理有 限公司 Hefei Guojia Industry Capital Management Co., Ltd.	全资 子公司 Wholly-owned subsidiary	一人有限 责任公司 One-person limited liability company	合肥 Hefei	秦震 Qin Zhen	投资管理 Investment	20,000.00	100.00	100.00	91340100058460 261N

Hefei Xingtai Financial Holding Group Co., Ltd.

Notes to the Financial Statements

Hefei Guojia Industrial Capital Management Co., Ltd.	Wholly-owned subsidiary	limited liability company			management				
合肥保安智能科技有限公司 Hefei Security Intelligent Technology Co., Ltd.	全资子公司 Wholly-owned subsidiary	有限责任公司 Limited liability company	合肥 Hefei	应长春 Ying Changchun	保安服务 Security services	1,000.00	100.00	100.00	340100000196090
合肥城市泊车投资管理有限公司 Hefei City Parking Management Co., Ltd.	全资子公司 Wholly-owned subsidiary	有限责任公司 Limited liability company	合肥 Hefei	应长春 Ying Changchun	泊车等 Parking, etc.	1,000.00	100.00	100.00	91340100695707415Y
海南金海安投资有限责任公司 Hainan Jinhaian Investment Co., Ltd.	控股子公司 Holding company	其他有限责任公司 Other limited liability company	海口 Haikou	高健 Gao Jian	投资等 Investment, etc.	2,000.00	67.17	67.17	91460000149172732T
海口汇通酒店有限公司 Haikou Huitong Hotel Co., Ltd.	全资子公司 Wholly-owned subsidiary	其他有限责任公司 Other limited liability company	海口 Haikou	金保明 Jin Baoming	酒店管理 Hotel management	90.00	100.00	100.00	91460100721253649R
安徽兴泰财务咨询有限公司 Anhui Xingtai Financial Consulting Co., Ltd.	全资子公司 Wholly-owned subsidiary	有限责任公司 Limited liability company	合肥 Hefei	傅庶 Fu Shu	咨询 Consulting	100.00	100.00	100.00	913401007865014552
合肥国控小额贷款有限公司 Hefei Guokong Small Loans Co., Ltd.	控股子公司 Holding company	其他有限责任公司 Other limited liability company	合肥 Hefei	高祥 Gao Xiang	贷款 Lending	50,000.00	92.00	92.00	913401000787457663
合肥国控建设融资担保有限公司 Hefei Guokong Construction Financing Guarantee Co., Ltd.	全资子公司 Wholly-owned subsidiary	有限责任公司 Limited liability company	合肥 Hefei	袁庚 Yuan Geng	担保 Guarantee	50,000.00	100.00	100.00	913401006881291867
合肥徽恒物业管理有限公司 Hefei Huiheng Property Management Co., Ltd.	全资子公司 Wholly-owned subsidiary	有限责任公司 Limited liability company	合肥 Hefei	胡兵 Hu Bing	物业管理 Property management	500.00	100.00	100.00	340100000304807
合肥市兴泰集创信息技术有限公司 Hefei Xingtai Jichuang Information Technology Co., Ltd.	全资子公司 Wholly-owned subsidiary	有限责任公司 Limited liability company	合肥 Hefei	黄友志 Huang Youzhi	信息服务 Information services	120.00	100.00	100.00	913401008491807177
合肥兴泰光电智能创业投资有限公司 Hefei Xingtai Guangdian	控股子公司 Holding company	有限责任公司 Limited liability	合肥 Hefei	郑晓静 Zheng Xiaojing	投资 Investment	10,000.00	58.40	58.40	91340100MA2MQU1R1J

Hefei Xingtai Financial Holding Group Co., Ltd.

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Intelligent Venture Capital Investment Co., Ltd.		company							
安徽公共资源交易集团有限公司 Anhui Public Resource Trading Group Co., Ltd.	全资子公司 Wholly-owned subsidiary	有限责任公司 Limited liability company	合肥 Hefei	刘先杰 Liu Xianjie	公共资源交易管理 Public resource trading	20,000.00	100.00	100.00	91340100MA2MQ4L90L
兴合融资租赁(上海)有限公司 Xinghe Financial Leasing (Shanghai) Co., Ltd.	全资子公司 Wholly-owned subsidiary	有限责任公司(台港澳法人独资) Limited liability company (Sole proprietorship of legal person from Taiwan, Hong Kong and Macao)	上海 Shanghai	梅鹏军 Mei Pengjun	融资租赁 Financing lease	10,000.00	100.00	100.00	310000400762764

2. 关键管理人员报酬 Remuneration of key management personnel

2015 年度、2014 年度的公司支付的关键管理人员报酬分别为 174.35 万元和 133.40 万元。
The Company paid RMB1.7435 million and RMB1.334 million remuneration to its key management personnel during the year ended 2015 and 2014 respectively.

七、或有事项

VII. Contingencies

1. 未决诉讼 Pending litigation

截至 2015 年 12 月 31 日止, 本公司子公司合肥兴泰资产管理公司逾期未收回贷款累计余额 1,375.00 万元、合肥市兴泰融资担保有限公司逾期未收回贷款累计余额 7,723.85 万元、安徽兴泰典当有限公司逾期未收回贷款累计余额 500.00 万元, 处于诉讼追偿过程中。

As of 31 December 2015, the Company's subsidiaries Hefei Xingtai Asset Management Co., Ltd., Hefei Xingtai Financing Guarantee Co., Ltd. and Anhui Xingtai Pawn Co., Ltd. had accumulated loan overdue amounting to RMB13.750 million, RMB77.2385 million and RMB5 million respectively. Legal action has been taken to recover them.

2. 为其他单位提供债务担保形成的或有负债及其财务影响 Contingent liabilities arising from providing guarantees to other entities and the financial impact thereof

公司及子公司为非关联方提供的担保事项:

Guarantees provided by the Company and its subsidiaries to non-related parties:

被担保单位 Guaranteed entity	贷款金融机构 Lending institution	借 款 金 额 Loan amount (万 元) (10,000 yuan)	借 款 到 期 日 Loan maturity date
合肥市建设投资控股(集团)有限公司 Hefei Construction Investment Holding (Group) Co., Ltd	工商银行四牌楼支行 Industrial and Commercial Bank of China Sipailou Sub-branch	50,000.00	2016-8
合计 Total		50,000.00	

八、承诺事项

VIII. Commitments

截至 2015 年 12 月 31 日止, 本公司无需要披露的重大承诺事项。

As of 31 December 2015, the Company had no material commitments that need to be disclosed.

九、资产负债表日后事项

IX. Events After the Balance Sheet Date

截至 2016 年 4 月 28 日止, 本公司无需要披露的资产负债表日后事项。

As of 28 April 2016, the Company has no events after the balance sheet date that need to be disclosed.

X. 其他重要事项

X. Other Significant Events

根据 2008 年 10 月 15 日合肥市人民政府第 20 次常务会议决定, 原合肥市规划信息中心兴办的合肥城乡建设开发公司的资产全部划转给本公司, 其中主要资产: 位于合肥市明光路 8 号和 34 号商办楼(合计面积 6,901.22m²) 和对应土地(1,932.54m²) 分别于 2013 年 6 月 24 和 8 月 21 日办理完毕相关产权变更登记, 取得合产字第 8110082366 和合产字第 8110082368 房地产权证和合用第 284 号土地使用权证书。但为弥补原股东合肥市规划信息中心的财政办公经费不足, 本公司同意上述 2 项房产的使用权暂不移交, 仍然由合肥市规划信息中心继续管理, 使用该 2 项房产所得收益也归合肥市规划信息中心所有, 期限为 2010 年 1 月 1 日至 2019 年 12 月 31 日。According to the decision of the 20th executive meeting of Hefei Municipal People's Government held on October 15, 2008, all assets of Hefei Urban and Rural Development Company which was established by Hefei City Planning Information Center shall be transferred to the Company, of which the main assets the commercial office buildings is located at 8 and 34

Hefei Xingtai Financial Holding Group Co., Ltd.

Notes to the Financial Statements

Mingguang Road, Hefei city (total area 6,901.22m²) and the corresponding land (1,932.54m²) had completed the registration of the change of ownership on June 24, and August 21, 2013 respectively to obtain the He Chan Zi No.8110082366 and He Chan Zi No. 8110082368 property ownership certificates and the He Guo Yong Di No. 284 certificate of land use rights. But concession to the shortage of operation funds faced by its former shareholder Hefei City Planning Information Center, the Company agreed to withhold the ownership transferral of the above two properties and allow Hefei City Planning Information Center to continue managing and be entitled to any income from the properties for the period from 1 January 2010 to 31 December 2019.

除上述事项外，截至 2015 年 12 月 31 日止，本公司无需要披露的其他重要事项。

As of 31 December 2015, the Company had no significant events that need to be disclosed other than the above event.

十一、母公司财务报表主要项目注释

XI. Notes to the Main Items of the Parent Company's Financial Statements

1. 其他应收款 1. Other receivables

(1) 按照其他应收款的类别列示 Other accounts receivable by category

种类 Category	期末余额 Ending balance			
	账面余额 Carrying amount		坏账准备 Provision for bad debts	
	金额 Amount	比例(%) Percentage (%)	金额 Amount	比例(%) Percentage (%)
单项金额重大并单项计提坏账准备的其他应收款 Other accounts receivable that are significant and for which a provision for bad debts has been made on individual basis	-	-	-	-
按组合计提坏账准备的其他应收款 Other accounts receivable for which a provision for bad debts has been made on group basis	1,029,093,968.64	100.00	-	-
其中：以账龄作为信用风险特征的组合 Of which: the group of accounts receivable with a credit risk portfolio characterized by aging	872,863,450.40	84.82	3,191,687.40	0.37
其他组合 Other groups	156,230,518.24	15.18	-	-
单项金额不重大但单项计提坏账准备的其他应收款 Other accounts receivable that are not significant but for which a provision for bad debts has been made on individual basis	-	-	-	-
合计 Total	1,029,093,968.64	100.00	3,191,687.40	0.31

Hefei Xingtai Financial Holding Group Co., Ltd.

Notes to the Financial Statements

种类 Category	期初余额 Beginning balance			
	账面余额 Carrying amount		坏账准备 Provision for bad debts	
	金额 Amount	比例 (%) Percentage (%)	金额 Amount	比例 (%) Percentage (%)
单项金额重大并单项计提坏账准备的其他应收款 Other accounts receivable that are significant and for which a provision for bad debts has been made on individual basis	-	-	-	-
按组合计提坏账准备的其他应收款 Other accounts receivable for which a provision for bad debts has been made on group basis	592,649,328.21	100.00	4,813,031.01	0.81
其中：以账龄作为信用风险特征的组合 Of which: the group of accounts receivable with a credit risk portfolio characterized by aging	313,770,540.07	52.94	4,813,031.01	1.53
Other groups	278,878,788.14	47.06	-	-
单项金额不重大但单项计提坏账准备的其他应收款 Other accounts receivable that are not significant but for which a provision for bad debts has been made on individual basis	-	-	-	-
合计 Total	592,649,328.21	100.00	4,813,031.01	0.81

(2) 按组合采用账龄分析法计提坏账准备其他应收款 Other accounts receivable for which a provision for bad debts has been made under the aging method

账龄 Age	期末余额 Ending balance			期初余额 Beginning balance		
	账面余额 Carrying amount		坏账准备 Provision for bad debts	账面余额 Carrying amount		坏账准备 Provision for bad debts
	金额 Amount	比例 (%) Percentage (%)		金额 Amount	比例 (%) Percentage (%)	
1 年以内 Within 1 year	869,655,923.00	99.62	-	308,141,470.62	98.21	-
1 至 2 年 1-2 years	-	-	-	339,444.05	0.11	33,944.40
2 至 3 年 2-3 years	19,800.00	0.01	3,960.00	366,553.79	0.12	73,310.76
3 至 4 年 3-4 years	-	-	-	309,853.57	0.10	154,926.79
4 至 5 年 4-5	-	-	-	311,844.92	0.10	249,475.94

Hefei Xingtai Financial Holding Group Co., Ltd.

Notes to the Financial Statements

years						
5 年 以 上 More than 5 years	3,187,727.40	0.37	3,187,727.40	4,301,373.12	1.37	4,301,373.12
合计 Total	872,863,450.40	100.00	3,191,687.40	313,770,540.07	100.00	4,813,031.01

(3) 期末应收子公司款项如下(3) Amounts due from subsidiaries at the end of the period

单位名称 Entities	金额 Amount	资金性质 Nature of funds
安徽兴泰融资租赁有限责任公司 Anhui Xingtai Financial Leasing Co., Ltd.	320,002,000.00	往来款 Receivables and payables
合肥兴泰股权投资管理有限公司 Hefei Xingtai Equity Investment Management Co., Ltd.	251,060,662.49	往来款 Receivables and payables
合肥兴泰资产管理有限公司 Hefei Xingtai Asset Management Co., Ltd.	140,485,690.68	往来款 Receivables and payables
合肥市兴泰融资担保有限公司 Hefei Xingtai Financial Guarantee Co., Ltd.	100,002,000.00	往来款 Receivables and payables
安徽兴泰典当有限责任公司 Anhui Xingtai Pawn Co., Ltd.	50,000,000.00	往来款 Receivables and payables
合 计 Total	861,550,353.17	

(4) 期末主要其他应收款余额情况 Ending balance of other major accounts receivable

单位名称 Entities	与本公司 关 系 Relationship with the Company	金额 Amount	账龄 Age	占其他应收 款总额的比 例(%) As a percentage of total other accounts receivable (%)	款项性质 Nature of funds
安徽兴泰融资租赁有限责任公司 Anhui Xingtai Financial Leasing Co., Ltd.	子公司 Subsidiary	320,002,000.00	1 年以内 Less than 1 year	31.11	
合肥兴泰股权投资管理有限公司 Hefei Xingtai Equity Investment Management Co., Ltd.	子公司 Subsidiary	251,060,662.49	1 年以内 Less than 1 year	24.40	
合肥兴泰资产管理有限公司 Hefei Xingtai Asset Management Co., Ltd.	子公司 Subsidiary	140,485,690.68	1 年以内 Less than 1 year	13.65	划转债权 Creditor's

Hefei Xingtai Financial Holding Group Co., Ltd.

Notes to the Financial Statements

Ltd.			year		rights transferred
合肥市兴泰融资担保有限公司 Hefei Xingtai Financial Guarantee Co., Ltd.	子公司 Subsidiary	100,002,000.00	1年以内 Less than 1 year	9.72	划转债权 Creditor's rights transferred
安徽兴泰典当有限责任公司 Anhui Xingtai Pawn Co., Ltd.	子公司 Subsidiary	50,000,000.00	1年以内 Less than 1 year	4.86	划转债权 Creditor's rights transferred
合计 Total	-	861,550,353.17		83.74	

(5) 截止期末公司为履行政府职能垫付资金帮助国企改制, 不计提坏账准备明细如下

(5) At the end of the reporting period, the Company has provided fund in supporting the reformation of state-owned enterprises. The fund is expected to be reimbursed by the government. Details without bad debts provision is as follows:

单位名称 Entities	金额 Amount	资金性质 Nature of funds
东方室内装饰公司 Dongfang Interior Decoration Company	2,133,373.00	垫付国企改制资金 Funds for the restructuring of state-owned enterprises paid with an expectation of reimbursement
东风化工总厂 Hefei Dongfeng General Chemical Plant	36,230,929.72	垫付国企改制资金 Funds for the restructuring of state-owned enterprises paid with an expectation of reimbursement
社区领导小组 Community Leadership Team	25,000.00	垫付国企改制资金 Funds for the restructuring of state-owned enterprises paid with an expectation of reimbursement
东方家具厂 Dongfang Furniture Factory	4,432,509.23	垫付国企改制资金 Funds for the restructuring of state-owned enterprises paid with an expectation of reimbursement
五户集体企业 Five collectively-owned enterprises	10,389,810.00	垫付国企改制资金 Funds for the restructuring of state-owned enterprises paid with an expectation of reimbursement
合肥市集体联社 Hefei Collective Industry Association	49,122,057.52	垫付国企改制资金 Funds for the restructuring of state-owned enterprises paid with an expectation of

Hefei Xingtai Financial Holding Group Co., Ltd.

Notes to the Financial Statements

		reimbursement
市泰普供水公司 Hefei Taipu Water Supply Engineering Co. Ltd.	11,000.00	垫付国企改制资金 Funds for the restructuring of state-owned enterprises paid with an expectation of reimbursement
国风集团 Guofeng Group	34,924,983.96	垫付国企改制资金 Funds for the restructuring of state-owned enterprises paid with an expectation of reimbursement
肥东纺织厂等 13 户 13 entities including Feidong Textile Mill	18,960,854.81	垫付国企改制资金 Funds for the restructuring of state-owned enterprises paid with an expectation of reimbursement
合计 Total	156,230,518.24	

2. 长期股权投资 Long-term equity investments

(1) 长期股权投资账面价值 Carrying value of long-term equity investments

被投资单位 Investees	期末余额 Ending balance			期初余额 Beginning balance		
	账面成本 Carrying cost	减值准备 Provision for impairment	账面价值 Carrying value	账面成本 Carrying cost	减值准备 Provision for impairment	账面价值 Carrying value
对子公司投资 Investment in subsidiaries	3,713,491,490.40	-	3,713,491,490.40	1,799,586,721.20	-	1,799,586,721.20
对联营公司投资 Investments in associates	2,418,685,690.93	-	2,418,685,690.93	2,040,124,400.59	-	2,040,124,400.59
对其他公司投资 Investment in other companies	-	-	-	-	-	-
合计 Total	6,132,177,181.33	-	6,132,177,181.33	3,839,711,121.79	-	3,839,711,121.79

(2) 长期股权投资明细(2) Details of long-term equity investments

被投资单位 Investees	核算方法 Accounting method	期初余额 Beginning balance	本期增加 Increase during the current period	本期减少 Decrease during the current period	期末余额 Ending balance

Hefei Xingtai Financial Holding Group Co., Ltd.

Notes to the Financial Statements

安徽兴泰融资租赁有限责任公司 Anhui Xingtai finance leasing limited liability company	成本法 Cost method	597,149,877.54	204,000,000.00	-	801,149,877.54
合肥兴泰资产管理有限公司 Hefei Xingtai Asset Management Co., Ltd.	成本法 Cost method	224,318,390.63	27,000,000.00	-	251,318,390.63
安徽兴泰典当有限责任公司 Anhui Xingtai Pawn Co., Ltd.	成本法 Cost method	120,522,431.83	32,400,000.00	-	152,922,431.83
合肥兴泰股权投资管理有限公司 Hefei Xingtai Equity Investment Management Co., Ltd.	成本法 Cost method	186,065,676.99	-	-	186,065,676.99
合肥市兴泰融资担保有限公司 Hefei Xingtai Financial Guarantee Co., Ltd.	成本法 Cost method	585,070,000.00	186,660,000.00	-	771,730,000.00
兴泰控股(香港)有限公司 Xingtai Holdings (Hong Kong) Co., Ltd.	成本法 Cost method	23,933,660.00	67,706,340.00	-	91,640,000.00
合肥保安集团有限公司 Hefei Security Group Co., Ltd.	成本法 Cost method	32,526,684.21	47,002,540.67	-	79,529,224.88
合肥兴泰资本管理有限公司 Hefei Xingtai Capital Management Co., Ltd.	成本法 Cost method	30,000,000.00	-	-	30,000,000.00
合肥国控建设融资担保有限公司 Hefei Guokong Construction Financing Guarantee Co., Ltd.	成本法 Cost method	-	661,904,018.87	-	661,904,018.87
合肥国控小额贷款有限公司 Hefei Guokong Small Loans Co., Ltd.	成本法 Cost method	-	554,957,235.21	-	554,957,235.21
安徽公共资源交易集团有限公司 Anhui Public Resource Trading Group Co., Ltd.	成本法 Cost method	-	50,000,000.00	-	50,000,000.00
合肥兴泰光电智能创业投资有限公司 Hefei Xingtai Guangdian Intelligent Venture Capital Investment Co., Ltd.	成本法 Cost method	-	58,400,000.00	-	58,400,000.00
合肥市兴泰集创信息有限公司 Hefei Xingtai Jichuang Information Technology Co., Ltd.	成本法 Cost method	-	23,874,634.45	-	23,874,634.45
建信信托股份有限公司 CCB Trust Co., Ltd.	权益法 Equity method	1,979,087,359.69	321,325,498.83	-	2,300,412,858.52
华富基金管理有限责任公司 Harfor Fund Management Co., Ltd.	权益法 Equity method	36,163,219.38	57,477,703.70	-	93,640,923.08
安徽火花科技创业投资有限公司	权益法	24,873,821.52	-241,912.19	-	24,631,909.33

Hefei Xingtai Financial Holding Group Co., Ltd.

Notes to the Financial Statements

Anhui Spark Technology Venture Investment Co., Ltd.	Equity method				
合计 Total		3,839,711,121.79	2,292,466,059.54	-	6,132,177,181.33

(续上表) (Continued)

被投资单位 Investees	在被投资单位持股比例(%) Proportion of investee's shares held by the Company (%)	在被投资单位表决权比例(%) Proportion of investee's voting shares held by the Company (%)	与被投资单位持股比例与表决权比例不一致说明 Difference between the proportion of investee's shares held by the Company and the proportion of investee's voting shares held by the Company	减值准备 Provision for impairment	本期计提减值准备 Provision for impairment made for the current period	现金红利 Cash dividends
安徽兴泰融资租赁有限责任公司 Anhui Xingtai Financial Leasing Co., Ltd.	75.00	75.00	-	-	-	12,189,667.98
合肥兴泰资产管理有限公司 Hefei Xingtai Asset Management Co., Ltd.	100.00	100.00	-	-	-	-
合肥兴泰股权投资管理有限公司 Hefei Xingtai Equity Investment Management Co., Ltd.	100.00	100.00	-	-	-	-
合肥市兴泰融资担保有限公司 Hefei Xingtai Financial Guarantee Co., Ltd.	80.24	80.24	-	-	-	-
兴泰控股（香港）有限公司 Xingtai Holdings (Hong Kong) Co., Ltd.	100.00	100.00	-	-	-	-
合肥保安集团有限公司 Hefei Security Group Co., Ltd.	100.00	100.00	-	-	-	-
合肥兴泰资本管理有限公司 Hefei Xingtai Capital Management Co., Ltd.	100.00	100.00	-	-	-	-
合肥国控建设融资担保有限公司 Hefei Guokong Construction Financing Guarantee Co., Ltd.	100.00	100.00	-	-	-	-

Hefei Xingtai Financial Holding Group Co., Ltd.

Notes to the Financial Statements

合肥国控小额贷款有限公司 Hefei Guokong Small Loans Co., Ltd.	92.00	92.00	-	-	-	-
安徽公共资源交易集团有限公司 Anhui Public Resource Trading Group Co., Ltd.	100.00	100.00	-	-	-	-
合肥兴泰光电智能创业投资有限公司 Hefei Xingtai Guangdian Intelligent Venture Capital Investment Co., Ltd.	58.40	58.40	-	-	-	-
合肥市兴泰集创信息有限公司 Hefei Xingtai Jichuang Information Technology Co., Ltd.	100.00	100.00	-	-	-	-
建信信托股份有限公司 CCB Trust Co., Ltd.	27.50	27.50	-	-	-	-
华富基金管理有限责任公司 Harfor Fund Management Co., Ltd.	24.00	24.00	-	-	-	-
安徽火花科技创业投资有限公司 Anhui Spark Technology Venture Investment Co., Ltd.	25.00	25.00	-	-	-	-

3. 投资收益 Investment income

(1) 投资收益明细 Details of investment income

项目 Items	本期发生额 Amount occurring during the current period	上期发生额 Amount occurring during the previous period
成本法核算的长期股权投资收益 Income from long-term equity investments under the cost method	12,189,667.98	53,192,854.08
权益法核算的长期股权投资收益 Income from long-term equity investments under the equity method	345,704,477.60	239,066,821.00
持有可供出售金融资产期间取得的投资收益 Investment income from possession of available-for-sale financial assets	95,883,663.02	80,891,863.29
处置长期股权投资产生的投资收益 Gain on sale of long-term equity investments	-	2,588,944.83
可供出售金融资产等取得的投资收益 Investment income from available-for-sale financial assets, etc.	-	-5,582,997.96
合计 Total	453,777,808.60	370,157,485.24

Hefei Xingtai Financial Holding Group Co., Ltd.Notes to the Financial Statements

(2) 权益法核算的长期股权投资投资收益 Income from long-term equity investments under the equity method

被投资单位 Investees	本期发生额 Amount occurring during the current period	上期发生额 Amount occurring during the previous period
建信信托有限责任公司 CCB Trust Co., Ltd.	328,483,179.56	238,949,926.73
华富基金管理有限责任公司 Harfor Fund Management Co., Ltd.	17,463,210.22	152,978.41
安徽火花科技创业投资有限公司 Anhui Spark Technology Venture Investment Co., Ltd.	-241,912.18	-36,084.14
合计 Total	345,704,477.60	239,066,821.00

合肥兴泰金融控股（集团）有限公司

Hefei Xingtai Financial Holding (Group) Co., Ltd.

法定代表人：

主管会计工作负责人：

会计机构负责人

Legal representative:

Accounting head:

Head of the accounting firm:

日期：2016 年 4 月 28 日

日期：2016 年 4 月 28 日

日期：2016 年 4 月 28 日

Date: 28 April 2016

Date: 28 April 2016

Date: 28 April 2016

FORM OF STANDBY LETTER OF CREDIT

IRREVOCABLE STANDBY LETTER OF CREDIT

TO: _____

FM: BANK OF DONGGUAN CO., LTD (SWIFT: DGCBCN22)
BANK OF DONGGUAN BUILDING, NO. 21 TIYU ROAD, GUANCHENG DIST.,
DONGGUAN, GUANGDONG, CHINA

DATE: December 22, 2017

TO BENEFICIARY: THE HOLDERS (THE 'BONDHOLDERS'), WHICH SHALL INITIALLY BE _____, OF THE USD100,000,000 3.5 PER CENT. BONDS DUE 2020 (THE 'BONDS'), TO BE ISSUED BY HEFEI XINGTAI FINANCIAL HOLDING GROUP CO., LTD. (THE 'BOND ISSUER') AND TO BE CONSTITUTED BY A GLOBAL CERTIFICATE DATED December 29, 2017 (THE 'BOND ISSUE DATE') ISSUED BY THE BOND ISSUER (THE 'BOND CERTIFICATE').

DEAR SIRs,

RE: OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. 9301LG171220001

AT THE REQUEST OF OUR CUSTOMER, THE BOND ISSUER, WE, BANK OF DONGGUAN CO., LTD (THE 'ISSUING BANK', 'OUR', 'US' OR 'WE'), HEREBY ISSUE OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. 9301LG171220001 IN YOUR FAVOUR, AND FOR THE ACCOUNT OF THE BOND ISSUER IN RESPECT OF AND IN CONNECTION WITH THE TERMS AND CONDITIONS OF THE BONDS APPENDED TO THE BOND CERTIFICATE (THE 'CONDITIONS'). THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS MADE AVAILABLE BY US FOR PAYMENT AGAINST OUR RECEIPT OF A DEMAND SUBSTANTIALLY IN THE FORM SET OUT IN APPENDIX A-1 (A 'DEMAND') PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT STATING THAT (A) THE BOND ISSUER HAS FAILED TO COMPLY WITH CONDITION 3(B) OF THE CONDITIONS (THE 'PRE-FUNDING CONDITION') IN RELATION TO PRE-FUNDING AN AMOUNT THAT IS REQUIRED TO BE PRE-FUNDED UNDER THE CONDITIONS AND/OR FAILED TO PROVIDE THE REQUIRED CONFIRMATIONS 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.

SUBJECT TO THE TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE UNCONDITIONALLY AND IRREVOCABLY UNDERTAKE TO YOU THAT, ON AND AFTER THE BOND ISSUE DATE AND FOLLOWING RECEIPT BY US OF A DEMAND ON A BUSINESS DAY, WE SHALL ON OR BEFORE 5:00 P.M. (BEIJING TIME) ON THE SEVENTH BUSINESS DAY FOLLOWING RECEIPT OF SUCH DEMAND PAY TO OR TO THE ORDER OF THE BENEFICIARY THE AMOUNT IN UNITED STATES DOLLARS SPECIFIED IN THE DEMAND TO THE ACCOUNT

SPECIFIED IN THE DEMAND. 'BUSINESS DAY' MEANS A DAY, OTHER THAN A SATURDAY, SUNDAY OR PUBLIC HOLIDAY, ON WHICH BANKS ARE OPEN FOR BUSINESS IN BEIJING.

OUR LIABILITY UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE EXPRESSED AND PAYABLE IN UNITED STATES DOLLARS AND SHALL NOT EXCEED USD102,750,000 (THE 'MAXIMUM LIMIT').

THIS IRREVOCABLE STANDBY LETTER OF CREDIT TAKES EFFECT FROM THE BOND ISSUE DATE AND SHALL REMAIN VALID AND IN FULL FORCE UNTIL 5:00 P.M. (BEIJING TIME) ON JANUARY 21, 2021 (THE 'EXPIRY DATE') AND SHALL EXPIRE AT THE PLACE OF THE ISSUING BANK.

PAYMENT WILL BE EFFECTED AFTER OUR RECEIPT OF A DEMAND PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WHICH IS PRESENTED ON OR AFTER THE BOND ISSUE DATE AND ON OR BEFORE 5:00 P.M. (BEIJING TIME) ON THE EXPIRY DATE OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT.

ANY DEMAND UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS TO BE PRESENTED BY WAY OF AN AUTHENTICATED SWIFT PRESENTED BY OR ON BEHALF OF YOU AS BENEFICIARY FOR THE BONDS TO US (SWIFT: DGCBCN22) WITHOUT THE NEED TO PHYSICALLY PRESENT AN ORIGINAL OF THAT DEMAND AT OUR COUNTER.

MULTIPLE DRAWINGS AND PARTIAL PAYMENTS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT ARE PERMITTED, AND EACH SUCH DRAWING SHALL REDUCE THE TOTAL AMOUNT AVAILABLE FOR DRAWING UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT BY AN AMOUNT EQUAL TO SUCH DRAWING. NOTWITHSTANDING THE FOREGOING, IF THERE IS ANY AMOUNT RECEIVED BY YOU UNDER ANY DEMAND WHICH IS IN EXCESS OF THE AMOUNTS PAYABLE UNDER THE CONDITIONS OR IN CONNECTION WITH THE BONDS AND/OR THE AGENCY AGREEMENT ON THE DUE DATE, YOU SHALL, SUBJECT TO APPLICABLE LAWS AND REGULATIONS, REPAY OR CAUSE TO REPAY SUCH AMOUNTS TO US AS SOON AS REASONABLY PRACTICABLE AFTER THE RELEVANT DUE DATE WITHOUT SET-OFF OR OTHERWISE (OTHER THAN FOR ANY CUSTOMARY BANK FEES AND CHARGES) AND ANY SUCH EXCESS AMOUNT RECEIVED BY US SHALL BE REINSTATED TO THE AMOUNT AVAILABLE FOR DRAWING UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT.

ALL CHARGES ARE FOR THE ACCOUNT OF THE BOND ISSUER AND, FOR THE AVOIDANCE OF DOUBT, ARE NOT FOR THE ACCOUNT OF THE BENEFICIARY.

NOTWITHSTANDING THE MAXIMUM LIMIT, ALL PAYMENTS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE MADE IN UNITED STATES DOLLARS AND FOR VALUE SPECIFIED IN THE DEMAND IN IMMEDIATELY AVAILABLE FUNDS WITHOUT ANY DEDUCTION 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 BONDS OF SUCH AMOUNTS AS WOULD HAVE BEEN RECEIVED BY IT HAD NO SUCH DEDUCTION OR WITHHOLDING BEEN REQUIRED.

THE BENEFICIARY'S RIGHTS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT MAY BE TRANSFERRED OR RE-TRANSFERRED IN WHOLE BUT NOT IN PART TO ANOTHER BENEFICIARY IN RESPECT OF THE BONDS SUBJECT ONLY TO AT LEAST 15 DAYS' NOTICE HAVING BEEN GIVEN TO US BY OR ON BEHALF OF YOU AS BENEFICIARY FOR THE BONDS BY AUTHENTICATED SWIFT, OR IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY REASON BY LETTER TO US AT OUR ADDRESS (AS SPECIFIED ABOVE), AND ACKNOWLEDGED BY US (SUCH ACKNOWLEDGEMENT NOT TO BE UNREASONABLY WITHHELD OR DELAYED).

WE MAY NOT TRANSFER OR NOVATE ANY OF OUR OBLIGATIONS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT.

NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, IN THE UNEXPECTED EVENT THAT WE ARE CLOSED WHEN YOU WISH TO PRESENT A DEMAND HEREUNDER ON THE DAY AND AT THE TIME A DEMAND IS ABLE TO BE PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE AGREE THAT YOU CAN PRESENT THE DEMAND BY AUTHENTICATED SWIFT FROM THE DATE OF OUR RESUMPTION OF OUR BUSINESS; PROVIDED THAT IF WE ARE CLOSED ON THE EXPIRY DATE, SUCH PRESENTATION SHALL BE MADE WITHIN THREE BUSINESS DAY AFTER THE DATE OF OUR RESUMPTION OF OUR BUSINESS.

ANY SETTLEMENT OR DISCHARGE BETWEEN US AS ISSUING BANK AND YOU AS BENEFICIARY FOR THE BONDS SHALL BE CONDITIONAL UPON NO PAYMENT TO YOU BY THE BOND ISSUER OR ANY OTHER PERSON ON THE BOND ISSUER'S BEHALF BEING AVOIDED (BY VIRTUE OF ANY LAWS RELATING TO BANKRUPTCY, INSOLVENCY, 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 SUBSEQUENTLY FROM US THE AMOUNT BY WHICH SUCH PAYMENT IS SO AVOIDED AS IF SUCH SETTLEMENT OR DISCHARGE HAD NOT OCCURRED.

EXCEPT TO THE EXTENT IT IS INCONSISTENT WITH THE EXPRESS TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES ISP98 1998.

THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS GOVERNED BY HONG KONG LAW. WE AGREE (A) FOR THE BENEFIT OF THE BENEFICIARY AS THE BONDHOLDERS THAT THE COURTS OF HONG KONG HAVE EXCLUSIVE JURISDICTION TO SETTLE ANY DISPUTE (A 'DISPUTE') ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT, 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.

VERY TRULY YOURS,
FOR AND ON BEHALF OF BANK OF DONGGUAN CO., LTD

**APPENDIX A-1
FORM OF DEMAND**

TO: BANK OF DONGGUAN CO., LTD (SWIFT: DGCBCN22)
BANG OF DONGGUAN BUILDING, NO. 21 TIYU ROAD, GUANCHENG DIST.,
DONGGUAN, GUANGDONG, CHINA

ATTN: _____

[DATE]

Dear Sirs,

RE: DEMAND UNDER THE IRREVOCABLE STANDBY LETTER OF CREDIT NO. 9301LG171220001 IN RESPECT OF THE US\$100,000,000 3.5 PER CENT. BONDS DUE 2020 (THE 'BONDS') ISSUED BY HEFEI XINGTAI FINANCIAL HOLDING GROUP CO., LTD. (THE 'BOND ISSUER')

The undersigned is a duly authorised person of _____ which is hereby making a demand on behalf of Bondholders (the 'Beneficiary') under your Irrevocable Standby Letter of Credit No. 9301LG171220001 (the 'Irrevocable Standby Letter of Credit'). Capitalised terms used herein but not defined shall have the meanings given to them in the Irrevocable Standby Letter of Credit.

1. This Demand is made in connection with the following:
 - The Bond Issuer has failed to comply with the Pre-funding Condition in relation to pre-funding an amount that is required to be pre-funded under the Conditions and/or has failed to provide the Required Confirmations 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.
2. We hereby demand you to pay US\$ _____ representing (i) interest accrued up to the date when the Bonds cease to bear interest pursuant to the Conditions; (ii) principal due in respect of the outstanding Bonds; and (iii) all fees, costs, expenses and all other amounts in connection with the Bonds and/or the Agency Agreement of the Fiscal Agent then outstanding, as a result of the event set out in paragraph 1 above having occurred.
3. We hereby request you to pay the above amounts after you receive this Demand in accordance with the Irrevocable Standby Letter of Credit.
4. The proceeds of the drawing under this Demand are to be credited to the following account:

For and on behalf of

as Beneficiary

By: _____

Name:

Title:

REGISTERED OFFICES OF THE ISSUER

COMPANY

Hefei Xingtai Financial Holding Group Co., Ltd.
(合肥興泰金融控股(集團)有限公司)

22nd to 23rd Floors
Xingtai Financial Plaza
Qimen Road, Zhengwu District
Hebei Administrative Zone
Hefei, Anhui Province 230071
China

FISCAL AGENT

Citicorp International Limited
39/F, Champion Tower
3 Garden Road, Central
Hong Kong

PRINCIPAL PAYING AGENT, REGISTRAR AND TRANSFER AGENT

Citibank, N.A., London Branch
c/o Citibank, N.A., Dublin Branch
One North Wall Quay
Dublin 1, Ireland

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as to PRC Law

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China

AUDITOR

Huapu Tianjian Certified Public Accountants LLP
901-22 to 901-26,
Waijinmao Building One
No. 22 Fuchengmenwai Street
Xicheng District, Beijing
China

SINGAPORE LISTING AGENT

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1 Robinson Road
#18-00 AIA Tower
Singapore 048542