IMPORTANT NOTICE

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The attached document 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 described herein. You are reminded that the information in the attached Offering Circular is not complete and may be changed.

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Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of any of the Issuer, the Guarantor, the Company, the Joint Lead Managers, the Trustee or the Agents (each as defined in the attached Offering Circular) to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the Joint Lead Managers or any affiliate of them is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Lead Manager or such affiliate on behalf of the Issuer in such jurisdiction.

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STRICTLY CONFIDENTIAL

ZHONGRONG INTERNATIONAL BOND 2015 LIMITED

(incorporated in the British Virgin Islands with limited liability)

U.S.$225,000,000 6.00 PER CENT. GUARANTEED NOTES DUE 2018 UNCONDITIONALLY AND IRREVOCABLY GUARANTEED BY ZHONGRONG INTERNATIONAL HOLDINGS LIMITED

(incorporated in the British Virgin Islands with limited liability)

WITH THE BENEFIT OF A KEEPWELL AND LIQUIDITY SUPPORT AND A DEED OF EQUITY INTEREST PURCHASE UNDERTAKING BY

中融信托 zrt
ZHONGRONG TRUST

ZHONGRONG INTERNATIONAL TRUST CO., LTD.

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

ISSUE PRICE: 100 PER CENT.

The 6.00 per cent. guaranteed notes due 2018 (the "**Notes**") will be issued in the aggregate principal amount of U.S.$225,000,000 by Zhongrong International Bond 2015 Limited (the "**Issuer**") and are in registered form in the denomination of U.S.$200,000 each and integral multiples of U.S.$1,000 in excess thereof. The Notes will be unconditionally and irrevocably guaranteed (the "**Guarantee of the Notes**") by Zhongrong International Holdings Limited (the "**Guarantor**"). The Issuer is a direct, wholly-owned subsidiary of the Guarantor and the Guarantor in turn is an indirect, wholly-owned subsidiary of Zhongrong International Trust Co., Ltd. (the "**Company**").

The Issuer, the Guarantor and the Company will enter into a keepwell and liquidity support deed on or about 15 June 2015 (the "**Keepwell and Liquidity Support Deed**") with DB International Trust (Singapore) Limited (the "**Trustee**") as trustee of the Notes as further described in "*Offer Structure – The Keepwell and Liquidity Support Deed*" and "*Description of the Keepwell and Liquidity Support Deed*". Furthermore, the Issuer, the Guarantor and the Company will enter into a deed of equity interest purchase undertaking on or about 15 June 2015 (the "**Deed of Equity Interest Purchase Undertaking**") with the Trustee as further described in "*Offer Structure – The Deed of Equity Interest Purchase Undertaking*" and "*Description of the Deed of Equity Interest Purchase Undertaking*". **None of the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase Undertaking constitutes a direct or indirect guarantee of the Notes by the Company**.

The Notes will bear interest from 15 June 2015 at the rate of 6.00 per cent. per annum. Interest on the Notes is payable semi-annually in arrear on 15 June and 15 December in each year, commencing with the first Interest Payment Date (as defined in the Terms and Conditions of the Notes (the "**Terms and Conditions**")) falling on 15 December 2015.

The Notes will constitute direct, general, unsubordinated and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

The Guarantee of the Notes will constitute direct, general and unconditional obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Payments on the Notes will be made without withholding or deduction for taxes of the British Virgin Islands or the PRC (each as defined herein) to the extent described in "*Terms and Conditions of the Notes – Taxation*".

Pursuant to an account bank agreement dated on or about 15 June 2015 (the "**Account Bank Agreement**") entered into between the Issuer, the Guarantor, the Trustee and the account bank named therein, the Issuer will deposit an amount not less than the Specified Balance (as defined in the Terms and Conditions) into the Interest Reserve Account (as defined in the Terms and Conditions) on the date on which the Notes are issued and will maintain an amount not less than the Specified Balance in the Interest Reserve Account at all times prior to the Maturity Date (as defined herein). See "*Terms and Conditions of the Notes – Covenants – Interest Reserve*". Unless previously redeemed, or purchased and cancelled as provided herein, the Issuer will redeem each Note at its principal amount in U.S. dollars on the Interest Payment Date falling on, 15 June 2018 (the "**Maturity Date**"). At any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (as defined in the Terms and Conditions) (which notice shall be irrevocable), the Issuer may redeem the Notes in whole, but not in part, at their principal amount, together with interest accrued to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that the Issuer or the Guarantor has or will become obliged to pay Additional Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC (as the case may be) or any political subdivision or any authority thereof or therein having power to tax, and such obligation cannot be avoided by the Issuer or the Guarantor taking reasonable measures available to it. At any time following the occurrence of a Change of Control (as defined in the Terms and Conditions), each Noteholder will have the right, at such Noteholder's option, to require the Issuer to redeem all but not some only of such Noteholder's Notes on the Put Settlement Date (as defined in the Terms and Conditions) at 101 per cent. of their principal amount together with accrued interest to such Put Settlement Date. See "*Terms and Conditions of the Notes – Redemption and Purchase*".

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Company, their respective subsidiaries, their respective associated companies (if any), the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking or the Notes.

Investing in the Notes involves certain risks. See "*Risk Factors*" beginning on page 14 for a description of certain factors to be considered in connection with an investment in the Notes.

The Notes and the Guarantee of the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), 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 compliance with Regulation S under the Securities Act ("Regulation S"). For a description of these and certain restrictions on offers and sales of the Notes and the Guarantee of the Notes and the distribution of this Offering Circular, see "*Subscription and Sale*".

The Notes are expected to be rated "BB" by Standard & Poor's Rating Services ("**S&P**"). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The Notes will be represented by beneficial interests in a global note certificate (the "**Global Note Certificate**") in registered form which will be registered in the name of a nominee of, and shall be deposited on or about 15 June 2015 (the "**Issue Date**") with a common depositary for, Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream, Banking, *société anonyme* ("**Clearstream, Luxembourg**", together with Euroclear, the "**Clearing Systems**"). Beneficial interests in the Global Note Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg. Except as described herein, individual certificates for Notes of will not be issued in exchange for interests in the Global Note Certificate.

Joint Bookrunners and Joint Lead Managers

HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED | **BARCLAYS** | **DBS BANK LTD.** | **HAITONG INTERNATIONAL**

Offering Circular dated 8 June 2015

IMPORTANT NOTICE

Each of the Issuer, the Guarantor and the Company, having made all reasonable enquiries, confirms that to the best of its knowledge and belief (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor, the Company and its subsidiaries taken as a whole (collectively, the "**Group**"), the Notes, the Guarantee of the Notes, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Account Bank Agreement which is material in the context of the issue, offering, sale or distribution of the Notes (including all information which, according to the particular nature of the Issuer, the Guarantor, the Company, the Group, the Notes, the Guarantee of the Notes, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Account Bank Agreement, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the Guarantor, the Company, the Group and of the rights attaching to the Notes, the Guarantee of the Notes, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Account Bank Agreement), (ii) the statements contained in this Offering Circular relating to the Issuer, the Guarantor, the Company, the Group, the Notes, the Guarantee of the Notes, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Account Bank Agreement are in all material respects true and accurate and not misleading, (iii) the opinions and intentions relating to the Issuer, the Guarantor, the Company and the Group expressed in this Offering Circular are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, and (iv) all reasonable enquiries have been made by the Issuer, the Guarantor and the Company to ascertain such facts and to verify the accuracy of all such information and statements.

This Offering Circular has been prepared by the Issuer, the Guarantor and the Company solely for use in connection with the proposed offering of the Notes described in this Offering Circular. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, the Company, the Joint Lead Managers, the Trustee and the Agents (as defined in the "*Terms and Conditions of the Notes*") to inform themselves about and to observe any such restrictions. None of the Issuer, the Guarantor, the Company, the Joint Lead Managers, the Trustee and the Agents represents that this Offering Circular may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. No action is being taken to permit a public offering of the Notes or the possession or distribution of this Offering Circular or any offering or publicity material relating to the Notes in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Notes 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 Notes 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 Notes in any jurisdiction in which such offer or invitation would be unlawful. By purchasing the Notes, 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 Notes to give any information or to make any representation concerning the Issuer, the Guarantor, the Company, the Group, the Notes, the Guarantee of the Notes, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking or the Account Bank Agreement 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 Issuer, the Guarantor, the Company, the Group, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Notes shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor, the Company, 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 Issuer, the Guarantor, the Company, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates to subscribe for or purchase, any of the Notes 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 Issuer, the Guarantor and the Company solely for use in connection with the proposed offering of the Notes exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Notes. 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 Issuer, the Guarantor, the Company and other sources identified in this Offering Circular and none of the Issuer, the Guarantor and the Company has authorised its use for any other purpose. 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 Notes offered by this Offering Circular is prohibited. Each person into whose possession this Offering Circular comes, by accepting delivery of this Offering Circular, agrees to the foregoing.

No representation or warranty, express or implied, is made or given by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, representatives, agents or advisers as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Notes, the Guarantee of the Notes, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking or the Account Bank Agreement and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, representatives, agents or advisers. The Joint Lead Managers, the Trustee and the Agents and their respective affiliates, directors, employees, representatives, agents or advisers 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.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, employees, representatives, agents or advisers 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 Issuer, the Guarantor, the Company, the Group, the issue and offering of the Notes or the giving of the Guarantee of the Notes, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking or the Account Bank Agreement. Each of the Joint Lead Managers, the Trustee, the Agents and their respective affiliates, directors, employees, representatives, agents or advisors accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, employees, representatives, agents or advisors undertakes to review the financial condition or affairs of the Issuer, the Guarantor, the Company or the Group for so long as the Notes remain outstanding nor to advise any investor or potential investor of the Notes of any information coming to the attention of any of the Joint Lead Managers, the Trustee, the Agents or their respective affiliates.

This Offering Circular is not intended to provide the basis of any credit or other evaluation, nor should it be considered as a recommendation by the Issuer, the Guarantor, the Company, the Joint Lead Managers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers and each person who controls any of them) that any recipient of this Offering Circular should purchase the Notes. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Notes should be based upon such investigations with its own tax, legal and business advisors as it deems necessary.

Any of the Joint Lead Managers and their respective affiliates may purchase the Notes 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 Notes and/or other securities of the Issuer, the Guarantor or the Company or their respective subsidiaries or associates at the same time as the offer and sale of the Notes 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 Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Notes). Furthermore, investors in the Notes 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 adviser.

IN CONNECTION WITH THE ISSUE OF THE NOTES, ANY OF THE JOINT LEAD MANAGER APPOINTED AND ACTING AS THE STABILISING MANAGER (THE "STABILISING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND DIRECTIVES, OVER-ALLOT THE NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) 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 NOTES IS MADE AND SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD.

Listing of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Company, the Group or the Notes. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor, the Company, the Group and the terms of the offering of the Notes, 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 Notes. The Issuer, the Guarantor, the Company, the Group, the Joint Lead Managers, the Trustee and the Agents and their respective affiliates are not making any representation to any purchaser of the Notes regarding the legality of any investment in the Notes 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 Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates 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 Issuer, the Guarantor and the Company believe this information to be reliable, it has not been independently verified by the Issuer, the Guarantor, the Company, the Joint Lead Managers, the Trustee or the Agents or their respective directors, advisers, employees, representatives, agents and affiliates, and none of the Issuer, the Guarantor, the Company, the Joint Lead Managers, the Trustee or the Agents or their respective directors, affiliates, advisers, agents, representatives or employees makes any representation as to the accuracy or completeness of that information. Such information may not be consistent with other information compiled within or outside the PRC. 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 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.

PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Group as at and for the three years ended 31 December 2012, 2013 and 2014 (the "**Group's Financial Statements**") have been audited by Baker Tilly China Certified Public Accountants and are included elsewhere in this Offering Circular. The Group's Financial Statements have been prepared and presented in accordance with the Accounting Standards for Business Enterprises in China ("**PRC GAAP**").

In addition, as result of certain changes to PRC GAAP which became on effective on 1 July 2014, the audited consolidated financial information as at and for the year ended 31 December 2013 of the Group have been restated in order that it be comparable to the audited consolidated financial information as at and for the year ended 31 December 2014. See F-28 for such adjustment details. However, the consolidated financial information of the Group as at 31 December 2012 have not been restated and accordingly, is not comparable to the consolidated financial information of the Group as at and for the year ended 31 December 2013 and 2014 as contained in the Group's audited consolidated financial statements as at and for the year ended 31 December 2014. Potential investors must exercise caution when using the consolidated financial information of the Group as at 31 December 2012 to evaluate the Group's financial condition.

PRC GAAP differs in certain material respects from the International Financial Reporting Standards ("**IFRS**"). For a discussion of certain differences between PRC GAAP and IFRS, see "*Summary of Significant Differences between PRC GAAP and IFRS*".

CERTAIN DEFINITIONS AND CONVENTIONS

Unless the context otherwise requires, references in this Offering Circular to "**Hong Kong dollars**", "**HK dollars**" or "**HK$**" are to the lawful currency of Hong Kong, "**Renminbi**" and "**RMB**" are to the lawful currency of the PRC, "**Singapore dollars**" or "**S$**" are to the lawful currency of the Republic of Singapore, "**U.S. dollars**", "**U.S.$**" and "**USD**" are to the lawful currency of the United States of America (the "**United States**"), "**PRC**" and "**China**" are to the People's Republic of China which for the purpose of this Offering Circular excludes Hong Kong, Macau and Taiwan, "**Hong Kong**" are to the Hong Kong Special Administrative Region of the PRC, and "**Macau**" are to the Macau Special Administrative Region of the PRC.

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

FORWARD-LOOKING STATEMENTS

This Offering Circular includes "forward-looking statements". All statements other than statements of historical fact contained in this Offering Circular, including, without limitation, those regarding the Issuer's, the Guarantor's, the Company's and the Group's future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets where the Issuer, the Guarantor, the Company and the Group participates or is seeking to participate, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "will", "may", "anticipate", "seek", "should", "estimate" or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Issuer's, the Guarantor's, the Company's and the Group's control, which may cause its actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Issuer's, the Guarantor's, the Company's and the Group's present and future business strategies and the environment in which the Issuer, the Guarantor, the Company and the Group will operate in the future. Important factors that could cause the Issuer's, the Guarantor's, the Company's and the Group's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "*Risk Factors*" and elsewhere in this Offering Circular. The Issuer, the Guarantor, the Company caution investors not to place undue reliance on these forward-looking statements which reflect their managements' view only as at the date of this Offering Circular.

None of the Issuer, the Guarantor or the Company undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur and the actual results of the Issuer, the Guarantor, the Company or the Group could differ materially from those anticipated in these forward-looking statements.

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SUMMARY

The summary below is only intended to provide a very limited overview of information described in more detail elsewhere in this Offering Circular. This summary does not contain all the information that may be important to prospective investors in deciding to invest in the Notes. Terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should read the entire Offering Circular, including the section entitled "Risk Factors" and the financial statements and related notes thereto, before making an investment decision.

Overview

The Company is one of the leading trust companies in the PRC. The Company was established in 1987 as Harbin International Trust Investment Co., Ltd. and was re-registered and re-named as Zhongrong International Trust Investment Co., Ltd. in May 2002. In July 2007, the Company was once more re-registered and granted a new financial licence and renamed as Zhongrong International Trust Co., Ltd..

The re-registration in 2007 was a result of CBRC requiring all trust companies in the PRC to re-register under the Measures for the Administration of Trust Companies and the Measures for the Administration of Trust Companies' Trust Plans of Assembled Funds, both introduced in 2007.

The Group's principal business is its trust business which offers a broad range of investments into diverse sectors and asset clauses through innovative structures to a large client base that includes institutional investors, financial institutions, governments and high net worth individuals in the PRC. As at 31 December 2014, the Company had approximately 30,000 high net worth individual clients and approximately 1,143 institutional customers.

The Group's business can be divided into three main segments which are private equity investment and financing, asset management and wealth management.

- Private Equity Investment and Financing Business

  - *Industrial and Commercial Enterprises Investment and Financing* – invests in enterprises which manufacture goods and provide services

  - *Public Infrastructure Investment and Financing* – invests in large-scale public infrastructure projects including municipal projects, public facilities, hydro systems, ground transportation, energy projects and communication projects and other public facilities.

  - *Financial Products Investment* – invests in financial securities, wealth management products and other financial products issued by banks, insurance companies, securities companies, fund management companies and other financial institutions.

  - *Real Estate Investment and Financing* – invests in residential development projects focused on first and second tier cities and commercial properties with mature operations and high quality urban mixed-development projects.

- Asset Management Business

  - *Securities Investment Trust* – offers investment in a broad range of products including new share subscriptions, private equity funds and other securities listed on secondary markets.

  - *Overseas Investment* – offers investment and financial planning products outside the PRC.

  - *Industrial Investment Fund* – offers investment in real estate, healthcare, entertainment and farming.

- Wealth Management Business

  - *Zhongrong Wealth Centre* – Zhongrong Wealth Centre is a customer support and sourcing centre. Based on the Group's professional product screening capability and investment advisory procedures, the Group is able to provide one-stop services for high net worth clients through its professional advisory team.

  - *Family Office* – the Company is entrusted by high net worth clients to manage family assets on their behalf for the purpose of wealth planning and succession.

The Group has an extensive presence in over 20 core cities in the PRC including Beijing, Shanghai, Shenzhen and Chengdu and in Hong Kong. For the years ended 31 December 2012, 2013 and 2014, the Group's total operating income was RMB3,808.9 million, RMB4,898.1 million and RMB5,531.5 million, respectively, and the Group's net profit for the corresponding years was RMB1,524.3 million, RMB 2,017.6 million and RMB2,432.8 million, respectively. For the year ended 31 December 2014, the net income margin of the Group was around 44 per cent. As at 31 December 2012, 2013 and 2014, the total consolidated assets of the Group were RMB6,226.2 million, RMB9,687.5 million and RMB12,200.3 million, respectively, and the Group's owners' equity as at the same dates was RMB4,843.4 million, RMB7,645.5 million and RMB9,805.4 million, respectively. As at 31 December 2014, the Company had a registered capital of RMB6 billion. As at 31 December 2014, the Group had RMB4,111.6 million in cash balance and RMB5,452.4 million invested in highly liquid money market funds.

The Company earns net fee and commission income from its trust business which are paid out from the assets of the respective trusts. For the years ended 31 December 2012, 2013 and 2014, the Group's net fee and commission income earned from its trust business was RMB3,533.8 million, RMB4,540.7 million and RMB4,390.3 million, respectively, or approximately 92.8 per cent., 92.7 per cent. and 79.4 per cent. of total operating income, respectively. As at 31 December 2012, 2013 and 2014, the Company's trust assets under management were approximately RMB299,486.3 million, RMB478,534.9 million and RMB710,592.7 million, respectively. As at 31 December 2014, the Company's trust assets under management were the second highest in the industry in the PRC according to data collected from annual reports of PRC trust companies. The Company's total operating revenue and net profit for the year ended 31 December 2014 were RMB5,531.5 million and RMB2,432.8 million, respectively, ranking the Company third by revenue and fourth by net income amongst the PRC trust companies according to data collected from annual reports of PRC trust companies. As at 31 December 2014, the Group employed over 1,800 employees.

Competitive Strength

The Company believes that the Group's key strengths are:

- Effective use of partnership model to incentivise business teams and promote efficient enterprise management

- High degree of autonomy granted to the management team, enabling the Group to respond to market and policy changes quickly

- Ability to capture market opportunities in developing new businesses through its astute market insights

- Sound risk management system and capabilities

- Experienced management team, supported by professional and qualified employees

OFFER STRUCTURE

The following is a description of the structure of the offering, which should be read in conjunction with the sections entitled "Risk Factors", "Terms and Conditions of the Notes", "Description of the Keepwell and Liquidity Support Deed" and "Description of the Deed of Equity Interest Purchase Undertaking".

The Notes and the Guarantee of the Notes

The Notes will be issued by the Issuer. The Notes will constitute direct, general, unsubordinated and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

On the Issue Date, the Notes will have the benefit of the Guarantee of the Notes by the Guarantor. Pursuant to the Guarantee of the Notes, the Guarantor will unconditionally and irrevocably guarantee the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes.

The Issuer is incorporated in the British Virgin Islands and is a direct, wholly-owned subsidiary of the Guarantor. The Guarantor is incorporated in the British Virgin Islands and is an indirect, wholly-owned subsidiary of the Company.

The Keepwell and Liquidity Support Deed

By way of entering into the Keepwell and Liquidity Support Deed, the Company will undertake to provide intra-group credit-support for the Issuer and the Guarantor.

The Keepwell and Liquidity Support Deed will make clear that none of the obligations contained therein would be deemed to constitute a guarantee being provided by the Company under the laws of any jurisdiction in respect of the Issuer's and the Guarantor's respective payment obligations under the Notes and the Guarantee of the Notes. Further, the Keepwell and Liquidity Support Deed expressly provides that in order for the Company to comply with its obligations, the Company may be required to obtain certain PRC regulatory approval which it shall use all reasonable endeavours to obtain.

Material undertakings to be provided by the Company under the Keepwell and Liquidity Support Deed would include:

(a) *Structure and ownership* - (i) maintaining 100 per cent. ownership of the Issuer and the Guarantor; and (ii) ensuring that title, rights and interests in the shares of the Issuer and the Guarantor are not pledged, charged or in any way encumbered;

(b) *Maintenance of liquidity and minimum net worth* - requiring each of the Issuer and the Guarantor (i) to maintain a minimum net worth at all times; (ii) have sufficient liquidity to make timely payment of any amounts payable by it under or in respect of the Notes and the Guarantee of the Notes; (iii) remaining solvent and a going concern at all times. Further, the Company will undertake to ensure that the Guarantor will maintain certain financial covenants (e.g. minimum equity); and

(c) *Restriction on relevant indebtedness* – undertaking by the Company (i) to not issue or guarantee any other similar relevant indebtedness/debt securities without at the same time or prior thereto provide a guarantee or indemnity for the Notes or offering to exchange the Notes for securities issued or guaranteed by the Company with terms substantially identical to those of the Notes, subject to it having used all reasonable efforts to obtain all requisite regulatory approvals; and (ii) not to, and to procure that none of its subsidiaries will create any security interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any relevant indebtedness or guarantee of relevant indebtedness without (X) at the same time or prior thereto securing the Notes equally and rateably therewith or (Y) providing such other security for the Notes.

Liquidity Support and Parent Investment

Upon (i) failure of the Issuer or the Guarantor to provide a liquidity notice to the Trustee in accordance with the Keepwell and Liquidity Support Deed, (ii) the insufficient liquidity or cash flow of the Issuer or the Guarantor to make payment in full of any outstanding amounts as they fall due under the Notes (either due to illiquidity or an event of default occurring), (iii) an event of default under the Notes or (iv) there being a shortfall in respect of the financial/maintenance covenants imposed on the Issuer and Guarantor, the Company will undertake to:

- provide liquidity support to the Issuer and/or the Guarantor; and

- invest in the Guarantor and/or any offshore subsidiary(ies) to provide liquidity.

Parties will acknowledge that the above steps would be subject to the Company having obtained all applicable PRC regulatory approvals (which the Company shall use all reasonable endeavours to obtain).

Deed of Equity Interest Purchase Undertaking

Following the occurrence of an event of default under the Notes, in order to assist the Issuer and Guarantor in satisfying its payment obligations under the Notes and the Guarantee of the Notes, the Company will undertake, subject to obtaining all necessary PRC regulatory approval, to carry out intra-group purchase(s) of certain equity interest held by the Guarantor and/or any other offshore subsidiary or subsidiaries of the Company and direct the sale proceeds from such sale and purchase to an account designated by the vendor subsidiary.

In order to action such intra-group purchase undertaking, the Company will undertake to comply with the key PRC regulatory approvals required for such purchase(s). The key regulatory approval procedures will be substantively set out in the documentation and will require the input/confirmation of the PRC counsel. Some of the key approvals that may be applicable include:

- filing with People's Bank of China (the "**PBOC**") (if applicable), China Banking Regulatory Commission (the "**CBRC**") (if applicable) and/or Ministry of Commerce of the PRC (the "**MOFCOM**") (if applicable) for approval of the transfer of the equity interest being the subject of the purchase;

- AIC registration of the transfer of the interest;

- filing with PRC tax authorities in respect of any applicable withholding tax and obtaining the relevant tax clearance certificate from such tax authority; and

- SAFE registration for remittance of the relevant purchase price outside the PRC.

Following completion of the applicable regulatory procedures, the Company will undertake pay to, or procure payment to, or to the order of, the relevant purchase price to such account outside the PRC as may be designated by the vendor subsidiary (with such account being an account held by the trustee of the Notes).

Interest Reserve

The Issuer will undertake to deposit an amount equal to the aggregate interest for one interest period payable under the Notes (the "**Interest Reserve**"), into an interest reserve account (the "**Interest Reserve Account**"). During the tenor of the Notes, the Issuer will be obliged to maintain the Interest Reserve amount as the minimum balance in the Interest Reserve Account. The Issuer may at any time in the period falling not more than 14 nor less than two business days prior to an Interest Payment Date, by written notice to the Account Bank withdraw from the Interest Reserve Account for payment on the applicable Interest Payment Date. The Interest Reserve Account should be topped up to the extent of the amounts drawn by no later than 30 days following the relevant Interest Payment Date.

Upon the occurrence of an Event of Default under the Notes, the Reserve Fund will be held solely to the order of the Trustee and the Account Bank shall release the Reserve Fund in the Interest Reserve Account at the direction of the Trustee, which shall apply such funds in accordance with the provisions of the Trust Deed in and towards payment of the amounts due under the Notes and the Trust Deed.

THE OFFERING

The following summary contains some basic information about the Notes and is qualified in its entirety by the remainder of this Offering Circular. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in "Terms and Conditions of the Notes" shall have the same meanings in this summary. For a complete description of the terms of the Notes, see "Terms and Conditions of the Notes" in this Offering Circular. This summary is not intended to be complete and does not contain all of the information that is important to an investor.

Issuer	Zhongrong International Bond 2015 Limited
Guarantor.	Zhongrong International Holdings Limited
Company	Zhongrong International Trust Co., Ltd.
Notes.	U.S.$225,000,000 6.00 per cent. Guaranteed Notes due 2018
Guarantee of the Notes.	Payment of all sums from time to time payable by the Issuer in respect of the Notes is irrevocably and unconditionally guaranteed by the Guarantor.
Issue Price	100 per cent.
Form and Denomination	The Notes will be issued in registered form in the denomination of U.S.$200,000 each and integral multiples of U.S.$1,000 in excess thereof.
Interest	The Notes will bear interest from and including 15 June 2015 at the rate of 6.00 per cent. per annum, payable semi-annually in arrear on 15 June and 15 December in each year.
Interest Reserve	On the Issue Date, the Issuer shall deposit or procure that there shall be deposited into the Interest Reserve Account U.S.$6,750,000, being the amount which is equal to the amount of interest due in respect of the Notes for the first Interest Period after the Issue Date, as the initial Specified Balance. The Interest Reserve Account will be established with the Account Bank. Prior to the Maturity Date, the Issuer shall, unless otherwise permitted under the Terms and Conditions, maintain the Specified Balance in the Interest Reserve Account. See "*Terms and Conditions of the Notes – Covenants – Interest Reserve*".
Issue Date	15 June 2015.
Maturity Date	15 June 2018.

Status of the Notes	The Notes constitute direct, general, unsubordinated and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Status of the Guarantee of the Notes . . .	The Guarantee of the Notes constitutes direct, general and unconditional obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. See "*Risk Factors – Risks relating to the Notes and the Guarantee of the Notes*".
Negative Pledge	The Notes will contain a negative pledge provision as further described in Condition 3(a) of the Terms and Conditions.
Redemption at Maturity	Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount in U.S. dollars on the Maturity Date.
Taxation.	All payments of principal and interest in respect of the Notes by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the British Virgin Islands, the PRC or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. Where such withholding or deduction is made by the Issuer or the Guarantor as a result of the Issuer or the Guarantor being deemed by PRC tax authorities to be a PRC tax resident at the rate of up to (and including) 10 per cent. (the "**Applicable Rate**"), the Issuer or (as the case may be) the Guarantor will pay such additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required.

	In the event that the Issuer or (as the case may be) the Guarantor is required to make a deduction or withholding (i) by or within the PRC in excess of the Applicable Rate; or (ii) by or within the British Virgin Islands, the Issuer or the Guarantor, as the case may be, shall pay such additional amounts (the "**Additional Amounts**") as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Note in the circumstances set out in Condition 7 of the Terms and Conditions.
Redemption for Tax Reasons	The Notes 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 Noteholders in accordance with the Terms and Conditions (which notice shall be irrevocable) at their principal amount, together with interest accrued to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that (A) the Issuer or the Guarantor has or will become obliged to pay Additional Amounts as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC (as the case may be) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 8 June 2015, and (B) such obligation cannot be avoided by the Issuer or the Guarantor taking reasonable measures available to it, **provided, however, that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such Additional Amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.
Redemption for Change of Control	At any time following the occurrence of a Change of Control, each Noteholder will have the right, at such Noteholder's option, to require the Issuer to redeem all but not some only of that Noteholder's Notes on the Put Settlement Date at 101 per cent. of their principal amount, together with accrued interest to such Put Settlement Date. a "**Change of Control**" occurs when: (a) the Company ceases to have Control of the Guarantor; (b) Jingwei Textile Machinery Co., Ltd. ceases to be the largest direct or indirect holder of the issued share capital of the Company;

(c) Substantial Shareholders cease to in aggregate have Control of the Company; or

(d) SASAC ceases to legally or beneficially hold or own (directly or indirectly) in aggregate more than 25 per cent. of the issued share capital of the Company;

"**Control**" means (where applicable), with respect to a person, either (i) or (ii) is satisfied: (i) the ownership, acquisition or control of the Relevant Percentage of the voting rights of the issued share capital of such person, whether obtained directly or indirectly or (ii) the right to appoint and/or remove the Relevant Percentage of the members of the 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

"**Relevant Percentage**" means (a) in the case of Control of the Company over the Guarantor, 100 per cent. and (b) in the case of Control of Substantial Shareholders over the Company, at least 51 per cent.; and

"**Substantial Shareholder**" means Jingwei Textile Machinery Co., Ltd., Harbin Investment Group Co., Ltd. or any other state-owned enterprise or company more than 50 per cent. owned or controlled directly or indirectly by SASAC that holds or owns any issued share capital of the Company.

Events of Default	Upon the occurrence of certain events as described in Condition 8 of the Terms and Conditions, the Trustee at its discretion may and, if so requested in writing by holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality.
Cross-Acceleration.	The Notes will contain a cross-acceleration provision as further described in Condition 8(d) of the Terms and Conditions.

Clearing Systems	The Notes will be represented by beneficial interests in the Global Note Certificate in registered form, which will be registered in the name of a nominee of, and deposited on or about the Issue Date with a common depositary for, Euroclear and Clearstream, Luxembourg. Beneficial interests in the Global Note Certificate will be shown on and transfers thereof will be effected only through records maintained by Euroclear and Clearstream, Luxembourg. Except as described herein, certificates for Notes will not be issued in exchange for beneficial interests in the Global Note Certificate.
Clearance and Settlement	The Notes have been accepted for clearance by Euroclear and Clearstream, Luxembourg under the following codes: ISIN: XS1243885388 Common Code: 124388538
Governing Law	Hong Kong law
Trustee	DB International Trust (Singapore) Limited
Principal Paying Agent	Deutsche Bank AG, London Branch
Registrar and Transfer Agent	Deutsche Bank Luxembourg S.A.
Listing	Approval in-principle has been received from the SGX-ST for the listing and quotation of the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Company, their respective subsidiaries, their respective associated companies (if any), the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking or the Notes. The Notes will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in other currencies) for as long as any of the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.
Use of Proceeds	See "*Use of Proceeds*".
Keepwell and Liquidity Support Deed	The Issuer, the Guarantor and the Company will enter into the Keepwell and Liquidity Support Deed with the Trustee as further described in "*Offer Structure – The Keepwell and Liquidity Support Deed*" and "*Description of the Keepwell and Liquidity Support Deed*".

Deed of Equity Interest Purchase Undertaking	The Issuer, the Guarantor and the Company will enter into the Deed of Equity Interest Purchase Undertaking with the Trustee as further described in "*Offer Structure – The Deed of Equity Interest Purchase Undertaking*" and "*Description of the Deed of Equity Interest Purchase Undertaking*".
Account Bank Agreement	The Issuer and the Guarantor will enter into the Account Bank Agreement with the Trustee and the account bank named therein in respect of the Interest Reserve Account.
Rating	The Notes are expected to be rated "BB" by S&P. Security ratings are not recommendations to buy, sell or hold the Notes. Rating is not recommendations to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawn at any time.

SUMMARY FINANCIAL INFORMATION OF THE GROUP

The following tables set forth the summary consolidated financial information of the Group as at and for the periods indicated.

The summary audited consolidated financial information as at and for the three years ended 31 December 2012, 2013 and 2014 has been derived from the Group's audited consolidated financial statements for the three years ended 31 December 2012, 2013 and 2014, which have been audited by Baker Tilly China Certified Public Accountants, and included elsewhere in this Offering Circular. The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, such consolidated financial statements of the Group and, including the notes thereto, included elsewhere in this Offering Circular. Historical results of the Group are not necessarily indicative of results that may be achieved for any future period.

In addition, as result of certain changes to PRC GAAP which became on effective on 1 July 2014, the audited consolidated financial information as at and for the year ended 31 December 2013 of the Group have been restated in order that it be comparable to the audited consolidated financial information as at and for the year ended 31 December 2014. See F-28 for such adjustment details. However, the consolidated financial information of the Group as at 31 December 2012 have not been restated and accordingly, is not comparable to the consolidated financial information of the Group as at and for the year ended 31 December 2013 and 2014 as contained in the Group's audited consolidated financial statements as at and for the year ended 31 December 2014. Potential investors must exercise caution when using the consolidated financial information of the Group as at 31 December 2012 to evaluate the Group's financial condition.

The Group's financial statements have been prepared and presented in accordance with PRC GAAP. PRC GAAP differs in certain material respects from IFRS. For a discussion of certain differences between PRC GAAP and IFRS, see "Summary of Significant Differences between PRC GAAP and IFRS".

CONSOLIDATED BALANCE SHEET OF THE GROUP

	As at 31 December		
	2014	**2013**	**2012**
		RMB	
Assets			
Cash and bank balances	4,111,623,631.75	8,431,528,471.74	4,936,999,730.05
Financial assets measured by fair value through profit or loss	6,039,319,045.43	239,097,846.44	276,665,724.16
Accounts receivable	10,986,783.16	436,252.30	–
Prepayments	399,000.00	–	–
Interest receivable	67,466.67	64,114.99	–
Available-for-sale financial assets	604,920,674.97	406,442,393.41	570,852,379.82
Long-term equity investments	53,160,938.66	45,454,624.37	49,357,636.42
Fixed assets	28,096,291.45	33,900,861.94	33,766,441.72
Intangible assets	27,122,543.07	25,374,571.55	7,348,500.76
Deferred tax assets	505,899,511.55	447,010,225.56	281,569,681.53
Other assets	818,716,242.32	58,197,129.96	69,626,866.75
Include: Other account receivable	55,440,288.91	37,473,699.52	44,408,888.37
Long-term prepaid expenses	13,275,953.41	20,723,430.44	25,217,978.38
Other non-current assets	750,000,000.00	–	–
Total Assets	**12,200,312,129.03**	**9,687,506,492.26**	**6,226,186,961.21**
Liabilities and Shareholders' Equity			
Liabilities			
Accounts payable	4,697,730.94	316,466.21	–
Receipts in advance	20,330,945.75	23,921,136.53	29,745,346.54
Employee benefits payable	1,061,349,763.20	941,574,670.92	1,005,886,550.66
Taxes payable	412,749,497.54	460,371,082.11	319,614,756.19
Long-term payroll payable	861,955,490.33	585,675,181.32	–
Other liabilities	33,843,626.90	30,163,399.90	27,548,639.54
Inc: Other account payable	33,843,626.90	30,163,399.90	–
Total Liabilities	**2,394,927,054.66**	**2,042,021,936.99**	**1,382,795,292.93**
Paid-in capital (share capital)	6,000,000,000.00	1,600,000,000.00	1,475,000,000.00
Capital reserve	232,537,248.16	1,406,237,248.16	511,210,988.04
Other comprehensive income	-105,873,332.53	-132,538,153.21	–
Surplus reserve	826,347,809.72	585,039,617.41	375,888,002.91
General risk reserve	554,401,639.06	334,587,179.94	204,799,168.53
Unappropriated profits	2,179,483,106.17	3,736,867,334.02	2,276,493,508.80
Total Owners' Equity Attributable To the Company	**9,686,896,470.58**	**7,530,193,226.32**	**4,843,391,668.28**
Minority interests	118,488,603.79	115,291,328.95	–
Total Owners' Equity	**9,805,385,074.37**	**7,645,484,555.27**	**4,843,391,668.28**
Total Liabilities and Owners' Equity	**12,200,312,129.03**	**9,687,506,492.26**	**6,226,186,961.21**

CONSOLIDATED STATEMENT OF INCOME OF THE GROUP

	Year ended 31 December		
	2014	**2013**	**2012**
		RMB	
I. Total operating income	**5,531,491,710.83**	**4,898,115,721.11**	**3,808,931,196.53**
Interest net income	428,368,448.67	340,742,194.17	80,833,253.62
Interest income	428,368,448.67	340,742,194.17	81,660,031.30
Interest expenses	–	–	826,777.68
Net income of fee and commission	4,446,971,821.26	4,542,050,100.01	3,533,810,991.94
Fee and commission income	4,446,971,821.26	4,542,050,100.01	3,533,810,991.94
Operating income	20,398,347.16	–	53,439,414.41
Investment income	210,674,836.17	–36,589,452.81	–6,437,885.02
Gains from changes in fair values (Losses are indicated by "-")	118,727,136.67	–10,108,433.46	43,053,026.34
Foreign exchange gains (Losses are indicated by "-")	1,294,069.16	–2,074,191.54	–30,297.13
Other operating income	305,057,051.74	64,095,504.74	104,262,692.37
II. Total operating costs	**2,318,130,111.14**	**2,191,126,688.50**	**1,781,517,496.43**
Business tax and surcharges	273,459,535.74	262,216,891.70	210,896,900.40
Operation and administrative expenses	2,044,670,575.40	1,928,909,796.80	1,570,620,596.03
Other operating Cost	–	–	–
III. Operating profit	**3,213,361,599.69**	**2,706,989,032.61**	**2,027,413,700.10**
Add: Non-operating income	3,534,897.86	3,549,149.49	12,138,449.92
Less: Non-operating expenses	1,214,996.88	2,128,016.11	4,637,746.23
IV. Total profit	**3,215,681,500.67**	**2,708,410,165.99**	**2,034,914,403.79**
Less: Income tax expenses	782,887,562.97	690,805,385.91	510,602,541.11
V. Net profit	**2,432,793,937.70**	**2,017,604,780.08**	**1,524,311,862.68**
Net profit attributable to owners of the Company	2,430,038,423.58	2,049,313,451.13	1,524,311,862.68
Profit or loss attributable to minority interests	2,755,514.12	–31,708,671.05	–
VI. Other comprehensive income	**27,106,581.40**	**–112,511,893.09**	**–2,022,758.37**
1. Other comprehensive income not reclassified into gains or losses			
2. Other comprehensive income classified into gains or losses	27,106,581.40	–112,511,893.09	
Include. Available for sale financial asset fair value at gains or losses	27,211,756.17	–112,511,893.09	
VII. Total comprehensive income	**2,459,900,519.10**	**1,905,092,886.99**	**1,522,289,104.31**
Total comprehensive income attributable to owners of the Company	2,456,703,244.26	1,936,801,558.04	1,522,289,104.31
Total comprehensive income attributable to minority interests	3,197,274.84	–31,708,671.05	–

RISK FACTORS

Prior to making an investment decision, prospective investors should carefully consider the following risk factors, along with the other matters set out in this Offering Circular. PRC laws and regulations may differ from the laws and regulations in other countries. Additional risks not described below or not currently known to the Issuer, the Guarantor or the Company or that the Issuer, the Guarantor or the Company currently deems immaterial may also adversely affect the value of the Notes. The Issuer, the Guarantor and the Company believe that the risk factors described below represent the principal risks inherent in investing in the Notes, but the Issuer, the Guarantor or the Company may not be able to pay interest, principal or other amounts on or in connection with any Notes or to satisfy their obligations under the Guarantee of the Notes, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Account Bank Agreement for reasons which the Issuer, the Guarantor or the Company may not consider as significant risks based on information currently available to us, which the Issuer, the Guarantor or the Company may not currently be able to anticipate or which the Issuer, the Guarantor or the Company may currently deem immaterial. All of these factors are contingencies which may or may not occur and the Issuer, the Guarantor and the Company are not in a position to express a view on the likelihood of any such contingency occurring.

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

RISKS RELATING TO THE GROUP'S BUSINESS AND THE GROUP

The Group's trust plans have exposures in industry sectors which could be adversely affected by downturns in the economy and any failure to pay the principal and investment returns to the investors under any trust plans as scheduled may materially and adversely affect the Group's reputation.

The Group provides various trust plans for its institutional and retail clients to invest in various industry sectors, including real estate, public infrastructure, financial services and other commercial and industrial enterprises. In the event of a downturn and slowdown in any of these industries, the Group's trust plans may not be able to collect the principal and/or expected investment returns on its trust plans.

In recent years, the PRC central government and local governments have implemented stringent policies to prevent an overheated real property market. Any further stringent policies in the PRC or prolonged implementation of the relevant policies could lead to deterioration in the liquidity of real estate properties in the PRC, which may in turn cause the sales volume and/or sales prices of the Group's real estate trust investments to decline. In addition, the value of the Group's real estate trust assets may decrease. There were reports that a trust company in the PRC warned in June 2014 that it would be unable to repay investors because a mining company failed to repay a loan and there were reports in March 2014 that a developer in Ningbo city was unable to meet payments of a trust loan. In addition, the Group's financial services trust business is susceptible to the credit risks associated with counterparties. Counterparties' failure to make payments or perform their obligations could have a material adverse effect on the trust plan's ability to make payments when due to investors.

While the Group has certain obligations to fulfil its duties of effective management as trustee of the trust plan, the Group does not promise investors the profitability of its trust plans or guarantee against the loss of any principal amount invested. Nonetheless, if the Group's trust plans fail to pay the principal and expected investment returns to investors when due, the reputation of the Group will be damaged and confidence as well as sentiment of investors towards the Group's existing and future trust plans will be affected, which is likely to adversely affect the results of the Group's prospects and financial condition.

Some trust companies in the PRC may have offered bail-outs for investors in their trust plans and these actions may affect investors' expectations generally.

In 2014 there have been reports that a trust company in the PRC may have been involved in bail-outs of investors in their trust plan. When the trust plan was facing difficulties repaying investors, an unidentified buyer offered holders of the trust plan the right to transfer their rights in the trust for an amount equal to the product's face value. It has been reported that the trust company who sold the trust plan to investors may have been involved in the repayment of principal to investors. Even though trust companies in the PRC generally do not promise investors the profitability of its trust plans or guarantee against the loss of any principal amount invested, reports of such bail-outs may alter investor's perception of the industry practice. The Group has taken steps to clearly disclose in its contracts with investors that the Group does not promise investors the profitability of its trust plans or guarantee against the loss of any principal amount invested. However, there is no assurance that the actions of some trust companies would not affect the expectations of the investors. If customers invest in the Group's trust plans with the expectation that the Group would also bailout its investors in similar situations, and if the Group does not offer such bail-outs, then investor sentiments towards the Group may be adversely affected. Such events may materially and adversely affect the Group's prospects, results of operations and financial condition.

There is no assurance that there will be no change to the shareholding structure of the Company.

Since its establishment in 1987, there have been several changes to the Company's shareholders and although the Company is currently indirectly majority-owned by the PRC government controlled state-owed enterprises, there is no assurance that this will continue. When the Company was incorporated in 1987 as Harbin International Trust Investment Co., Ltd., its shareholders were State-owned Assets Supervision and Administration Commission of Harbin province ("**SASAC of Harbin**") and Haci Company Limited. However in 2004, the Company completed two equity transfer deals and the original shareholders transferred their stakes to Harbin Economic Development and Investment Company and Zhongzhi Enterprise Group Co., Ltd.. Then in 2010, Jingwei Textile acquired 36 per cent. of the Company from Zhongzhi Enterprise Group Co., Ltd. and became the Company's largest shareholder.

The Company does not have control over its shareholders who may transfer their stake to another party and cannot provide any guarantee or assurance that its current key shareholders will remain the same. In addition, the Company from time to time considers a range of available financing options, including equity injections from third parties.

The Group's trust business in the PRC faces severe competition for investor funds and projects from other players in the financial services industry in the PRC.

The Group's trust business primarily operates in the PRC, where competition for investor funds and projects is intense not just from other trust companies but also from other players in the financial services industry. In particular, banks, securities companies and funds companies have been increasing their wealth management capabilities and offering products similar to trust plans to investors. The high-yield bond market was launched in 2012 on the Shanghai Stock Exchange with bonds offering rates competitive with that of trust plans.

The Group also competes with both local and international companies in respect of its trusts, securities investments, asset management, alternative asset management, private equity and wealth management businesses. The Group competes with these competitors in terms of brand recognition, marketing and distribution capability, service quality, financial strength, pricing and the range of products and services offered. With the intensifying market competition, competitors may reduce their prices to improve their market share, which may compel the Group to further reduce its fees and commission to remain competitive.

Some of its competitors may have certain competitive advantages over the Group which enable them to have a better access to potential clients and capital resources than the Group, including greater financial resources, stronger brand recognition, a broader range of products and services, more extensive operating experience, higher market share and a more extensive distribution network, business relationships, and/or a longer operational track record in the relevant geographic markets. In addition, in 2010, the CBRC introduced capital requirements for trust companies stipulating that all trust companies must maintain a minimum net capital of RMB200 million and maintain a ratio of no less than 40 per cent. of net capital to net assets. This makes it harder for trust companies in the PRC to compete with competitors such as securities companies which have a lower cost of capital compared to trust companies and can pass on such discounts in their products and plans to clients.

There is no assurance that the Group can compete effectively against its current and future competitors, or that competitive forces in the market will not alter the industry landscape such that the Group's business objectives would become impractical or impossible.

A significant decline in the size of the assets under management or poor management performance may materially and adversely affect the Group's operations.

The Group receives fees based on the value of its customer portfolios or investments in funds and trusts managed by it. The Group's ability to raise funds for its trust plans depends on a number of factors, many of which are beyond the Group's control. Poor performance of the Group's trust plans or asset management plans could also make it more difficult for the Group to raise new capital. To the extent that economic and market conditions deteriorate, the Group may be unable to raise sufficient funds to support the investment activities of its trust plans or asset management plans. If the Group fails to raise funds, the financial condition and results of operations of its trust plans or asset management plans could be materially and adversely affected, which may, as a result, adversely affect the results of the Group's business operations.

In addition, investment performance affects the Group's assets under management and is one of the most important factors in retaining clients and competing for new business. Market volatility and limitations in investment options and hedging strategies in the PRC could limit the Group's ability to provide stable returns for its clients and cause it to lose clients. Further market volatility, adverse economic conditions or the failure to out-perform competitors or the market may reduce the size of the assets under the Group's management or affect the performance of the funds or trusts it manages. Upon occurrence of any of the above circumstances, existing investors might divert their future investments away from the Group in favour of better performing products provided by competitors; clients may request that the Group lower its fees for asset management services in an intensely competitive industry; the Group's incentive fees, which are based on the investment returns, could decline; and firms and financial institutions with which the Group has co-operations may terminate their relationships with the Group, and future strategic alliances may be unavailable. In addition, the Group may not be able to keep or increase its assets under management. Any of the above circumstances may adversely affect the results of the Group's business operations.

The Group may have limited control over the projects and companies in which its trust plans invest.

The Group has set up specialised project management departments to monitor its investment projects as a part of its risk management measures. For example, the Company has six functional departments with risk management responsibilities responsible for research, investigation, analysis and monitor of the risk elements involved in its investment projects.

However, there is no assurance that the Group will have complete control over the companies and projects in which its trust plans or asset management plans invest. The Group may not be able to influence the business, financial or management decisions of those companies or projects, which could result in the Group not being able to achieve the expected investment return. If the Group cannot achieve the expected investment return on its trust plans, reputation of the Group will be damaged and confidence and sentiment of investors will be affected. As a result, the Group's business, financial condition and results of operations could be materially and adversely affected.

As the Group does not participate in the daily management of the companies and projects in which the Group's trust plans have investments, it may not be aware of issues arising from their daily operations and legal compliance. Even if the Group is aware of such issues, it may not be able to cause such enterprises to resolve the issues due to its limited influence on them. Therefore, certain issues arising from the daily operations and legal compliance of these companies may materially and adversely affect the Group's business, financial condition and results of operations.

The Group's proprietary investment operations are subject to market volatility and its investment decisions

The Group invests in equity and fixed income securities and trades in cash and cash equivalent securities, all of which are subject to market volatility. The performance of the Group's proprietary investment and trading business is determined by its investment decisions and judgments based on its assessment of existing and future market conditions. The Group's investment decisions are a matter of judgment, which involves management discretion and assumptions. Its decision-making process may fail to effectively minimise losses, capture gains, or conform to actual changes in market conditions. In addition, the value of certain assets of the Group, such as available-for-sale securities and financial assets, are subject to price fluctuations as a result of changes in the financial market's assessment of the relevant issuer's credit worthiness, delinquency and default rates and other factors. The decline in the value of such assets can result in the recognition of impairment losses of the Group.

The Group is exposed to liquidity risk.

The Group satisfies its liquidity requirements mainly through cash generated from operations and trading in financial assets. The Group also receives cash from capital injection from its shareholders, and net proceeds from the issuance of the Notes will be re-invested in the Group. Any decline in the Group's liquidity level may impair the confidence of its customers or counterparties, which may result in loss of business and/or customers.

Factors which may adversely affect the Group's liquidity level include unfavourable changes to the macroeconomic environment, policies or money markets, the Group's failure to maintain current and future financing arrangements on commercially acceptable terms, decreases in recovery of cash from disposal of assets due to unfavourable changes of capital markets, failure to realise the value of invested financial assets at a reasonable price, concentrated holding of certain assets or asset categories, mismatching of assets and liabilities maturity, tightened regulatory requirement, other changes in regulations or weakened market and customer sentiments. If the Group is unable to generate sufficient cash from operating activities to meet its liquidity needs, the Group would be required to seek external financing.

There is no assurance that any additional financing will be available to it on acceptable terms, if at all. This risk is exacerbated by the volatility that the global credit markets have experienced. To the extent that additional financing proves to be unavailable when needed for a particular investment or acquisition, the Group may be compelled to either restructure the transaction or abandon the investment or acquisition plan. In addition, if the Group acquires or invests in another company, the company it acquires or invests in may require additional financing to fund continuing operations and/or growth. Furthermore, the Group's subsidiaries or branches may request support from the Group to meet their liquidity requirements during their ordinary course of business. There is no assurance that the Group will always be able to provide sufficient funds to its subsidiaries on a timely basis, if at all. The occurrence of any of the above-mentioned circumstances could materially and adversely affect the Group's financial condition and results of operations.

The complexity of its operations and products exposes the Group to operating, marketing and other risks, and the Group's risk management and internal control systems may be ineffective or inadequate.

The Group has established risk management and internal control systems and procedures to manage potential risks associated with the broad range of financial services and products it offers. The risk management and internal control system may require constant monitoring, maintenance and continual improvements by its senior management and staff. If the Group's efforts to maintain these systems are ineffective or inadequate, the Group may face operating, marketing and other risks. Deficiencies in the Group's risk management and internal control systems and procedures may affect its ability to record, process, summarise and report financial and other data in an accurate and timely manner, as well as affect its ability to identify any reporting errors and non-compliance with rules and regulations.

The Group's risk management and internal control systems and procedures may contain inherent limitation caused by misjudgment, fault or the Group's limited experience or resources in making accurate, complete, up-to-date or proper evaluations. In particular, the Group devises risk managing procedures based on observed historical market behaviour and the Group's experience. However, in markets that are rapidly developing, the information and experience data that the Group relies on for its risk management methods may become quickly outdated as markets and regulations continue to evolve.

Furthermore, the Group may not have sufficient access to resources and trading counterparties to implement its trading and investment risk mitigation strategies and techniques effectively. If the Group's decision making process fails to effectively minimise losses while capturing gains, it may materially and adversely affect the Group's financial performance.

As a result, there is no assurance that the Group's risk management and internal control systems are adequate or effective, and any failure to address any internal control matters and other deficiencies could result in investigations and disciplinary actions or even prosecution being taken against the Group or its employees, disruption to its risk management system, which may have a material and adverse effect on its financial condition and results of operations.

There can be no assurance that the Group's due diligence investigations will identify every matter that could have a material adverse effect on the Group.

The Group intends to conduct extensive business, financial and legal due diligence in connection with its operations, in particular, for potential acquisition and investment opportunities. However, there can be no assurance that the Group's due diligence investigations will identify every matter that could have a material adverse effect on the acquisition or investment targets. As a result, the Group may fail to identify the existing risks in relation to the business and operations of investment targets through its due diligence. To the extent that any of the above mentioned issues arise, the business and operations of the investment target could be adversely affected, which in turn could have material and adverse effects on the Group's financial condition and results of operations.

The Group's expansions or acquisitions may not be successful.

The Group may expand through acquisition of entities offering financial services or products complementing its own business operations. In addition, the Group has intentions to expand its business outside the PRC and Hong Kong to countries such as South Korea, Malaysia, Australia and United Kingdom. The Group may enter into joint ventures with local business partners in these countries or the Group may identify and acquire suitable targets in line with its development strategy. There is no assurance that the Group will be able to identify suitable acquisition or expansion opportunities, negotiate acceptable terms or successfully acquire identified targets or successfully complete joint venture projects. It is anticipated that the investigation of an acquisition or investment plan and the negotiation, drafting and execution of relevant agreements, disclosure documents and other instruments will require substantial time and attention from management and substantial costs for accountants, attorneys and other advisers. If such expansion, acquisition or investment plan is not implemented, the costs incurred up to that point for the proposed transaction may not be recoverable. Furthermore, even if an agreement is reached relating to a specific acquisition or investment target, the Group may not implement the investment or acquisition plan for many reasons beyond its control. For example, the process of integrating an acquired business may involve unforeseen costs and delays or other operational, technical and financial difficulties that may require a disproportionate amount of management attention and financial and other resources. The failure to achieve consolidation savings, realise the expected synergies, successfully incorporate the acquired businesses and assets into the Group's existing operations or minimise any unforeseen operational difficulties could have a material adverse effect on its financial condition and results of operations.

The Group is subject to extensive regulatory requirements, the non-compliance of which would materially and adversely affect the Group's financial condition and results of operations.

The Group is subject to extensive laws, policy and regulatory requirements issued by the relevant governmental authorities in the PRC and overseas (including Hong Kong). In particular, as a non-bank financial institution in the PRC, the Company is subject to supervision of various authorities, including the China Banking Regulatory Commission (the "**CBRC**"). These regulatory authorities promulgate requirements governing the Group's business in various aspects, such as capital adequacy, anti-money laundering, entry into certain markets, pre-filing of trust plans and requirements of other types. Compliance with applicable laws, rules and regulations may restrict the Group's business activities and require it to incur increased expense, restate or write down the value of its assets or liabilities, and to devote considerable time to such compliance efforts.

In addition, pursuant to applicable laws and regulations in the PRC, the Group is required to obtain or renew approvals, permits and licences with respect to its relevant operations. There is no assurance that the Group can obtain or renew all necessary approvals, permits and licences on a timely basis. Non-compliance with relevant laws and regulations or failure to obtain the relevant approvals could subject the Group to sanctions, fines, penalties, revocation of licence or other punitive actions, including suspension of the Group's business operations or restriction or prohibition on certain business activities. Furthermore, relevant government authorities may adopt new laws and regulations, or amend the interpretation or enforcement of existing laws and regulations, or promulgate stricter laws and regulations, all of which may materially and adversely affect the Group's financial condition and results of operations.

Significant interest rate fluctuations could affect the Group's financial condition and results of operations.

The Group's exposure to interest rate risk is primarily associated with its financial assets. The Group earns income from financial assets such as bank deposits and money market funds held under resale agreements and margin financing and securities lending business. Interest income from these sources is generally linked to the prevailing market interest rates. During periods of declining interest rates, the Group's interest income would generally decrease. Significant interest rate fluctuations could reduce the Group's interest income or returns on fixed income investments.

The Group faces risks associated with its business expansion and other changes to its business.

The Group is committed to providing new products and services to enhance its business competitiveness and will continue to expand the financial products and services it offers according to the relevant laws and regulations, develop new customers and enter into new markets. At the same time, the Group is also committed to adapt to any changes in the market, and if necessary, terminate or replace unprofitable business lines or products.

These activities expose the Group to new and potentially increasingly challenging risks, including, but not limited to:

- insufficient experience or expertise in offering new products and services and dealing with new counterparties and customers;
- loss of existing customers;
- greater regulatory scrutiny, increased credit risks, market risks and operational risks including the impact on the Group's capital;
- potential impacts on the investment return of the Group's services due to the overall economic conditions;
- reputational concerns arising from dealing with less sophisticated counterparties and customers;
- inadequate levels of service for its new products and services;
- failure to hire additional qualified personnel to support the offering of a broader range of products and services;
- failure to successfully integrate existing staff into new lines of business;
- unwillingness to accept the new products and services by the Group's customers or failure to meet its profitability expectations;
- failure to obtain sufficient financing from internal and external sources to support its business expansion; and
- unsuccessful enhancement of its risk management capabilities and IT systems to identify and mitigate all the risks associated with these new products and services, new customers and new markets.

If the Group is unable to achieve the intended commercial results with respect to its offering of new products and services, its business, financial condition, results of operations and prospects could be materially and adversely affected.

The Group relies heavily on information technology systems to process and record its transactions and offer online products and services.

The Group's business operation relies heavily on the ability of its information technology systems to store and analyse a large amount of information, accurately process a vast number of transactions across numerous and diverse markets and offer services and products in a timely manner. Even though the Group has put in place disaster recovery plans for its information technology systems, its systems are still vulnerable to disruptions as a result of various factors, including, without limitation, natural disasters, power failures, computer viruses, spam attacks, human errors and unauthorised access. A prolonged disruption to or failure of the Group's information technology systems would limit its ability to monitor and manage collections, maintain financial and operating controls, monitor and manage its risk exposures across the Group, keep accurate records, provide high-quality customer service and to develop and sell profitable products and services. There is no assurance that the operations of the Group will not be materially disrupted if any of these systems fail. Disruption to its information technology system could harm the Group's business and reputation.

The Group may not be able to fully detect money laundering and other illegal or improper activities in its business operations on a timely basis.

The Group is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in the PRC and overseas. The PRC's anti-money laundering law requires financial institutions to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. Such policies and procedures require the Group to, among other things, establish a customer identification system in accordance with relevant rules, record the details of customer activities and report suspicious transactions to relevant authorities.

While the Group has adopted policies and procedures aimed at detecting and preventing the use of its business platforms to facilitate money laundering activities and terrorist acts, such policies and procedures in some cases have only been recently adopted and may not completely eliminate instances in which it may be used by other parties to engage in money laundering and other illegal activities. In the event that the Group fails to fully comply with applicable laws and regulations, the relevant government agencies may freeze its assets or impose fines or other penalties on it. There can be no assurance that the Group will not fail to detect money laundering or other illegal or improper activities. Such failure of the Group may affect its business reputation, financial condition and results of operations.

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

The success of the Group's business is dependent to a large extent on its ability to attract and retain key personnel who possess in-depth knowledge and understanding of the financial services industry. These key personnel include members of the Group's senior management, experienced investment managers, product development personnel, research analysts, marketing and sales staff and information technology and other operations personnel. Competition for attracting and retaining these individuals is intensive. Such competition may require the Group to offer higher compensation and other benefits in order to attract and retain qualified professionals, which could materially and adversely affect the Group's financial condition and results of operations. As a result, the Group may be unable to attract or retain these personnel to achieve its business objectives and the failure to do so could severely disrupt its business and prospects. For example, the Group may not be able to hire enough qualified personnel to support its new products and services to remain competitive. In addition, various businesses of the Group are susceptible to operation errors if its employees are tired or incompetent, or make wrong judgments. Furthermore, as the Group expands its business or hires new employees, the employees may take time to get accustomed to any new standard procedures and consequently may not comply with the standard procedures of any new business in an accurate and timely manner. The occurrence of any of the events discussed above could lead to unexpected loss to the Group and affect its revenue and financial conditions. If any of the senior management or other key personnel of the Group joins or establishes a competing business, the Group may lose some of its customers, which may have a material adverse effect on its business.

The Group may not be able to detect and prevent fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties.

The Group may be exposed to fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties that could subject the Group to financial losses and sanctions imposed by governmental authorities, as well as affect its reputation. These misconducts could include:

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;

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

The Group's internal control procedures are designed to monitor its operations and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner if at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Group takes to prevent and detect such activities may not be effective.

There is no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity as a result.

Conflicts of interest are increasing and a failure to appropriately identify and address conflicts of interest could adversely affect the Group's business.

As the Group expands the scope of its business and client base, it is increasingly important for it to address potential conflicts of interest, including situations where its services to a particular client or its own investments or other areas are at conflict, or are perceived to conflict, with the interests of another client, as well as situations where one or more of its businesses have access to material non-public information that may not be shared with another business within the firm and situations where the Group may be a counterparty of an entity with which the Group also has other relationship.

The Group has extensive procedures and controls that are designed to identify and address conflicts of interest, including those designed to prevent the improper sharing of information among its businesses. However, appropriately identifying and dealing with conflicts of interest is complex and difficult, and the Group's reputation could be damaged and the willingness of clients to enter into transactions with the Group may be adversely affected if the Group fails, or appears to fail, to identify, disclose and deal appropriately with conflicts of interest. In addition, potential or perceived conflicts could give rise to litigation or regulatory enforcement actions against the Group.

Litigation and regulatory investigations and the resulting sanctions or penalties may adversely affect the Group's reputation, business, results of operations and financial condition.

The Group is exposed to risks associated with litigations relating to its operations, including the risk of lawsuits and other legal actions relating to information disclosure, financial products design, sales practises, fraud and misconduct, as well as protection of personal and confidential information of customers. The Group may be subject to arbitration claims and lawsuits in the ordinary course of its business. The Group may also be subject to inquiries, investigations, and proceedings by regulatory and other governmental agencies actions brought against it, which may result in settlements, injunctions, fines, penalties or other results adverse to it that could harm its reputation. Even if the Group is successful in defending itself against these actions, the costs of such defence may be significant. In addition, the Group may be subject to regulatory actions from time to time. A substantial legal liability or a significant regulatory action could have a material and adverse effect on the Group's operations, reputation and business prospects.

There is no assurance that the number of legal claims and amount of damages sought in litigation and regulatory proceedings may not increase in the future. A significant judgment or regulatory action against the Group or a disruption in its business arising from adverse adjudications in proceedings against its directors, officers or employees would have a material adverse effect on its liquidity, business, financial condition, results of operations and prospects.

Catastrophic events, which are unpredictable by nature, could materially and adversely affect the profitability of the Group.

The Group's businesses expose it to risks arising out of catastrophic events, which are unpredictable by nature. Catastrophes can be caused by various natural hazards, including hurricanes, typhoons, floods, earthquakes, severe weather, fires and explosions. Catastrophes can also be artificially induced, such as terrorist attacks, wars and industrial or engineering accidents. In addition, a health epidemic or pandemic such as severe acute respiratory syndrome (or SARS), the H5N1 strain of bird flu (or avian flu), the H1N1 strain of influenza A and Ebola virus outbreak can adversely affect the Group's business. The occurrence of these events may increase the cost of doing business, adversely affect the Group's operations or those of its clients, or result in losses in the Group's investment portfolios, due to, among other things, the failure of its counterparties to perform or significant volatility or disruption in financial markets, all of which may in turn adversely affect the Group's business, financial condition, results of operations and prospects.

The Group faces risks in relation to its operating licences.

The Company's operating licences allow it to operate as a trust company. However, if regulatory policies are amended in the future, or the permitted business scope of financial institutions is amended or expanded, the Company may not be able to obtain new operating licences in a timely manner, which may adversely affect its competitiveness. Furthermore, in order to obtain new operating licences, the Group may need to increase investments in research and development, operation management and infrastructures, which may in turn increase its operating costs.

The Group may from time to time experience departures from its senior management or have difficulties in retaining and recruiting key personnel.

The success of the Group's business is dependent to a large extent on its existing senior management and key personnel. The Group may from time to time experience departures from certain members of senior management or have difficulties in its ability to attract and retain key personnel who possess in-depth knowledge and understanding of the financial services industry. These key personnel include members of the Group's senior management, experienced investment managers, product development personnel, research analysts, marketing and sales staff and information technology and other operations personnel. Competition for attracting and retaining these individuals is intensive. Such competition may require the Group to offer higher compensation and other benefits in order to attract and retain qualified professionals, which could materially and adversely affect the Group's financial condition and results of operations. Further from time to time certain key senior management members may for personal or professional reasons notify and elect to depart from the Group. As a result, the Group may be unable to attract or retain these personnel to achieve its business objectives and the failure to do so could severely disrupt its business and prospects. For example, the Group may not be able to hire enough qualified personnel to support its new products and services to remain competitive.

In addition, various businesses of the Group are susceptible to operation errors if its employees are tired or incompetent, or make wrong judgments. Furthermore, as the Group expands its business or hires new employees, the employees may take time to get accustomed to any new standard procedures and consequently may not comply with the standard procedures of any new business in an accurate and timely manner. The occurrence of any of the events discussed above could lead to unexpected loss to the Group and affect its revenue and financial conditions. If any of the senior management or other key personnel of the Group joins or establishes a competing business, the Group may lose some of its customers, which may have a material adverse effect on its business.

The consolidated financial information of the Group as at and for the year ended 31 December 2012 as included in this Offering Circular may not be comparable to the consolidated financial information of the Group as at and for the years ended 31 December 2013 and 2014.

During the first quarter of 2014, MOF issued seven new/revised specific accounting standards (the "**PRC GAAP Revisions**") regarding long-term equity investments, employee benefits, presentation of financial statements, consolidated financial statements, fair value measurement, joint arrangements and disclosure of interests in other entities. These standards were effective from 1 July 2014 with retrospective application. For consistency and comparison purposes, when preparing the audited consolidated financial statements as at and for the year ended 31 December 2014, certain consolidated financial information of the Group as at and for the year ended 31 December 2013 was adjusted by the Guarantor to reflect the impact of the PRC GAAP Revisions regarding employee benefits and long-term equity investment. See page F-28 for such detailed adjustments. The consolidated financial statements of the Group with adjustment of certain financial information as at and for the year ended 31 December 2013 are presented as comparatives in the consolidated financial statements of the Group as at and for the year ended 31 December 2014. However, the consolidated financial information of the Group as at and for the year ended 31 December 2012 as included in this Offering Circular have not been restated or adjusted to reflect the aforesaid adjustment and accordingly, may not comparable to the consolidated financial information of the Group as at and for the years ended 31 December 2013 and 2014.

RISKS RELATING TO THE PRC

PRC economic, political and social conditions as well as government policies could adversely affect the Group's business.

The PRC economy differs from the economies of most developed countries in many respects, including its structure, amount of government involvement, level of development, economic growth rate, control of foreign exchange, policies and restrictions on capital reinvestment, rate of inflation, trade balance position and allocation of resources.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC government has implemented measures emphasising market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises. However, a substantial portion of productive assets in the PRC is still owned by the PRC government. The PRC government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there can be no assurance that the PRC government will continue to pursue a policy of economic reform or that any such reforms will not have an adverse effect on the Group's business.

In addition, the PRC is experiencing a general slow down of economic growth in the last few years. According to the statistics promulgated by the PRC government, the real GDP growth rate of the PRC dropped from 10.4 per cent. in 2010 to 7.4 per cent. in 2014. The demand for the Group's products and services are heavily dependent on PRC's economic growth. The slowdown in the PRC's economy may adversely affect the Group's financial condition and results of operations in many ways, including the possibility of less investment into various trust plans and asset management plans of the Group, resulting greater competition in the trust industry and a general decline of the Group's revenue from trust products.

Under the new Enterprise Income Tax law (the "New EIT Law"), the overseas entities of the Company, such as the Issuer and the Guarantor, may be treated as a PRC resident enterprise for PRC tax purposes, which will subject it to PRC enterprise income tax on its worldwide income and the Issuer or the Guarantor will be obliged to withhold taxes on the interest paid on the Notes.

Under the PRC Enterprise Income Tax Law and its Implementing Regulation which became effective on 1 January 2008, enterprises organised under the laws of jurisdictions outside the PRC with their de facto management bodies located within the PRC is deemed to be a "resident enterprise", meaning that it can be treated in a manner similar to a PRC enterprise for enterprise income tax purposes, and therefore subject to PRC enterprise income tax at the rate of 25 per cent. on their worldwide income, although dividends paid from one resident to another may qualify as "tax-exempt income". The Implementing Regulation defines the term "de facto management body" as a management body that exercises substantial and overall control and management over the production and operations, personnel, accounting and properties of an enterprise. A circular issued by the State Administration of Taxation on 22 April 2009 provides that a foreign enterprise controlled by a PRC company or a PRC company group will be classified as a "resident enterprise" with a "de facto management body" located within the PRC if all of the following requirements are satisfied: (i) the senior management and core management departments in charge of daily operations are located mainly within the PRC; (ii) financial and human resources decision are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meeting are located or kept within the PRC; and (iv) at least half of the enterprise's directors with voting rights or senior management reside within the PRC. The State Administration of Taxation issued a circular, which became effective on 1 September 2011, and which provides that a foreign enterprise controlled by a PRC company or a PRC company group shall be deemed a "resident enterprise" by the final decision of the State Administration of Taxation through the application of the foreign enterprise or the investigation of the relevant tax authorities.

There is however no assurance that the overseas entities of the Company will not be treated as "resident enterprises" under the New EIT Law, any aforesaid circulars or any amended regulations in the future. If such entities are treated as PRC resident enterprises for enterprise income tax purpose, among other things, they would be subject to the PRC enterprise income tax at the rate of 25 per cent. on its worldwide income. Furthermore, the Issuer or the Guarantor, being an overseas entity of the Company, would be obligated to withhold PRC enterprise income tax at generally 10 per cent. on payment of interest on the Notes to foreign enterprise investors or withhold PRC individual income tax at generally 20 per cent. on payment of interest on the Notes to foreign individual investors, unless any such foreign investor's jurisdiction of incorporation has a tax treaty with the PRC that provides for a preferential withholding tax treatment. Similarly, any gain realised on the transfer of the Notes by such foreign investors is also subject to (i) a 10 per cent. (or lower treaty rate, if any) PRC enterprise income tax for foreign enterprise investors or (ii) a 20 per cent. (or lower treaty rate, if any) PRC individual income tax for foreign individual investors, if such gain is regarded as income derived from sources within the PRC.

Members of the Group are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to the Company.

The ability of the Company's subsidiaries to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of these companies, applicable laws and restrictions contained in the debt instruments of such companies. The Group cannot assure that its subsidiaries will have distributable earnings or will be permitted to distribute their distributable earnings to it as it anticipates, or at all. Further, if any of these companies raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such shares would not be available to the Company to make payments on the Notes. These factors could reduce the payments that the Company receives from its subsidiaries, which would restrict its ability to meet its payment obligations under the Notes.

The uncertainties of the PRC legal system and its laws and regulations may have a negative impact on the Group's operations.

The Group's core business is conducted in the PRC and substantially all of its operations are located in the PRC, hence its business operations are regulated primarily by PRC laws and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law systems, past court judgments in the PRC have limited precedential value and may be cited only for reference. Furthermore, PRC written statutes often require detailed interpretations by courts and enforcement bodies for their application and enforcement. Since 1979, the PRC Government has been committed to developing and refining its legal system and has achieved significant progress in the development of its laws and regulations governing business and commercial matters, such as in foreign investment, company organisation and management, commercial transactions, tax and trade. However, as these laws and regulations are still evolving, in view of how the PRC's financial services industry is still developing, and because of the limited number and non-binding nature of published cases, there exist uncertainties about their interpretation and enforcement, and such uncertainties may have a negative impact on the Group's business.

The Group's operations and financial results could be materially and adversely affected by changes in political, economic and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof). For example, the PRC government issued State Council Document No. 43 of 2014 in September 2014 targeted at strengthening the management of local government debts obligations and, amongst other things, restricted the use of local government financing platforms. This signalled the decline of trust investment projects that involve co-operation with local government finance platforms. However, it also provided new opportunities for the Group in terms of public private partnership ("**PPP**") projects.

Furthermore, the administration of PRC laws and regulations may be subject to a certain degree of discretion by the executive authorities. This has resulted in the outcome of dispute resolutions not being as consistent or predictable compared to more developed jurisdictions. In addition, it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgments by a court of another jurisdiction. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group in its operations and to holders of the Notes.

Certain PRC regulations governing PRC companies are less developed than those applicable to companies incorporated in more developed countries.

Some members of the Group are established in the PRC and are subject to PRC regulations governing PRC companies. These regulations contain certain provisions that are required to be included in the joint venture contracts, articles of association and other major operational agreements of these PRC companies and are intended to regulate the internal affairs of these companies. These regulations in general, and the provisions for protection of shareholders ' rights and access to information in particular, are less developed than those applicable to companies incorporated in Hong Kong, the United States, the United Kingdom and other developed countries or regions.

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 and its economy.

Facts, forecasts and statistics in this Offering Circular relating to the PRC and the PRC's economy, including market share information, are derived from various publicly available sources. However, there can be no assurance as to the quality and reliability of such official source materials. In addition, these facts, forecasts and statistics have not been independently verified by the Issuer, the Company, the Joint Lead Managers, the Trustee, the Agents or their respective advisors and therefore none of the Issuer, the Guarantor, the Company, the Joint Lead Managers, the Trustee, the Agents or their respective advisors makes any representation as to the accuracy or fairness of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside the PRC and may not be complete or up to date. Because of possibly flawed or ineffective methodologies underlying the published information or discrepancies between the published information and market practice and other problems, these facts, forecasts and other statistics may be inaccurate or may not be comparable from period to period or be comparable to facts, forecasts or statistics produced for other economies and should not be unduly relied upon.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

PRC economic, political and social conditions as well as government policies could adversely affect the Group's business.

The PRC economy differs from the economies of most developed countries in many respects, including its structure, amount of government involvement, level of development, economic growth rate, control of foreign exchange, policies and restrictions on capital reinvestment, rate of inflation, trade balance position and allocation of resources.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC government has implemented measures emphasising market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises. However, a substantial portion of productive assets in the PRC is still owned by the PRC government. The PRC government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there can be no assurance that the PRC government will continue to pursue a policy of economic reform or that any such reforms will not have an adverse effect on the Group's business.

The Group's operations and financial results could also be materially and adversely affected by changes in political, economic and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof). In addition, the demand for urban construction land in China is heavily dependent on economic growth. If China's economic growth slows down or if the Chinese economy experiences a recession, the demand for urban construction land may also slow down or stop, and the Group's land development business prospects may be materially and adversely affected. The Group's operations and financial results, as well as the Group's ability to satisfy its obligations under the Notes, could also be materially and adversely affected by changes in measures which might be introduced to control inflation, changes in the rate or method of taxation, the imposition of additional restrictions on currency conversion and the imposition of additional import restrictions.

The legal system of the PRC is still developing and there are inherent uncertainties that may affect the protection afforded to the Group's business.

The Group is organised under the laws of the PRC and is governed by its articles of association. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, the PRC government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade. However, as these laws and regulations are relatively new, and due to the limited volume of published cases and judicial interpretation and their lack of precedential force, the interpretation and enforcement of these laws and regulations present significant uncertainties. In particular, the land development and financial industries are both highly regulated in the PRC. As the PRC legal system develops together with PRC land development and financial industries, there is no assurance that changes in such laws and regulations, or in their interpretation or enforcement, will not have a material and adverse effect on the Group's business operations.

Furthermore, the administration of PRC laws and regulations may be open to a certain degree of discretion by executive authorities. This has created the outcome where disputes are not being consistently resolved or predictable compared to more developed jurisdictions. In addition, it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgments by a court of another jurisdiction.

It may be difficult to effect service of process upon, or to enforce against, the Group or its Directors or senior management who reside in the PRC in connection with judgments obtained in non-PRC courts.

Substantially all of the Group's Directors, Supervisors and executive officers reside within the PRC. Substantially all of its assets and substantially all of the assets of its Directors, Supervisors and executive officers are located within the PRC. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other countries. Therefore, it may not be possible for investors to effect service of process upon it or those persons in the PRC or to enforce against them or it in the PRC, any judgments obtained from non-PRC courts. In addition, recognition and enforcement in the PRC of judgments of a court of any other jurisdiction in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

The outbreak, or threatened outbreak, of any severe communicable disease in the PRC could materially and adversely affect the Group's business, financial condition and results of operations.

The outbreak, or threatened outbreak, of any severe communicable disease (such as severe acute respiratory syndrome or avian influenza) in the PRC could materially and adversely affect the overall business sentiment and environment in the PRC, particularly if such outbreak is inadequately controlled. This could materially and adversely affect domestic consumption, labour supply and possibly the GDP growth of the PRC. The Group's revenue is currently derived mainly from PRC operations and any labour shortages, contraction or slowdown in the growth of domestic consumption in the PRC could materially and adversely affect the Group's business, financial condition and results of operations. In addition, if any of the Group's employees are affected by any severe communicable disease, it could adversely affect or disrupt production levels and operations at the relevant plants and materially and adversely affect the Group's business, financial condition and results of operations, which may also involve a closure of the Group's facilities to prevent the spread of the disease. The spread of any severe communicable disease in the PRC may also affect the operations of the Group's customers and suppliers, which could materially and adversely affect the Group's business, financial condition and results of operations.

RISKS RELATING TO THE NOTES AND THE GUARANTEE OF THE NOTES

The Issuer has no material assets or business activities and its ability to make payments under the Notes will depend on timely payments under on lent loans of the proceeds from the issue of the Notes to the Company or other members of the Group.

The Issuer, a wholly-owned subsidiary of the Guarantor, was established specifically for the purpose of issuing the Notes and will on-lend the net proceeds from the issue of the Notes to the Guarantor, the Company or other members of the Group. The Issuer does not and will not have any material assets other than amounts due to it from the Guarantor, the Company or other members of the Group in respect of such on-loan, and its ability to make payments under the Notes will depend on its receipt of timely remittance of funds from the Guarantor, the Company or other members of the Group. In the event that the Guarantor, the Company and/or other members of the Group do not make such payments due to limitation in such loans or other agreements, lack of available cash flow or other factors, the Issuer's ability to make payments under the Notes may be adversely affected.

The Guarantor's ability to satisfy its obligations under the Guarantee of the Notes depends on of timely remittance of funds from the Company or other members of the Group.

The Guarantor is a wholly-owned offshore subsidiary of the Company, acting as a holding company with no material operations. The Guarantor was incorporated on 12 May 2014. From 12 May 2014 to 31 December 2014, the Guarantor and its consolidated subsidiaries (the "**Guarantor Group**") had generated no operating revenue and made a loss.

For the same period, the total operating expenditure of the Guarantor Group was RMB307,614.5. The Guarantor Group made a loss for the period from 12 May 2014 to 31 December 2014 of RMB307,614.5. The Guarantor Group's total comprehensive loss for the period was RMB444,376, which includes exchange differences on translation of foreign operations of RMB105,175. As at 31 December 2014, the Guarantor Group had total assets of RMB15.56 million, which includes RMB14.72 million of cash in the bank and RMB831,206 in other receivables. As at the same date, the Guarantor Group had total liabilities of RMB165,981, which consist of RMB165,981 in other payables. As at 31 December 2014 Guarantor Group had owner's equity of RMB15.42 million, which includes RMB15.83 million in share capital. The total liability and owners' equity amount was RMB15.56 million as at 31 December 2014.

Accordingly, the Guarantor's ability to satisfy its obligations under the Guarantee of the Notes will depend upon its receipt of timely remittance of funds from the Company and/or other members of the Group.

The Notes and the Guarantee of the Notes are unsecured obligations.

As the Notes and the Guarantee of the Notes are unsecured obligations of the Issuer and the Guarantor respectively, the repayment of the Notes and payment under the Guarantee of the Notes may be compromised if:

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

If any of these events were to occur, the Issuer's or the Guarantor's assets (as the case may be) and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Notes.

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

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

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

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

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

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial advisor) possible economic scenarios, such as interest rate and other factors which may affect its investment and the ability to bear the applicable risks.

An active trading market for the Notes may not develop.

The Notes are a new issue of securities for which there is currently no trading market. Although approval in-principle has been received from the SGX-ST for the listing and quotation of the Notes on the Official List of the SGX-ST, no assurance can be given that an active trading market for the Notes will develop or be sustained. No assurance can be given as to the ability of holders to sell their Notes or the price at which holders will be able to sell their Notes or that a liquid market will develop. The liquidity of the Notes will be adversely affected if the Notes are held or allocated to limited investors. None of the Joint Lead Managers is obligated to make a market in the Notes, and if the Joint Lead Managers do so, they may discontinue such market making activity at any time at their sole discretion. In addition, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

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

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

Developments in other markets may adversely affect the market price of the Notes.

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Notes 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 issues in other countries, including the PRC. Since the global financial crisis in 2008 and 2009, 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 Notes could be adversely affected.

Changes in interest rates may have an adverse effect on the price of the Notes.

The Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Notes may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

As the Notes will carry a fixed interest rate, the trading price of the Notes will consequently vary with the fluctuations in the U.S. dollar interest rates. If the Noteholders propose to sell their Notes before their maturity, they may receive an offer lower than the amount they have invested.

The Issuer may be unable to redeem the Notes.

On certain dates, including but not limited to the occurrence of a Change of Control and at maturity of the Notes, the Issuer may, and at maturity, will be required to redeem all of the Notes. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. Failure to redeem the Notes by the Issuer, in such circumstances, would constitute an Event of Default under the Notes, which may also constitute a default under the terms of other indebtedness of the Guarantor, the Company or their respective subsidiaries.

The Notes and the Guarantee of the Notes will be structurally subordinated to the existing and future indebtedness and other liabilities of the Issuer's and the Guarantor's existing and future subsidiaries, other than the Issuer, and effectively subordinated to the Issuer's and the Guarantor's secured debt to the extent of the value of the collateral securing such indebtedness.

The Notes and the Guarantee of the Notes will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Issuer's and the Guarantor's existing and future subsidiaries, other than the Issuer, whether or not secured. The Notes will not be guaranteed by any of the Issuer's and the Guarantor's subsidiaries, and the Issuer and the Guarantor may not have direct access to the assets of such subsidiaries unless these assets are transferred by dividend or otherwise to the Issuer or the Guarantor. The ability of such subsidiaries to pay dividends or otherwise transfer assets to the Issuer and the Guarantor is subject to various restrictions under applicable laws. Each of the Issuer's and the Guarantor's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Notes or the Guarantee of the Notes or make any funds available therefore, whether by dividends, loans or other payments. The Issuer's and the Guarantor's right to receive assets of any of the Issuer's and the Guarantor'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 Issuer or the Guarantor are creditors of that subsidiary). Consequently, the Notes and the Guarantee of the Notes will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any of the Issuer's and the Guarantor's subsidiaries, other than the Issuer, and any subsidiaries that the Issuer or the Guarantor may in the future acquire or establish.

The Notes and the Guarantee of the Notes are the Issuer's and the Guarantor's unsecured obligations, respectively, and will (i) rank equally in right of payment with all the Issuer's and the Guarantor's other present and future unsubordinated and unsecured indebtedness; (ii) be effectively subordinated to all of the Issuer's and the Guarantor's present and future secured indebtedness to the extent of the value of the collateral securing such obligations; and (iii) be senior to all of the Issuer's and the Guarantor's present and future subordinated obligations. As a result, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will be prior with respect to those assets. In the event of the Issuer's or the Guarantor's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or upon any acceleration of the Notes, these assets will be available to pay obligations on the Notes only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to the Noteholders rateably with all of the Guarantor's other unsecured and unsubordinated creditors, including trade creditors. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the Notes then outstanding would remain unpaid.

The insolvency laws of the British Virgin Islands, the PRC and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Notes are familiar.

Because the Issuer and the Guarantor are incorporated under the laws of the British Virgin Islands and the Company is incorporated under the laws of the PRC, any insolvency proceedings relating to the Issuer, the Guarantor or the Company even if brought in other jurisdictions, would likely involve British Virgin Islands or PRC insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Notes are familiar.

If the Issuer, the Guarantor or the Company are unable to comply with the restrictions and covenants in their respective debt agreements (if any), there could be a default under the terms of these agreements, which could cause repayment of their respective debt to be accelerated.

If the Issuer, the Guarantor or the Company are unable to comply with their respective current or future debt obligations and other agreements (if any), 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 Issuer, the Guarantor or the Company, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some debt agreements of the Issuer, the Guarantor or the Company may contain cross-acceleration or cross-default provisions. As a result, default under one debt agreement of the Issuer, the Guarantor or the Company may cause the acceleration of repayment of not only such debt but also other debt, including the Notes, or result in a default under other debt agreements of the Issuer, the Guarantor or the Company. If any of these events occur, the Issuer, the Guarantor and the Company cannot assure holders that their respective assets and cash flows would be sufficient to repay in full all of their respective indebtedness, or that they would be able to find alternative financing. Even if they could obtain alternative financing, there is no assurance that it would be on terms that are favourable or acceptable to them.

The ratings of the Notes may be downgraded or withdrawn.

The Notes are expected to be assigned a rating of "BB" by S&P. The rating represents only the opinions of the rating agency and its assessment of the ability of the Issuer, the Guarantor and the Company to perform their respective obligations under the Notes, the Guarantee of the Notes, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Account Bank Agreement and their credit risks in determining the likelihood that payments will be made when due under the Notes. Rating is not recommendations to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawn at any time. None of the Issuer, the Guarantor and the Company is obligated to inform Noteholders if the rating is lowered or withdrawn. Each rating should be evaluated independently of the other rating. A downgrade or withdrawal of the ratings may materially and adversely affect the market price of the Notes and the Issuer's ability to access the debt capital markets.

The Notes will be represented by a Global Note Certificate and holders of a beneficial interest in a Global Note Certificate must rely on the procedures of the Clearing Systems.

The Notes will be represented by beneficial interests in a Global Note Certificate. Such Global Note Certificate will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the Global Note Certificate, investors will not be entitled to receive individual Note certificates. The Clearing System will maintain records of the beneficial interests in the Global Note Certificate. While the Notes are represented by the Global Note Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by the Global Note Certificate, the Issuer, or failing which, the Guarantor will discharge its payment obligations under the Notes by making payments to the relevant Clearing System for distribution to their account holders.

A holder of a beneficial interest in a Global Note Certificate must rely on the procedures of the Clearing System to receive payments under the Notes. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note Certificate.

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

The consolidated financial statements of the Group have been prepared and presented in accordance with PRC GAAP, which are different from IFRS in certain respects.

The consolidated financial statements of the Group included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. See "*Summary of Significant Differences between PRC GAAP and IFRS*" for details. Each investor should consult its own professional advisors for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

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

Where the Trustee is under the provisions of the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking bound to act at the request or direction of the Noteholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security and/or pre-funded to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or pre-funding, in breach of the terms of the Trust Deed or the Terms and Conditions and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Notes to take such actions directly.

Decisions that may be made on behalf of all holders of the Notes may be adverse to the interests of individual holders of the Notes.

The Terms and Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of the Notes including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of holders of the Notes may be adverse to the interests of the individuals.

The Guarantor's subsidiaries, jointly controlled entities and associated companies are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to the Guarantor, its jointly controlled entities and associated companies.

Following the issue of the Notes, some or all of the proceeds received by the Issuer may be on-lent to the Guarantor to make equity investments in the PRC. As a holding company, the Guarantor will depend on the receipt of dividends and the interest and principal payments on intercompany loans or advances from its subsidiaries, jointly controlled entities and associated companies to satisfy its obligations, including its obligations under the Notes and the Guarantee of the Notes. The ability of the Guarantor's subsidiaries, jointly controlled entities and associated companies to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of these companies, applicable laws and restrictions contained in the debt instruments of such companies. The Guarantor cannot assure that its subsidiaries, jointly controlled entities and associated companies will have distributable earnings or will be permitted to distribute their distributable earnings to it as it anticipates, or at all. In addition, dividends payable to it by these companies are limited by the percentage of its equity ownership in these companies. In particular, the Guarantor does not maintain complete control over its jointly controlled entities or associates in which it might hold a minority interest. Further, if any of these companies raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such shares would not be available to the Guarantor to make payments on the Notes. These factors could reduce the payments that the Guarantor receives from its subsidiaries, jointly controlled entities and associated companies, which would restrict its ability to meet its payment obligations under the Notes and the Guarantee of the Notes.

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

Under the New Enterprise Income Tax Law and its implementation rules, any gains realised on the transfer of the Notes by holders who are deemed under the New Enterprise Income Tax 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 New Enterprise Income Tax 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. In addition, there is uncertainty as to whether gains realised on the transfer of the Notes 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 Notes minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to an arrangement between Mainland China and Hong Kong for the avoidance of double taxation, Noteholders 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 Notes.

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

The Notes are redeemable in the event of certain withholding taxes being applicable.

No assurances are made by the Issuer or the Guarantor as to whether or not payments on the Notes may be made without withholding taxes or deductions applying from the Issue Date on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands, the PRC or any subdivision or authority therein or thereof having power to tax. Although pursuant to the Terms and Conditions the Issuer or, as the case may be, the Guarantor is required to gross up payments on account of any such withholding taxes or deductions, the Issuer also has the right to redeem the Notes at any time in the event it has or will become obliged to pay additional amounts on account of any existing or future withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or by or within the PRC in excess of 10 per cent., or any political subdivision or any authority therein or thereof having power to tax as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC or any political subdivision or any authority therein or thereof having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 8 June 2015.

The Issuer may issue additional Notes in the future.

The Issuer may, from time to time, and without prior consultation of the Noteholders, create and issue further Notes (see "*Terms and Conditions of the Notes – Further Issues*") or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Notes.

A tax for withholding may be payable under the United States Foreign Account Tax Compliance Act if an investor or custodian of the Notes is unable to receive payments free of withholding.

Whilst the Notes are in global form and held within the Clearing Systems, in all but the most remote circumstances, it is not expected that the United States Foreign Account Tax Compliance Act ("**FATCA**") will affect the amount of any payment received by the Clearing Systems (see *"Taxation – FATCA"*). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's and the Guarantor's obligations under the Notes and the Guarantee of the Notes are discharged once they have made payments to, or to the order of, the common depositary for the Clearing Systems (as registered holder of the Notes) and the Issuer and the Guarantor have therefore no responsibility for any amount thereafter transmitted through the Clearing Systems and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an "**IGA**") are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

RISKS RELATING TO THE KEEPWELL AND LIQUIDITY SUPPORT DEED AND THE DEED OF EQUITY INTEREST PURCHASE UNDERTAKING

Neither the Keepwell and Liquidity Support Deed nor the Deed of Equity Interest Purchase Undertaking from the Company is not a guarantee of the payment obligations of the Issuer and the Guarantor under the Notes and the Guarantee of the Notes.

The Company will enter into the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase Undertaking in connection with the issuance of the Notes. See "*Offer Structure – The Keepwell and Liquidity Support Deed*", "*Description of the Keepwell and Liquidity Support Deed*", "*Offering Structure – The Deed of Equity Interest Purchase Undertaking*" and "*Description of the Deed of Equity Interest Purchase Undertaking*". Upon a breach of the Keepwell and Liquidity Support Deed or the Deed of Equity Interest Purchase Undertaking, the Trustee may take action against the Company to enforce the provisions of the Keepwell and Liquidity Support Deed or the Deed of Equity Interest Purchase Undertaking. However, none of the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking nor any actions taken by the Company under the Keepwell and Liquidity Support Deed or the Deed of Equity Interest Purchase Undertaking can be deemed as a guarantee by the Company for the payment obligations of the Issuer under the Notes or the Guarantor under the Guarantee of the Notes. Accordingly, pursuant to the terms of the Keepwell and Liquidity Support Deed, the Company will only be obliged to make sufficient funds available to the Issuer and the Guarantor, or in the case of the Deed of Equity Interest Purchase Undertaking, undertake certain specific actions rather than assume the payment obligation as in the case of a guarantee. Furthermore, even if the Company intends to perform their respective obligations under the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase Undertaking, depending on the manner in which the Company arrange for sufficient funds to meet the payment obligations of the Issuer under the Notes or the Guarantor under the Guarantee of the Notes, such performance may be subject to obtaining prior consent or approvals from relevant PRC governmental authorities, including PBOC, NDRC, the MOFCOM and SAFE. Although the Company is required to use all reasonable endeavours to obtain any required consents and approvals in order to fulfill its respective obligations under the Keepwell and Liquidity Support Deed, there is no assurance that such consents or approvals will be obtained in a timely manner or at all.

In addition, under the Keepwell and Liquidity Support Deed, the Company will undertake with the Issuer, the Guarantor and the Trustee, among other things, to cause the Issuer and the Guarantor to have sufficient liquidity to ensure timely payment of any amounts payable in respect of the Notes, the Guarantee of the Notes and/or the Trust Deed. However, any claim by the Issuer, the Guarantor and/or the Trustee against the Company in relation to the Keepwell and Liquidity Support Deed or the Deed of Equity Interest Purchase undertaking will be effectively subordinated to all existing and future obligations of the subsidiaries of the Company (which do not provide a guarantee in respect of the Notes), particularly the PRC incorporated subsidiaries, and all claims by creditors of such PRC incorporated subsidiaries will have priority to the assets of such entities over the claims of the Issuer, the Guarantor and the Trustee under the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase undertaking.

Performance by the Company of its undertaking under the Deed of Equity Interest Purchase Undertaking is subject to approvals of the PRC governmental authorities and certain limitations.

The Company intends to assist the Issuer and the Guarantor to meet their respective obligations under the Notes and the Guarantee of the Notes by entering into the Deed of Equity Interest Purchase Undertaking. Under the Deed of Equity Interest Purchase Undertaking, the Company agrees to purchase, upon receipt of a written purchase notice provided by the Trustee following an Event of Default, from any of the Issuer, the Guarantor and/or any other subsidiary of the Company incorporated outside the PRC as designated by the Company or in the absence of a designation, all the subsidiaries of the Company incorporated outside the PRC (each, a "**Relevant Transferor**") the equity interest held by it of indirectly held subsidiaries of the Company (the "**Purchase**") at a purchase price not lower than the amount sufficient to enable the Issuer and the Guarantor to discharge in full their respective obligations under the Notes, the Guarantee of the Notes and/or the Trust Deed.

Performance by the Company of its undertaking under the Deed of Equity Interest Purchase Undertaking is subject to the approval of or registration with the following PRC governmental authorities or their respective local counterparts (as the case may be):

- PBOC;
- MOFCOM;
- NDRC;
- CBRC
- the PRC State Administration for Industry and Commerce;
- SAT; and
- SAFE.

As the approval process is beyond the control of the Company (particularly in the situation where the Deed of Equity Interest Purchase Undertaking is triggered by the winding-up of the Company), there can be no assurance that the Company will successfully obtain any of the requisite approvals or registrations in time, or at all, or that the PRC government's relevant policies or regulations will not change in the future. In the event that the Company fails to obtain the requisite approvals or registrations, the Issuer and the Guarantor may still have insufficient funds to discharge their outstanding payment obligations to the Noteholders.

Further, in the event of an insolvency of a Relevant Transferor, any sale proceeds received by that Relevant Transferor may be subject to the insolvency claims of third parties. Where a Relevant Transferor is the Guarantor, the Trustee's claim against such sale proceeds will be an unsecured claim and may rank lower in priority to any claims by secured third-party creditors of such Relevant Transferor. Where a Relevant Transferor is not the Guarantor, the Trustee will not have a direct claim against the sale proceeds received by such Relevant Transferor.

Performance by the Company of its undertaking under the Deed of Equity Interest Purchase Undertaking may be subject to consent from third party creditors and shareholders, and may also be restricted if any of the equity interests are secured in favour of third party creditors.

Under the terms of the Deed of Equity Interest Purchase Undertaking, the Company agrees to purchase, upon the occurrence of an Event of Default, from the Relevant Transferor the equity interest of indirectly held subsidiaries of the Company held by it. The ability of the Company to perform this undertaking may be affected by any present or future financing agreements of the Company and its subsidiaries:

- in the event that such financial agreements contain non-disposal or other restrictive covenants that would prevent the sale of an equity interest by a Relevant Transferor, the Company and its subsidiaries would need to obtain the consent from the third party creditor before the Relevant Transferor is able to proceed with the sale of such equity interest; and

- in the event that certain equity interests have been secured in favour of third party creditors, the Company and its subsidiaries would need to arrange for these security interests to be released before the Relevant Transferor is able to proceed with the sale of such equity interests.

Under the Terms and Conditions and the Keepwell and Liquidity Support Deed, there are no restrictions on the Company or its subsidiaries entering into financing agreements with such non-disposal or other restrictive covenants or securing the equity interests of any member of the Group in favour of its creditors (not being holders of relevant indebtedness/debt securities issued outside the PRC by the Company or any of its subsidiaries).

In the event the obligation to purchase under the Deed of Equity Interest Purchase Undertaking becomes effective, there is no assurance that the Relevant Transferor will be able to obtain any required consents from its creditors or that it will be able to arrange for any existing security arrangement to be released in order for the sale of the equity interest to proceed. If the Relevant Transferor is not able to do so, it may need to repay the indebtedness owed to its third party creditors in order to be able to sell the relevant equity interests to the Company. In the event that the required consents or waivers from third party creditors are not able to be obtained and in the case of third party creditors, the relevant indebtedness cannot be repaid in a timely manner, the sale of the equity interest may not be able to proceed and the Issuer and the Guarantor may have insufficient funds to discharge their respective payment obligations to the holders of the Notes.

In addition, the sale of the equity interests in certain non-wholly-owned companies may be subject to pre-emptive rights or other restrictions in such company's articles of association, shareholders' agreement or otherwise that would require the selling shareholder to obtain consent or waiver from other third party shareholders before any equity interest can be sold to the Company. In the event the obligation to purchase under the Deed of Equity Interest Purchase Undertaking becomes effective there is no assurance that any required consents or waivers can be obtained from third party shareholders in a timely manner or at all.

TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the Terms and Conditions of the Notes (the "**Conditions**") which (subject to modification and except for the paragraphs in italics) will be endorsed on the Note Certificates (as defined below) issued in respect of the Notes:*

The U.S.$225,000,000 6.00 per cent. Guaranteed Notes due 2018 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 14 (*Further Issues*) and forming a single series therewith) of Zhongrong International Bond 2015 Limited (the "**Issuer**") are constituted by, are subject to, and have the benefit of, a trust deed dated on or about 15 June 2015 (as amended, restated, replaced or supplemented from time to time, the "**Trust Deed**") between the Issuer, Zhongrong International Holdings Limited (the "**Guarantor**"), Zhongrong International Trust Co., Ltd. (the "**Company**") and DB International Trust (Singapore) Limited as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) and are the subject of an agency agreement dated on about 15 June 2015 (as amended, restated, replaced or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Guarantor, the Company, Deutsche Bank, Luxembourg S.A. as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), the transfer agents named therein (the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes), Deutsche Bank AG, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), the paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes), the Account Bank (as defined below) and the Trustee. References herein to the "**Agents**" are to the Registrar, the Principal Paying Agent, the Transfer Agents, the Paying Agents and the Account Bank (as defined herein) and any reference to an "**Agent**" is to any one of them.

The Notes and the Guarantee of the Notes also have the benefit of (i) a keepwell and liquidity support deed dated on or about 15 June 2015 (as amended, restated, replaced or supplemented from time to time, the "**Keepwell and Liquidity Support Deed**") between the Issuer, the Guarantor, the Company and the Trustee; (ii) a deed of equity interest purchase undertaking dated on or about 15 June 2015 (as amended, restated, replaced or supplemented from time to time, the "**Deed of Equity Interest Purchase Undertaking**") between the Issuer, the Guarantor, the Company and the Trustee; and (iii) an account bank agreement dated 15 June 2015 (as amended, restated, replaced or supplemented from time to time, the "**Account Bank Agreement**") between the Issuer, the Guarantor, the Trustee and the account bank named therein (the "**Account Bank**").

Certain provisions of these Conditions are summaries of the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Account Bank Agreement and are subject to their detailed provisions. The Noteholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Account Bank Agreement applicable to them. Copies of the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Account Bank Agreement are available for inspection by Noteholders during normal business hours at the registered office for the time being of the Trustee, being at the date hereof One Raffles Quay #1600 Sourth Tower, Singapore 048583 and at the Specified Offices (as defined in the Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below.

1. Form, Denomination, Status and Guarantee

(a) *Form and denomination*: The Notes are in registered form in the denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (each, an "**Authorised Denomination**").

(b) *Status of the Notes*: The Notes constitute direct, general, unsubordinated and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(c) *Guarantee of the Notes*: The Guarantor has in the Trust Deed unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. This guarantee (the "**Guarantee of the Notes**") constitutes direct, general and unconditional obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

*Upon issue, the Notes will be evidenced by a global note certificate (the "**Global Note Certificate**") substantially in the form scheduled to the Trust Deed. The Global Note Certificate will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear and Clearstream, Luxembourg, and will be exchangeable for individual Note Certificates only in the circumstances set out therein.*

2. Register, Title and Transfers

(a) *Register*: The Registrar will maintain a register (the "**Register**") in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly. A certificate (each, a "**Note Certificate**") will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

(b) *Title*: The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder.

(c) *Transfers*: Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed and executed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Denominations. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor. No transfer of title to a Note will be valid unless and until registered on the Register.

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

(d) *Registration and delivery of Note Certificates*: Within five business days of the surrender of a Note Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(e) *No charge*: The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(f) *Closed periods*: Noteholders may not require transfers to be registered:

(i) during the period of 15 days ending on (and including) the due date for any payment of principal or interest in respect of the Notes;

(ii) during the period of 15 days ending on (and including) any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(b) (*Redemption for tax reasons*); and

(iii) after a Put Exercise Notice (as in Condition 5(c) (*Redemption for Change of Control*)) has been delivered in respect of the relevant Note(s) in accordance with Condition 5(c) (*Redemption for Change of Control*).

(g) *Regulations concerning transfers and registration*: All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge to the Holder and at the Issuer's (failing which, the Guarantor's expense) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

3. Covenants

(a) *Negative Pledge:* So long as any Notes remain outstanding (as defined in the Trust Deed),

(i) the Guarantor shall not, and the Guarantor shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (A) at the same time or prior thereto securing the Notes equally and rateably therewith to the satisfaction of the Trustee or (B) providing such other security for the Notes as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Noteholders or as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders; and

(ii) the Company has undertaken in the Keepwell and Liquidity Support Deed to not:

(A) create or have outstanding any Relevant Indebtedness or Guarantee of Relevant Indebtedness without at the same time or prior thereto (x) providing an unsubordinated guarantee or indemnity for all amounts payable in respect of the

Notes or (y) offering to exchange the Notes for securities issued or guaranteed by the Company with terms substantially identical to those of the Notes as certified by an Independent Investment Bank, **provided that**, if the provision of an unsubordinated guarantee or indemnity in (x) or the offer to exchange in (y), as the case may be, requires any Regulatory Approval, the Company shall use all reasonable endeavours to obtain such Regulatory Approvals and if the Company fails to obtain such Regulatory Approvals after using all reasonable endeavours, the Company shall not be required to comply with the requirements of this Condition 3(a)(ii)(A);

(B) and shall procure that none of the Subsidiaries of the Company will create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (x) at the same time or prior thereto securing the Notes equally and rateably therewith to the satisfaction of the Trustee or (y) providing such other security for the Notes as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Noteholders or as may be approved by an Extraordinary Resolution of Noteholders.

(b) *Limitation on Activities*: So long as any Note remains outstanding,

(i) the Issuer shall not, and the Guarantor and the Company have undertaken in the Keepwell and Liquidity Support Deed to procure that the Issuer shall not, carry on any business activity whatsoever other than the activities in connection with the Notes (such activities in connection with the Notes shall, for the avoidance of doubt, include the on-lending of the proceeds of the issue of the Notes to only either the Company or any of its Subsidiaries (each a "**Group Borrower**")), and to cause such Group Borrower to pay the interest and principal in respect of such intercompany loan on time; and

(ii) the Issuer shall not issue any equity interest, capital stock or shares other than ordinary shares to the Guarantor and the Guarantor shall at all times maintain ownership of 100 per cent. of the equity interest in the Issuer.

(c) *Financial Statements etc.*: So long as any Note remains outstanding,

(i) each of the Issuer and the Guarantor shall provide (A) a Compliance Certificate (on which the Trustee may rely as to such compliance) within 30 days of a request by the Trustee and 120 days of the end of each Relevant Period; (B) a copy of the Guarantor Audited Financial Reports within 120 days of the end of each Relevant Period prepared in accordance with HKFRS (audited by a nationally recognised firm of independent accountants); and (C) a copy of the Guarantor Unaudited Financial Reports within 120 days of the end of each Relevant Period prepared on a basis consistent with the Guarantor Audited Financial Reports; and

(ii) the Company has undertaken in the Trust Deed to provide (A) a Compliance Certificate of the Company (on which the Trustee may rely as to such compliance) within 30 days of a request by the Trustee and 120 days of the end of each Relevant Period; (B) a copy of the relevant Company Audited Financial Reports within 120 days of the end of each Relevant Period prepared in accordance with PRC GAAP (audited by a nationally recognised firm of independent accountants of good repute); and (C) a copy of the Company Unaudited Financial Reports within 120 days of the end of each Relevant Period prepared on a basis consistent with the Company Audited Financial Reports, and if such statements referred to in this Condition 3(c) (*Financial Statements etc.*) shall be in the Chinese language, together with an English translation of the same and translated by (x) a nationally recognised firm of independent accountants of good repute or (y) a professional translation service provider and checked by a nationally recognised firm of independent accountants of good repute, together with a certificate signed by a director of the Company certifying that such translation is complete and accurate.

(d) *Equity attributable to owners of the Guarantor*: So long as any Note remains outstanding, the Guarantor undertakes to ensure an aggregate Equity attributable to owners of the Guarantor at the end of any Relevant Period of at least CNY10,000,000 at all times. The Equity attributable to owners of the Guarantor shall be tested by reference to the Guarantor Audited Financial Reports or, as the case may be, the Guarantor Unaudited Financial Reports, whichever is the latest available document. The Trustee is under no obligation to monitor compliance by the Guarantor with this Condition 3(d) (*Equity attributable to owners of the Guarantor*) and shall not be responsible or liable to any Noteholder or any other person for not doing so.

(e) *Liquidity Support and Parent Investment:* the Trustee shall provide a written notice (the "**Trigger Notice**") to the Company in accordance with the Trust Deed (i) if the Trustee does not receive the Liquidity Notice from the Issuer and the Guarantor within 30 KWD Business Days (as defined in the Keepwell and Liquidity Support Deed) before each Interest Payment Date (as defined herein) in accordance with the terms of the Keepwell and Liquidity Support Deed, (ii) upon being notified in writing by the Issuer, the Guarantor and/or the Company that a Triggering Event has occurred or (iii) if any Triggering Event has occurred and if so requested in writing by Holders of at least 25 per cent. of the aggregate principal amount of the Notes then outstanding (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction). Upon the receipt of the Trigger Notice, the Company has undertaken in the Keepwell and Liquidity Support Deed:

(i) to provide the liquidity support to the Issuer and/or the Guarantor (the "**Liquidity Support**"); and

(ii) to invest in the Guarantor and/or any Offshore Subsidiary(ies) (as defined in the Keepwell and Liquidity Support Deed) (the "**Parent Investment**"),

in each case, in accordance with the Keepwell and Liquidity Support Deed and subject to it having obtained all relevant Regulatory Approvals (as defined in the Keepwell and Liquidity Support Deed) (which the Company has undertaken to use all reasonable endeavours to obtain).

A "**Triggering Event**" means the occurrence of any of the following events:

(A) the Consolidated Net Worth of the Issuer or the Guarantor falls below US$1.00 or the Equity attributable to owners of the Guarantor falls below CNY10,000,000 (a "**Financial Ratio Failure**");

(B) the Issuer or the Guarantor fails to provide a Liquidity Notice (as defined in the Keepwell and Liquidity Support Deed) in accordance with and by the time and to the persons as specified in the Keepwell and Liquidity Support Deed (the "**Liquidity Notice Failure Event**");

(C) an Event of Default; or

(D) the Issuer or the Guarantor determines that it will have insufficient liquidity or cashflow to meet its payment obligations under the Notes, the Guarantee of the Notes or the Trust Deed as they fall due (a "**Shortfall Event**").

The obligations of the Company in the Keepwell and Liquidity Support Deed shall be suspended if each of the Issuer, the Guarantor and the Company receives a notice in writing from the Trustee stating that any of the following events has occurred:

(1) the Trustee (i) has received a notice in writing from the Principal Paying Agent that all of the payment obligations of the Issuer in respect of any principal, premium, interest and default interest (if applicable) under the Notes have been satisfied in full and (ii) is satisfied that all amounts due and payable to the Trustee under the Trust Deed have been satisfied in full;

(2) in the event of a Liquidity Notice Failure Event resulting in the service of a Trigger Notice, the Trustee (i) has received a notice in writing from the Principal Paying Agent that the payment obligations of the Issuer in respect of any principal, premium and interest under the Notes due on the Interest Payment Date immediately following the date of the relevant Liquidity Notice, together with any default interest due (if applicable) as at the date of the notice from the Principal Paying Agent have been satisfied in full and (ii) is satisfied that all amounts due and payable to the Trustee under the Trust Deed as at the date of the notice from the Principal Paying Agent have been satisfied in full;

(3) in the event of an Event of Default resulting in the service of a Trigger Notice, such Event of Default has been waived by the Trustee acting on the instructions of the Noteholders by an Extraordinary Resolution; or

(4) in the event of a Financial Ratio Failure or Shortfall Event resulting in the service of a Trigger Notice, the Trustee has received (i) a certificate from the Guarantor signed by any one of its directors or authorised signatories on behalf of the Guarantor or the Issuer, as the case may be certifying that such Financial Ratio Failure or Shortfall Event has been remedied in full and (ii) a report from the auditors of the Issuer or the Guarantor of recognised standing to the effect that such Financial Ratio Failure or Shortfall Event has been remedied.

(f) *Deed of Equity Interest Purchase Undertaking*: Upon the occurrence of an Event of Default, the Trustee shall provide to the Company (with a copy to the Issuer and the Guarantor) a notice in writing in accordance with the Trust Deed notifying the Company of its obligations to carry out intra-group purchase(s) of certain equity interest held by any other offshore subsidiary or subsidiaries of the Company pursuant to the Deed of Equity Interest Purchase Undertaking. Upon the completion of any Purchase (as defined in the Deed of Equity Interest Purchase Undertaking), the Company has undertaken in the Deed of Equity Interest Purchase Undertaking, in the event that a Relevant Transferor (as defined in the Deed of Equity Interest Purchase Undertaking) is not the Issuer or the Guarantor, to procure such Relevant Transferor to promptly on-lend or distribute in full the relevant portion of the Purchase Price (as defined in the Deed of Equity Interest Purchase Undertaking) received by such Relevant Transferor to the Issuer prior to any other use, disposal or transfer of the proceeds received.

(g) *Use of Proceeds Received pursuant to the Keepwell and Liquidity Support Deed and Deed of Equity Interest Purchase Undertaking*: Each of the Issuer and the Guarantor shall, and the Company has undertaken in the Keepwell and Liquidity Support Deed to procure the Issuer and the Guarantor to, take all actions necessary for the proceeds received from Liquidity Support and the Parent Investment to be applied in and towards (i) the payment in full of any outstanding amounts as they fall due under the Trust Deed, the Notes and the Guarantee of the Notes (including any interest accrued but unpaid on the Notes) if the Triggering Event is an Event of Default or (ii) the payment in full of any outstanding amount as they fall due on the immediately following Interest Payment Date under the Trust Deed, the Notes and the Guarantee of the Notes (including any interest accrued but unpaid on the Notes) if the Triggering Event is a Liquidity Notice Failure Event or (iii) the remedy of the Financial Ratio Failure or the Shortfall Event if such Triggering Event has occurred, prior to any other use, disposal or transfer of the proceeds received. The Company has undertaken in the Deed of Equity Interest Purchase Undertaking that upon the completion of any Purchase, it shall in the event that a relevant transferor is not the Issuer or the Guarantor, procure such relevant transferor to promptly on-lend or distribute in full the relevant portion of the proceeds received from the Purchase, being an amount no less than the Shortfall Amount (as defined in the Deed of Equity Interest Purchase Undertaking), to the Issuer prior to any other use, disposal or transfer of the proceeds received and promptly do all such things (including entering into and executing any agreements or arrangements required) and take all actions necessary for the proceeds received by the Issuer or the Guarantor from the Company or pursuant to any on-loan or distribution referred to above to be applied solely towards the payment in full of the Issuer's or the Guarantor's obligations, as the case may be, under the Notes, the Guarantee of the Notes and the Trust Deed (including without limitation the payment of the principal amount of the Notes then outstanding as at the date of the Purchase Notice and any interest due and unpaid and/or accrued but unpaid on the Notes up to but excluding the date of such Purchase Notice (as defined in the Deed of Equity Interest Purchase Undertaking)) prior to any other use, disposal or transfer of the proceeds received.

(h) *Interest Reserve*: Pursuant to the Account Bank Agreement:

(i) on the Issue Date, the Issuer has undertaken to deposit an amount not less than the Specified Balance into the Interest Reserve Account;

(ii) unless the Notes have been redeemed or purchased and cancelled in full under these Conditions, the Issuer has undertaken to, subject to Condition 3(h)(iii), maintain at all times prior to the Maturity Date (as defined in Condition 5(a) (*Scheduled redemption*)), an amount not less than the Specified Balance in the Interest Reserve Account;

(iii) the Issuer may, at any time in the period falling not more than 14 nor less than two business days prior to an Interest Payment Date, by written notice to the Account Bank, direct the Account Bank to pay such amount of the Reserve Fund to the Principal Paying Agent in and towards payment of interest due and payable under the Notes on such Interest Payment Date but shall by no later than 30 days following the relevant Interest Payment Date, deposit in the Interest Reserve Account such amount as necessary to maintain the Specified Balance;

(iv) the Issuer shall not withdraw any amount from the Interest Reserve Account other than pursuant to these Conditions and the Account Bank Agreement;

(v) upon the occurrence of an Event of Default under the Notes, the Reserve Fund shall be held solely to the order of the Trustee and the Account Bank shall release the Reserve Fund in the Interest Reserve Account at the direction of the Trustee, which shall apply such funds in accordance with the provisions of the Trust Deed in and towards payment of the amounts due under the Notes and the Trust Deed; and

(vi) upon the redemption or purchase and cancellation of the Notes in full, the Issuer shall direct the Account Bank to transfer the Reserve Fund to the Issuer in accordance with the Account Bank Agreement and close the Interest Reserve Account at zero balance.

(i) *Rating maintenance*: So long as any Note remains outstanding, save with the approval of an Extraordinary Resolution of Noteholders, each of the Issuer and the Guarantor shall use its best endeavours to maintain a rating on the Notes by the Rating Agency.

(j) *Definitions*: In these Conditions:

"**Approval Authorities**" means any supranational, national, state, municipal, provincial or local government (including any subdivision, court, administrative agency or commission or other authority thereof) or any quasi governmental or private body exercising any regulatory, taxing, importing or other governmental or quasi governmental authority whose licences, authorisations, registrations or other approvals are necessary for undertaking the transactions contemplated by the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Notes;

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

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

"**Compliance Certificate**" means a certificate of each of the Issuer, the Guarantor and the Company signed by any one of their respective directors or duly authorised officers certifying that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer, the Guarantor or the Company (as the case may be) as at a date (the "**Certification Date**") not more than five days before the date of the certificate:

(a) no Event of Default or an 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 8 (*Events of Default*), become an Event of Default or other Triggering Event had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and

(b) each of the Issuer, the Guarantor and the Company has complied with all its respective obligations under the Trust Deed, the Notes, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Account Bank Agreement;

"**Equity attributable to owners of the Guarantor**" means the line item referenced as "Total owners' equity (or shareholders' equity)" with the corresponding caption in the consolidated statement of financial position of the Guarantor Audited Financial Reports or the Guarantor Unaudited Financial Reports;

"**Guarantee**" means, in relation to any indebtedness of any Person, any obligation of another Person to pay such indebtedness including (without limitation):

(a) any obligation to purchase such indebtedness;

(b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such indebtedness;

(c) any indemnity against the consequences of a default in the payment of such indebtedness; and

(d) any other agreement to be responsible for such indebtedness;

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

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

"**HKFRS**" means the Hong Kong Financial Reporting Standards;

"**Hong Kong**" means the Hong Kong Special Administrative Region of the PRC;

"**Independent Investment Bank**" means an independent investment bank of international repute (acting as an expert) selected by the Issuer (at the expense of the Issuer, failing whom, the Guarantor) and notified in writing to the Trustee;

"**Interest Period"** means each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (and excluding) the next Interest Payment Date;

"**Interest Reserve Account**" means a U.S. dollar account established with the Account Bank in the name of Zhongrong International Bond 2015 Limited as specified in the Account Bank Agreement;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**PRC**" means the People's Republic of China, which, for the purposes of these Conditions, shall not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;

"**PRC GAAP**" means the Accounting Standards for Business Enterprises in the PRC;

"**Rating Agency**" means (1) Standard & Poor's Rating Services and its successor ("**Standard & Poor's**") or (2) if Standard & Poor's could not make a rating of the Notes publicly available, then the Issuer will select and substitute Standard & Poor's with Moody's Investor Services or Fitch Ratings or their respective successors or any other reputable credit rating agency of international standing;

"**Regulatory Approvals**" means all necessary regulatory or governmental approvals, consents, licences, orders, permits, registrations, filings, clearances and any other authorisations from the relevant Approval Authorities;

"**Relevant Indebtedness**" means any present or future indebtedness incurred outside the PRC which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other securities which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

"**Relevant Period**" means (a) in relation to each of the Company Audited Financial Reports and the Guarantor Audited Financial Reports, each period of twelve months ending on the last day of their respective financial year (being 31 December of that financial year) and (b) in relation to the Company Unaudited Financial Reports and the Guarantor Unaudited Financial Reports, each period of six months ending on the last day of its first half financial year (being 30 June of that financial year);

"**Reserve Fund**" means any amount standing to the credit of the Interest Reserve Account;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest;

"**Specified Balance**" means the amount equal to the amount of interest due in respect of the Notes for one Interest Period, on Issue Date being U.S.$6,750,000; and

a "**Subsidiary**" means any company whose financial statements are required by law or in accordance with the generally accepted accounting principles of the PRC or the British Virgin Islands to be fully consolidated with those of the Issuer, the Guarantor or the Company.

4. Interest

The Notes bear interest from 15 June 2015 (the "**Issue Date**") at the rate of 6.00 per cent. per annum, (the "**Rate of Interest**") payable semi annually in arrear on 15 June and 15 December in each year (each, an "**Interest Payment Date**"), subject as provided in Condition 6 *(Payments)*.

Each Note will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing the Notes, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be U.S.$6,000 in respect of each Note of U.S.$200,000 denomination and U.S.$30.0 in respect of each U.S.$1,000 principal amount of the Notes. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the Authorised Denomination of such Note divided by the Calculation Amount, where:

"**Calculation Amount**" means U.S.$1,000; and

"**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months).

5. Redemption and Purchase

(a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 15 June 2018 (the "**Maturity Date**"), subject as provided in Condition 6 (*Payments*).

(b) *Redemption for tax reasons*: The Notes 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 Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that

(i) (A) the Issuer has or will become obliged to pay Additional Amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 8 June 2015; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(ii) (A) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay Additional Amounts as provided or referred to in Condition 7 (*Taxation*) or the Guarantee of the Notes, as the case may be, as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 8 June 2015; and (B) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it;

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such Additional Amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Trustee:

a certificate signed by any director or duly authorised officer of the Issuer stating that the circumstances referred to in (i)(A) and (i)(B) above prevail and setting out the details of such circumstances or (as the case may be) a certificate signed by any director or duly authorised officer of the Guarantor stating that the circumstances referred to in (ii)(A) and (ii)(B) above prevail and setting out details of such circumstances.

The Trustee shall be entitled to accept and rely upon such certificate (without further investigation or enquiry) as sufficient evidence of the satisfaction of the circumstances set out in (i)(A) and (i)(B) or (as the case may be) (ii)(A) and (ii)(B) above, in which event they shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice period as is referred to in this Condition 5(b) (*Redemption for tax reasons*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(b) (*Redemption for tax reasons*).

(c) *Redemption for Change of Control*: At any time following the occurrence of a Change of Control, each Noteholder will have the right, at such Noteholder's option, to require the Issuer to redeem all but not some only of that Noteholder's Notes on the Put Settlement Date at 101 per cent. of their principal amount, together with accrued interest to such Put Settlement Date. To exercise such right, the Noteholder must deposit at the Specified Office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the Specified Office of any Paying Agent (a "**Put Exercise Notice**"), together with the Note Certificates evidencing the Notes to be redeemed by not later than 30 days following a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 15 (*Notices*). The "**Put Settlement Date**" shall be the 14th day 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 Notes subject to the Put Exercise Notices delivered as aforesaid.

The Issuer or the Guarantor shall give notice to Noteholders and the Trustee in accordance with Condition 15 (*Notices*) by not later than 14 days following the first day on which either of them becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by Holders of their rights to require redemption of the Notes pursuant to this Condition 5(c) (*Redemption for Change of Control*).

In this Condition 5(c) (*Redemption for Change of Control*):

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

(a) the Company ceases to have Control of the Guarantor;

(b) Jingwei Textile ceases to be the largest direct or indirect holder of the issued share capital of the Company;

(c) the Substantial Shareholders cease to in aggregate have Control of the Company; or

(d) SASAC ceases to legally or beneficially hold or own (directly or indirectly) in aggregate more than 25 per cent. of the issued share capital of the Company;

"**Control**" means (where applicable), with respect to a Person, either (i) or (ii) is satisfied: (i) the ownership, acquisition or control of the Relevant Percentage of the voting rights of the issued share capital of such Person, whether obtained directly or indirectly or (ii) the right to appoint and/or remove the Relevant Percentage of the members of the 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;

"**Harbin Investment**" means Harbin Investment Group Co., Ltd. (哈爾濱投資集團有限責任公司);

"**Jingwei Textile**" means Jingwei Textile Machinery Co., Ltd. (經緯紡織機械股份有限公司);

a "**Person**", as used in this Condition 5(c) (*Redemption for Change of Control*), includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity);

"**Relevant Percentage**" means (a) in the case of Control of the Company over the Guarantor, 100 per cent. and (b) in the case of Control of the Substantial Shareholders over the Company, at least 51 per cent.;

"**SASAC**" means the State-owned Assets Supervision and Administration of the State Council of the PRC or its successor, including any municipal or provincial bureau of SASAC; and

"**Substantial Shareholders**" means Jingwei Textile, Harbin Investment or any other state-owned enterprise or company more than 50 per cent. owned or controlled directly or indirectly by SASAC that holds or owns any issued share capital of the Company.

(d) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (Scheduled redemption) to (c) (Redemption for Change of Control) above.

(e) *Purchase*: The Issuer, the Guarantor, the Company or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.

(f) *Cancellation*: All Notes so redeemed or purchased by the Issuer, the Guarantor, the Company or any of their respective Subsidiaries shall be cancelled and may not be reissued or resold.

6. Payments

(a) *Principal*: Payments of principal shall be in U.S. dollars made by U.S. dollar cheque drawn on, or, upon application by a Noteholder to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(b) *Interest*: Payments of interest shall be made by U.S. dollar cheque drawn on, or upon application by a Noteholder to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

*Notwithstanding the foregoing, so long as the Global Note Certificate is held on behalf of Euroclear, Clearstream, Luxembourg or any other clearing system, each payment in respect of the Global Note 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 25 December and 1 January.*

(c) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) 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 agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) *Payments on business days*: Where payment is to be made by transfer to a U.S. dollar account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated and, where payment is to be made by U.S. dollar cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Noteholder shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a business day or (B) a cheque mailed in accordance with this Condition 6 (*Payments*) arriving after the due date for payment or being lost in the mail. In this paragraph, "**business day**" means any day on which banks are open for general business (including dealings in foreign currencies) in London and New York City and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).

(e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

(f) *Record date*: Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth business day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

7. Taxation

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the British Virgin Islands, the PRC or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. Where such withholding or deduction is made by the Issuer or the Guarantor as a result of the Issuer or the Guarantor being deemed by PRC tax authorities to be a PRC tax resident at the rate of up to (and including) 10 per cent. (the "**Applicable Rate**"), the Issuer or (as the case may be) the Guarantor will pay such additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required.

In the event that the Issuer or (as the case may be) the Guarantor is required to make a deduction or withholding (i) by or within the PRC in excess of the Applicable Rate; or (ii) by or within the British Virgin Islands, the Issuer or the Guarantor, as the case may be, shall pay such additional amounts (the "**Additional Amounts**") as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Note:

(a) held by a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note; or

(b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, this Directive; or

(c) held by a Holder who would have been able to avoid such withholding or deduction by arranging to receive the relevant payment through another Paying Agent in a member state of the European Union; or

(d) where (in the case of a payment of principal or interest on redemption) the relevant Note Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such Additional Amounts if it had surrendered the relevant Note Certificate on the last day of such period of 30 days.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest shall be deemed to include any Additional Amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 7 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 7 (*Taxation*) pursuant to the Trust Deed.

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the British Virgin Islands, references in these Conditions to the British Virgin Islands shall be construed as references to the British Virgin Islands and/or such other jurisdiction.

8. Events of Default

If any of the following events (each, an "**Event of Default**") occurs, then the Trustee at its discretion may and, if so requested in writing by Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality:

(a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 7 days of the due date for payment thereof; or

(b) *Interest Reserve Account*: there is a failure to maintain at least the Specified Balance in the Interest Reserve Account except to the extent permitted by Condition 3(h) (*Interest Reserve*); or

(c) *Breach of other obligations*: the Issuer, the Guarantor or the Company defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the Trust Deed, the Keepwell and Liquidity Support Deed (other than where it gives rise to a right of redemption pursuant to Condition 5(c) (*Redemption for Change of Control*)), the Deed of Equity Interest Purchase Undertaking and the Account Bank Agreement and such default (i) is incapable of remedy or (ii) being a default which is capable of remedy but remains unremedied for 30 days or such longer period as the Trustee may agree after the Trustee has given written notice thereof to the Issuer, the Guarantor or (as the case may be) the Company; or

(d) *Cross-acceleration of Issuer, Guarantor, Company or Subsidiary*:

(i) any indebtedness for money borrowed or raised of the Issuer, the Guarantor, the Company or any of their respective Subsidiaries is not paid when due;

(ii) any such indebtedness for money borrowed or raised becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer, the Guarantor, the Company or (as the case may be) the relevant Subsidiary or (**provided that** no event of default, howsoever described, has occurred) any person entitled to such indebtedness for money borrowed or raised; or

(iii) the Issuer, the Guarantor, the Company or any of their respective Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any indebtedness for money borrowed or raised;

provided that the amount of indebtedness for money borrowed or raised referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds CNY100,000,000 (or its equivalent in any other currency or currencies); or

(e) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of any amount is rendered against the Issuer, the Guarantor, the Company or any of their respective Subsidiaries in respect of all or a substantial part of their undertaking, assets and revenue and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or

(f) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor, the Company or any of their respective Subsidiaries; or

(g) *Insolvency, etc.*: (i) the Issuer, the Guarantor, the Company or any of their respective Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer, the Guarantor, the Company or any of their respective Subsidiaries or the whole or a substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor, the Company or any of their respective Subsidiaries, (iii) the Issuer, the Guarantor, the Company or any of their respective Subsidiaries takes any action for a readjustment or deferment of all or any substantial part of its debts or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of all or any substantial part of its indebtedness or Guarantee of any indebtedness given by it or (iv) the Issuer, the Guarantor, the Company or any of the Subsidiaries of the Guarantor or the Company ceases or threatens to cease to carry on all or any substantial part of its business; or

(h) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Guarantor, the Company or any of their respective Subsidiaries except for (i) the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee or by an Extraordinary Resolution of the Noteholders, (ii) in the case of a Subsidiary, whereby the undertaking and assets of such Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor, the Company or any of their respective Subsidiaries or (iii) a solvent winding up of any Subsidiary; or

(i) *Analogous event*: any event occurs which under the laws of the British Virgin Islands, Hong Kong or the PRC has an analogous effect to any of the events referred to in paragraphs (e) (*Unsatisfied judgment*) to (h) (*Winding up etc.*) above; or

(j) *Failure to take action, etc.*: 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, the Guarantor or the Company lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes, the Trust Deed, the Keepwell and Liquidity Support Deed (other than with regard to the performance and compliance with the obligations thereunder), the Deed of Equity Interest Purchase Undertaking (other than with regard to the performance and compliance with the obligations thereunder) and the Account Bank Agreement, (ii) to ensure that those obligations are legal, valid, binding and enforceable, and (iii) to make the Note Certificates, the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Account Bank Agreement admissible in evidence in the courts of the British Virgin Islands, Hong Kong and the PRC is not taken, fulfilled or done; or

(k) *Unlawfulness*: it is or will become unlawful for the Issuer, the Guarantor or the Company to perform or comply with any of their respective obligations under or in respect of the Notes, the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking or the Account Bank Agreement; or

(l) *Guarantee not in force*: the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect; or

(m) *Government intervention*: all or any substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor, the Company or any of their respective Subsidiaries is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government; or the Issuer, the Guarantor, the Company or any of the Subsidiaries of the Guarantor or the Company is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets and revenues; or

(n) *Keepwell and Liquidity Support Deed and Deed of Equity Interest Purchase Undertaking*: the Keepwell and Liquidity Support Deed or the Deed of Equity Interest Purchase Undertaking is not (or is claimed by the Company to not be) in full force and effect, or any of the Keepwell and Liquidity Support Deed or the Deed of Equity Interest Purchase Undertaking is modified, amended or terminated other than strictly in accordance with its terms or these Conditions.

9. Prescription

Claims for principal and interest on redemption shall become void unless the relevant Note Certificates are surrendered for payment within ten years (in the case of principal) and five years (in the case of interest) of the appropriate Relevant Date.

10. Replacement of Note Certificates

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

11. Trustee and Agents

Under the Trust Deed, the Trustee is entitled to be indemnified and/or provided with security and/or pre-funded and relieved from responsibility in certain circumstances and to be paid its fees, costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity relating to the Issuer or the Guarantor without accounting for any profit.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual Noteholders as a result of such Noteholders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer, the Guarantor and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The initial Agents and their initial Specified Offices are listed below. The Issuer and the Guarantor reserve the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar or principal paying agent and additional or successor paying agents and transfer agents; **provided, however, that** the Issuer and the Guarantor shall at all times maintain (a) a principal paying agent and a registrar and (b) a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

12. Meetings of Noteholders, Modification and Waiver

(a) *Meetings of Noteholders*: The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions, the Agency Agreement, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking, the Account Bank Agreement or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes, to amend the terms of the Guarantee of the Notes, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking or the Account Bank Agreement in each case otherwise than in accordance with Condition 12(b) or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Noteholders holding not less than 90 per cent. of the aggregate principal amount of the Notes outstanding who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) *Modification and waiver*: The Trustee may, without the consent of the Noteholders, agree to any modification of these Conditions, the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking or the Account Bank Agreement (other than in respect of a Reserved Matter) which, in the opinion of the Trustee, will not be materially prejudicial to the interests of Noteholders and to any modification of the Notes, the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking or the Account Bank Agreement which is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes, the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking or the Account Bank Agreement (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Any such authorisation, waiver or modification shall be binding on the Noteholders and unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders as soon as practicable thereafter.

(c) *Directions from Noteholders*: Notwithstanding anything to the contrary, the Notes, the Guarantee of the Notes, the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and/or the Account Bank Agreement, whenever the Trustee is required or entitled by the terms of contrary in the Notes, the Guarantee of the Notes, the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and/or the Account Bank Agreement to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee 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 Noteholders by way of an 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 may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any 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 where the Trustee is seeking such directions.

(d) *Certificates and Reports*: The Trustee may rely without liability to Noteholders on a report, confirmation or certificate or any advice of any lawyers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

13. Enforcement

The Trustee may at any time, at its discretion and without notice, institute such actions, steps and proceedings as it thinks fit to enforce its rights under the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking or the Account Bank Agreement in respect of the Notes, but it shall not be bound to do so unless:

(a) it has been so requested in writing by the Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and

(b) it has been indemnified and/or provided with security and/or pre-funded to its satisfaction.

No Noteholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

14. Further Issues

The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. The Issuer may from time to time create and issue other series of notes having the benefit of the Trust Deed, **provided that** such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed.

15. Notices

Notices to the Noteholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

Until such time as any definitive certificates are issued and so long as the Global Note Certificate is held in its entirely on behalf of Euroclear and Clearstream, Luxembourg any notice to the Noteholders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg, 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.

16. Governing Law and Jurisdiction

(a) *Governing law*: The Notes, the Trust Deed, the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase Undertaking are governed by Hong Kong law.

(b) *Jurisdiction*: Each of the Issuer, the Guarantor and the Company has in the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Agency Agreement (i) agreed that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes or such documents; and (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) designated a person in Hong Kong to accept service any process on its behalf; and (iv) consented to the enforcement of any judgment.

(c) *Waiver of immunity*: To the extent that each of the Issuer, the Guarantor and the Company may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to it or its assets or revenues, each of the Issuer, the Guarantor and the Company agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Global Note Certificate contains provisions which apply to the Notes while they are in global form, some of which modify the effect of the Terms and Conditions set out in this Offering Circular. The following is a summary of certain of those provisions.

The Notes will be represented by a Global Note Certificate which will be registered in the name of BT Globenet Nominees Limited as nominee for, and deposited with, a common depositary for Euroclear and Clearstream, Luxembourg.

Under the Global Note Certificate, the Issuer, for value received, will promise to pay the amount payable upon redemption under the Terms and Conditions in respect of the Notes represented by the Global Note Certificate to the Noteholder in such circumstances as the same may become payable in accordance with the Terms and Conditions.

The Global Note Certificate will become exchangeable in whole, but not in part, for Individual Note Certificates if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 8 (*Events of Default*) occurs.

Whenever the Global Note Certificate is to be exchanged for Individual Note Certificates, such Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered Noteholder of the Global Note Certificate, Euroclear and/or Clearstream, Luxembourg to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Note Certificate at the Specified Office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any Noteholder or the Trustee, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

In addition, the Global Note Certificate will contain provisions that modify the Terms and Conditions as they apply to the Notes evidenced by the Global Note Certificate. The following is a summary of certain of those provisions:

Payment Record Date: Each payment in respect of a Global Note Certificate will be made to the person shown as the Noteholder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

Exercise of put option: In order to exercise the option contained in Condition 5(c) (*Redemption for Change of Control*) (the "**Put Option**"), the Noteholder must, within the period specified in the Terms and Conditions for the deposit of the relevant Global Note Certificate and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount of Notes in respect of which the Put Option is being exercised. Any such notice shall be irrevocable and may not be withdrawn.

Notices: Notwithstanding Condition 15 (*Notices*), so long as the Global Note Certificate is held on behalf of Euroclear, Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**"), notices to Noteholders represented by the Global Note Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg or (as the case may be) such Alternative Clearing System.

USE OF PROCEEDS

The gross proceeds from this offering will be U.S.$225,000,000, which, after deducting the underwriting fees and commissions and other expenses in connection with this offering, will be used by the Guarantor, the Company or any member the Group for general corporate purposes.

EXCHANGE RATE

CHINA

The PBOC sets and publishes daily a central parity 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. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous day's interbank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. Although Chinese governmental policies were introduced in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currency for current account items, conversion of Renminbi into foreign exchange for capital account items, such as foreign direct investment, loans or securities, requires the approval of SAFE and other relevant authorities. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On 20 June 2010, the PBOC announced that it intends to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate.

The PBOC announces the closing price of a foreign currency traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each business day, and makes it the central parity rate for trading against the Renminbi on the following business day. The central parity rate of the Renminbi rose to RMB6.2046 to U.S.$1.00 on 31 December 2014, bringing the currency's total appreciation to approximately 33.4% since reform of the exchange rate system began in July 2005. 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 indicated. These rates are provided solely for your convenience and are not necessarily the exchange rates that we used in this Offering Circular or will use in the preparation of our periodic reports or any other information to be provided to you. The exchange rate refers to the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board.

	Exchange Rate			
Period	**Period End**	**Average[(1)]**	**High**	**Low**
	(RMB per U.S.$1.00)			
2010	6.6000	6.7603	6.8330	6.6000
2011	6.2939	6.4475	6.6364	6.2939
2012	6.2301	6.2990	6.3879	6.2221
2013	6.0537	6.1412	6.2438	6.0537
2014	6.2046	6.1704	6.2591	6.0402
November	6.1429	6.1249	6.1429	6.1117
December	6.2046	6.1886	6.2256	6.1490
2015				
January	6.2495	6.2181	6.2535	6.1870
February	6.2695	6.2518	6.2695	6.2399
March	6.1990	6.2386	6.2741	6.1955
April	6.2018	6.0210	6.2185	6.1927
May (through 15 May 2015)	6.2051	6.2053	6.2086	6.2001

(1) *Annual averages are calculated using the average of the rates on the last business day of each month during the relevant year. Monthly averages are calculated using the average of the daily rates during the relevant month.*

CAPITALISATION AND INDEBTEDNESS OF THE GROUP

The following table sets forth the capitalisation and indebtedness of the Group as at 31 December 2014 and as adjusted to give effect to the issue of the Notes. The following table should be read in conjunction with the Group's financial statements and related notes included in this Offering Circular.

	As at 31 December 2014			
	Actual	**Actual**	**As adjusted**	**As adjusted**
	(CNY millions)	**(U.S.$ millions)**	**(CNY millions)**	**(U.S.$ millions)**
Borrowing	0	0	0	0
Bonds to be issued	–	–	1,396	225
Total borrowing	0	0	1,396	225
Paid up capital	6,000	967	6,000	967
Undistributed profits	2,179	351	2,179	351
Minority Interests	118	19	118	19
Other owner's equity items	1,508	243	1,508	243
Total owners' equity	9,805	1,580	9,805	1,580
Total borrowing and owner's equity	9,805	1,580	11,201	1,805

Notes:

(1) In May 2015, the Company received a loan of RMB1.7 billion which is due to be repaid in February 2016. The loan was from a financial institution in the PRC, China Trust Protection Fund Co., Ltd.

(2) The translation of Renminbi amounts into U.S. dollar amounts has been made at the rate of RMB6.2046 to U.S.$1.00, the rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 31 December 2014.

Other than as disclosed above, there has been no material change in the capitalisation and indebtedness of the Company since 31 December 2014.

DESCRIPTION OF THE ISSUER

Formation

Zhongrong International Bond 2015 Limited (中融國際債券2015有限公司) (the "**Issuer**") is a limited liability company. It was incorporated in the British Virgin Islands on 9 December 2014 in accordance with the BVI Business Companies Act, 2004, with company number 1852986. Its registered office is at NovaSage Chambers, P.O. Box 4389, Road Town, Tortola, British Virgin Islands. The Issuer is a wholly-owned subsidiary of the Guarantor.

Business activity

As of the date of this Offering Circular, the Issuer has not engaged, since its incorporation, in any material activities other than those relating to the proposed issue of the Notes and the on-lending of the proceeds thereof to the Company and/or its subsidiaries or affiliates, and the authorisation of documents and agreements referred to in this Offering Circular to which it is or will be a party.

Directors and officers

The sole director of the Issuer is Chai Yang.

Share capital

The Issuer is authorised to issue a maximum of 50,000 shares of one class with a par value of U.S.$1 each. As of the date of this Offering Circular, 100 ordinary shares have been issued by the Issuer to its sole shareholder, the Guarantor. No part of the equity securities of the Issuer is listed or dealt in on any stock exchange.

Financial information

Under the laws of the British Virgin Islands, the Issuer is not required to publish interim or annual financial statements. As of the date of this Offering Circular, save for the issue of the Notes and other activities reasonably incidental thereto, the Issuer had no business nor assets and therefore, it has not published, and does not propose to publish, any financial statements.

DESCRIPTION OF THE GUARANTOR

Overview

The Guarantor, Zhongrong International Holdings Limited, was incorporated in the British Virgin Islands as a limited liability company on 12 May 2014 with company number 1823449. The registered office of the Guarantor is located at P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands. The Guarantor is a wholly-owned subsidiary of the Company.

Share capital

The Guarantor is authorised to issue a maximum of 10,000,000 shares of a single class each with a par value of U.S.$1.00, all of which are issued to Shanghai Longshan Investment Management Co., Ltd. None of the Guarantor's equity securities is listed or dealt with on any stock exchange.

Business

The Guarantor is an overseas investment holding platform of the Company. Its subsidiaries are engaged in direct investment and asset management businesses by leveraging on the Company's market resources and brand recognition. The Guarantor is the main holding platform for the Company to develop its overseas business.

Financial Information of the Guarantor

The Guarantor was incorporated on 12 May 2014. From 12 May 2014 to 31 December 2014, the Guarantor and its consolidated subsidiaries (the "**Guarantor Group**") had no operating revenue and had other income of RMB1,571, which consist of bank interest income and exchange gains. For the same period, the total operating expenditure of the Guarantor Group was RMB340,772. As a result, the Guarantor Group made a loss for the period of RMB339,201. The Guarantor Group's total comprehensive loss for the period was RMB444,376, which includes exchange differences on translation of foreign operations of RMB105,175.

As at 31 December 2014, the Guarantor Group had total assets of RMB15.56 million, which includes RMB14.72 million of cash in the bank and RMB831,206 in other receivables. As at the same date, the Guarantor Group had total liabilities of RMB165,981, which consist of RMB165,981 in accrued expenses and other payables. As at 31 December 2014 Guarantor Group had total equity of RMB15.39 million, which includes RMB15.83 million in share capital. The total liability and owners' equity amount was RMB15.56 million as at 31 December 2014. From 12 May 2014 to 31 December 2014, the Guarantor Group had cash inflows of RMB15.73 million from financing activities from issuance of shares, cash outflows of RMB1.005 million to operating activities. As a result, the cash position of the Guarantor increased by RMB14.72 million for the period.

Directors of the Guarantor

The sole director of the Guarantor is Huang Wei.

DESCRIPTION OF THE GROUP

OVERVIEW

The Company is one of the leading trust companies in the PRC. The Company was established in 1987 as Harbin International Trust Investment Co., Ltd. and was re-registered and re-named as Zhongrong International Trust Investment Co., Ltd. in May 2002. In July 2007, the Company was once more re-registered and granted a new financial licence and renamed as Zhongrong International Trust Co., Ltd..

The re-registration in 2007 was a result of CBRC requiring all trust companies in the PRC to re-register under the Measures for the Administration of Trust Companies and the Measures for the Administration of Trust Companies' Trust Plans of Assembled Funds, both introduced in 2007.

The Group's principal business is its trust business which offers a broad range of investments into diverse sectors and asset clauses through innovative structures to a large client base that includes institutional investors, financial institutions, governments and high net worth individuals in the PRC. As at 31 December 2014, the Company had approximately 30,000 high net worth individual clients and approximately 1,143 institutional customers.

The Group's business can be divided into three main segments which are private equity investment and financing, asset management and wealth management.

- Private Equity Investment and Financing Business
  - *Industrial and Commercial Enterprises Investment and Financing* – invests in enterprises which manufacture goods and provide services
  - *Public Infrastructure Investment and Financing* – invests in large-scale public infrastructure projects including municipal projects, public facilities, hydro systems, ground transportation, energy projects and communication projects and other public facilities.
  - *Financial Products Investment* – invests in financial securities, wealth management products and other financial products issued by banks, insurance companies, securities companies, fund management companies and other financial institutions.
  - *Real Estate Investment and Financing* – invests in residential development projects focused on first and second tier cities and commercial properties with mature operations and high quality urban mixed-development projects.
- Asset Management Business
  - *Securities Investment Trust* – offers investment in a broad range of products including new share subscriptions, private equity funds and other securities listed on secondary markets.
  - *Overseas Investment* – offers investment and financial planning products outside the PRC.
  - *Industrial Investment Fund* – offers investment in real estate, healthcare, entertainment and farming.

- Wealth Management Business

  - *Zhongrong Wealth Centre* – Zhongrong Wealth Centre is a customer support and sourcing centre. Based on the Group's professional product screening capability and investment advisory procedures, the Group is able to provide one-stop services for high net worth clients through its professional advisory team.

  - *Family Office* – the Company is entrusted by high net worth clients to manage family assets on their behalf for the purpose of wealth planning and succession.

The Group has an extensive presence in over 20 core cities in the PRC including Beijing, Shanghai, Shenzhen and Chengdu and in Hong Kong. For the years ended 31 December 2012, 2013 and 2014, the Group's total operating income was RMB3,808.9 million, RMB4,898.1 million and RMB5,531.5 million, respectively, and the Group's net profit for the corresponding years was RMB1,524.3 million, RMB 2,017.6 million and RMB2,432.8 million, respectively. For the year ended 31 December 2014, the net income margin of the Group was around 44 per cent. As at 31 December 2012, 2013 and 2014, the total consolidated assets of the Group were RMB6,226.2 million, RMB9,687.5 million and RMB12,200.3 million, respectively, and the Group's owners' equity as at the same dates was RMB4,843.4 million, RMB7,645.5 million and RMB9,805.4 million, respectively. As at 31 December 2014, the Company had a registered capital of RMB6 billion. As at 31 December 2014, the Group had RMB4,111.6 million in cash balance and RMB5,452.4 million invested in highly liquid money market funds.

The Company earns net fee and commission income from its trust business which are paid out from the assets of the respective trusts. For the years ended 31 December 2012, 2013 and 2014, the Group's net fee and commission income earned from its trust business was RMB3,533.8 million, RMB4,540.7 million and RMB4,390.3 million, respectively, or approximately 92.8 per cent., 92.7 per cent. and 79.4 per cent. of total operating income, respectively. As at 31 December 2012, 2013 and 2014, the Company's trust assets under management were approximately RMB299,486.3 million, RMB478,534.9 million and RMB710,592.7 million, respectively. As at 31 December 2014, the Company's trust assets under management were the second highest in the industry in the PRC according to data collected from annual reports of PRC trust companies. The Company's total operating revenue and net profit for the year ended 31 December 2014 were RMB5,531.5 million and RMB2,432.8 million, respectively, ranking the Company third by revenue and fourth by net income amongst the PRC trust companies according to data collected from annual reports of PRC trust companies. As at 31 December 2014, the Group employed over 1,800 employees.

Relationship with Shareholders

The Company is indirectly majority-owned by PRC government-controlled enterprises. PRC government-controlled entities have control over the Company not only through their shareholding but also through their power to appoint the Company's directors.

The Company's largest shareholder is Jingwei Textile Machinery Company Limited ("**Jingwei Textile**") which held approximately 37.5 per cent. of the Company's equity as at 31 December 2014. Jingwei Textile is one of the largest cotton textile equipment providers in the PRC and is dual listed on Hong Kong (stock code:00350) and Shenzhen stock exchanges (stock code:000666). As at 31 December 2014, Jingwei Textile was indirectly controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC ("**SASAC**") which held approximately 31.1 per cent. of Jingwei Textile's equity through China Textile Machinery (Group) Co. Ltd. As at the same date, another 2.7 per cent. of Jingwei Textile's equity was held by China Hi-Tech Group Corporation, which is fully-owned by SASAC. According to the Company's constitutional documents, from a total of seven directors, Jingwei Textile has the right to appoint four directors on the board of the Company.

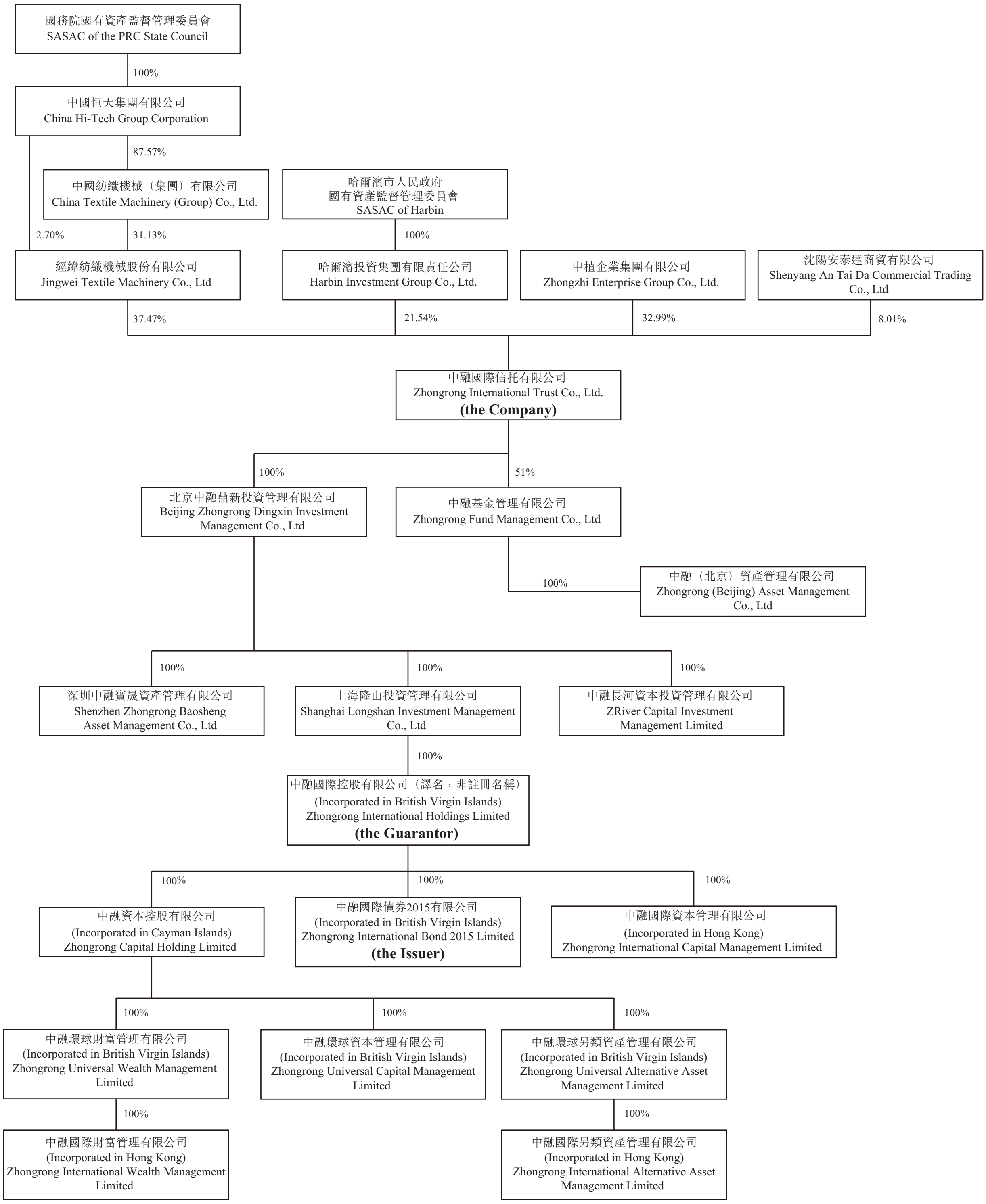
Jingwei Textile acquired the Company's 36 per cent. equity in 2010, and has injected capital five times since then. As at the date of this Offering Circular, Jingwei Textile holds 37.5 per cent. of the Company's equity. The Company's capital has increased from RMB325 million in 2010 to RMB6 billion in 2014. In addition, Jingwei Textile conducts continuous supervision of the Company. Equity investments over RMB5 million will require review and approval from the board of Jingwei Textile. The Company is also required to arrange monthly management meeting with Jingwei Textile to report its business and financial status and to prepare business reviews and business plans on a semi-annual basis. Jingwei Textile also sets the annual budgets of the Company on a three year rolling basis.

In addition to Jingwei Textile's shareholding in the Company, approximately 21.5 per cent. of the Company's equity was held by Harbin Investment Group Co., Ltd. ("**Harbin Investment**") which is a wholly-owned subsidiary of the State-owned Assets Supervision and Administration Commission of Harbin province ("**SASAC of Harbin**") as at 31 December 2014. According to the Company's constitutional documents, from a total of seven directors, Harbin Investment has the right to appoint one director on the board of the Company.

Since its establishment in 1987, there have been several changes to the Company's shareholders. The Company does not have control over its shareholders who may transfer their stake to another party and cannot provide any guarantee or assurance that its current key shareholders will remain the same. In addition, the Company from time to time considers a range of available financing options, including equity injections from third parties. Please see the relevant risk factor under "*Risks Relating to the Group's Business and The Group – There is no assurance that there will be no change to the shareholding structure of the Company*".

Organisation

The following chart sets forth a simplified corporate and shareholding structure of the Group and the Company's interests in its principal subsidiaries as at the date of this Offering Circular.



HISTORY AND DEVELOPMENT

The significant milestones of the Company are as follows:

1987	The Company was established as Harbin International Trust Investment Co., Ltd.
2002	The Company was re-registered and re-named as Zhongrong International Trust Investment Co., Ltd..
2004	The Company completed two equity transfer deals in succession, upon which the original shareholders, namely SASAC of Harbin and Haci Company Limited, transferred their stakes in the Company to Harbin Economic Development and Investment Company and Zhongzhi Enterprise Group Co., Ltd.
2007	The Company was re-registered and granted a new financial licence and renamed as Zhongrong International Trust Co., Ltd..
2008	The Company's headquarters were relocated from Harbin to Beijing.
2009	Trust asset under management first surpassed RMB100 billion.
2010	Jingwei Textile acquired 36 per cent. equity interest of the Company from Zhongzhi Enterprise Group Co., Ltd. and became the Company's largest shareholder and the registered capital of the Company also increased from RMB325 million to RMB580 million.
2011	The Company's registered capital increased from RMB580 million to RMB1,475 million. Approved by CBRC to establish Beijing Zhongrong Dingxin Investment Management Co., Ltd. as the PE investment subsidiary.
2012	The Company received its stock index future trading business licence and the special-purpose trustee organisation licence in the PRC.
2013	The Company's registered capital increased from RMB1,475 million to RMB1.6 billion pursuant to capital injection from its shareholders.
2014	The Company's registered capital increased to RMB6 billion by way of transfer of retained earnings to share capital. China Banking Regulatory Commission ("**CBRC**") approved the Company's proposal to offer financial planning products investing in assets outside the PRC under the Qualified Domestic Institutional Investor scheme ("**QDII**"). The Company became a founding member of the China Trust Protection Fund which the CBRC had given directions to the China Trustee Association to establish with the aim to promote better management and detection of risks in the industry. The Company played an important role in its establishment and contributed share capital of RMB1.5 billion, resulting in a 13.04 per cent. shareholding.

AWARDS AND HONOURS

In recognition of its achievements, the Company has received numerous awards and honours, which include the following:

- 2014 Outstanding Trust Company in the First People's Finance Awards Presentation Ceremony hosted by people.cn
- 2014 Best Trust Company Award in the Seventh China Asset Management "Golden Shell" Awards
- Best Trust Company of the Year in the 2014 Chinese Financial Institution Gold Medal List
- 2014 Best Trust Company by the 21st Century Business Herald
- 2014 Trust Company with Best Risk Control of the Year by the Seventh Chinese Excellent Trust Companies Appraisal
- 2013 Best Trust Company in the Oriental Wealth Awards
- In 2013, the "ZRT-Wuxi Binhu No.1 Property Rights Trust" project was awarded the "Best Infrastructure Investment Trust Plan" by the Securities Times
- Best R&D Team, Best Real Estate Trust Plan, and Best Infrastructure Trust Plan in the 2013 Sixth China's Excellent Trust Company Ranking
- 2013 Best Design & Innovation Award in the Sixth China Asset Management "Golden Shell" Awards
- Best Wealth Management Trust Company of the Year in the 2013 China.com.cn-CN Benefit Wealth Management Forum & Golden Finger Awards
- 2013 Best Trust Institution of China in the Second BRIC Value Awards
- Best Trust Service Company of the Year in 2013 by China Excellent Financial Awards
- 2012 Best Golden Bull Collective Trust Company Award in the Golden Bull Wealth Management Forum & 2012 Wealth Management Product Awards
- 2012-2013 Golden Bottle Award for Best Sunshine Private PE Service Provider of China (the Fourth China Sunshine PE Fund Summit and "Golden Bottle" Awards)
- The Trust Company with Best Risk Control Capability Award in the 2013 Golden Cicada Awards
- The Best Brand Award in the 2013 Navigator of China Annual Survey of the Trust Industry
- The Outstanding Asset Management Institution in the 2013 Appraisal for Outstanding Members of the China Bond Market
- 2012 Excellent Company of the Year in the Second Deloitte China Risk Intelligence Awards
- China's Excellent Trust Company, Best R&D Team of the Year, and Best Wealth Management Team of the Year in the Fifth China Excellent Trust Company Ranking
- 2011-2012 Most Trusted Trust Award and 2011-2012 Trust Company with Best Risk Control of the Year in the Fifth China Asset Management "Golden Shell" Awards

STRENGTHS

The Company believes that the Group's key strengths are:

Effective use of partnership model to incentivise business teams and promote efficient enterprise management

The Company has operated a partnership model for its business teams, which applies a market-oriented reward and risk-sharing mechanism in order to enhance the sense of responsibility, risk awareness and loyalty of its teams and employees. The business departments of the Company are organised into teams led by partners. Teams are rewarded based on the success of a business project, which incentivises business teams to maximise business development opportunities.

There are effective resource and risk sharing mechanisms amongst the partners. For example, the partners have established a partnership risk fund and around 5 per cent. of the business revenue is reserved in the partners' reserve fund. As at 31 December 2014, the partnership risk fund was RMB404.9 million in size. The Company also promotes risk awareness and risk management responsibilities within individual teams. A portion of the revenue from a project is generally set aside as reserves. The level of reserve will vary between 20 per cent. to 80 per cent. according to the risks identified by the Company. As at 31 December 2014, the project risk reserve fund was RMB615.8 million in size.

High degree of autonomy granted to the management team, enabling the Group to respond to market and policy changes quickly

The shareholders of the Company give the management team a high degree of autonomy. This allows the management team to respond quickly to market opportunities in a streamlined decision-making and strategy implementation process which enables the Company to achieve a high level of organisational efficiency and operational efficiency.

The Company is able to revise its business strategy swiftly in response to market and policy changes. This high level of flexibility and efficiency in execution gives the Company first-mover advantages in many areas and allows the Company to develop and implement new strategies in quick response to market opportunities. Such first-mover advantages are demonstrated by many key milestones in the Company's development: from 2006 the Company started co-operating with banks and financial institutions to invest in shares; from 2008 the Company started providing trust financing for local government projects; and in 2010 the Company started providing trust financing for real estate projects.

Ability to capture market opportunities in developing new businesses through its astute market insights

Shareholders give the management team a high degree of autonomy, which allows the Company to respond quickly to market opportunities and to revise its business strategy swiftly in response to market and policy changes. The Company has been able to adjust its businesses by closely following economic developments and opportunities in the market. The Company was the first company in the PRC trust industry to diversify from its traditional core of trust plans to provide a range of other financial and investment products and services such as alternative asset management and private wealth management, which enables it to adapt to changes in the industry and diversify risks. For example, after the Company was granted its stock index futures trading business licence in 2012, it rolled out a stock index after futures securities investment products such as the "ZRT- Bing Jian No. 1 Securities Collective Investment Fund Trust Plan". The Company was also granted the special-purpose trustee organisation licence in 2012 which allows it to develop its securitisation business. The Company has successfully established a number of asset securitisation programmes in co-operation with financial institutions such as Bank of Hebei, China Huarong Asset Management Co., Ltd and Huarong Xiangjiang Bank.

The Group's investment business covers a wide range of industries ranging from real estate to infrastructure, securities, energy and mining and technology. The wide range of the Group's investment businesses allows the Group to enjoy significant synergies and capture business opportunities in different business segments. For example, the Group's various business segments share a large and diverse client base, which creates cross-selling opportunities among different business segments within the Group. As a result, the Group is able to leverage on its expertise in its traditional trust investment business and to provide its clients with a broad range of financial products and services. This has allowed the Company to diversify into other areas. Some of the more notable developments include the establishment of Beijing Zhongrong Dingxin Investment Management Co., Ltd as a private equity fund company; the establishment of Zhongrong Fund Management Co., Ltd as a public fund company and the establishment of Zhongrong Wealth Centre as a wealth management brand. These are all examples of how the Company captures market opportunities by providing comprehensive financial planning solutions for investors.

To support business development in specialist areas, the Group has established specialised divisions to develop and monitor each of the new business segments, including Zhongrong Wealth Centre, with specially dedicated teams to cater for its clients' needs across a wide range of financial services.

Sound risk management system and capabilities

The Company has established a sound risk management system and is dedicated to continued improvement of its risk management systems. The Company adopts its risk management policies with the establishment of different committees within its organisational structure to manage risks. At the level of the board of directors, the Company has established an audit and risk management committee responsible for forecasting and monitoring risks in the trust and proprietary business, supervising the effectiveness of internal and external audits and examining major compliance issues. On the management level, the Company has set up a trust business committee and a proprietary business committee which are responsible for the collective review and approval of key investment and financing projects in the trust and proprietary business based on prudent analysis and assessment of project risks.

The Group maintains a high level of professionalism in the selection and management of projects and the structuring of its trusts. For example, the Group has professional teams that utilise bonds, equity and mezzanine financing to tap the full potential of the trust business. The Group also set up a special real estate business supervisory department that systematically organises on-site supervision for project progress and, follow-ups, and monitoring and control of corresponding risks through measures such as on-site inspections, budget control supervision and comprehensive joint management to ensure timely delivery of real estate projects and safe exit of real estate investments. Between 2012 and 2014, the Group's trust business settled a total of 1,339 trust agreements amounting to more than RMB313 billion. The Group's paid out trust returns of over RMB80 billion to investors from 2012 to 2014. All of the Group's trust projects were redeemed in full and on time.

The Company has six functional departments with risk management responsibilities responsible for research, investigation, analysis and monitor of the risk elements involved in its investment projects. As at 31 December 2014, approximately 316 employees, are in risk management functions. The Company believes it has one of the highest number of risk management staff amongst the PRC trust companies.

In addition, the compensation for senior managers of the Company are set according to the "Guidance on Steady Commercial Bank Supervisors Remuneration" promulgated by the CBRC and the requirement for the deferred payment of performance-related remuneration of senior management personnel. In assessing such remunerations, the Company also takes account of compliance management and risk management indicators, to link remuneration with risks. In addition, performance-related remuneration in one year is paid over the following three years in the ratio of 50 per cent., 25 per cent. and 25 per cent., respectively.

Experienced management team, supported by professional and qualified employees

The senior management team are very experienced. The senior management team appointed have to be approved by CBRC. The Group's employees are professional and well-educated. As at 31 December 2014, the Group had over 1,800 employees covering more than 20 core cities in the PRC.

The Group values human resources highly and implemented a "Talent Training Programme" in 2010 to improve its human resource pool. As at 31 December 2014, the Group had 9 employees with doctorates, 744 with masters and 908 with bachelors, accounting for over 90 per cent. of the total employees. The Company hires graduates from prestigious universities and also provides comprehensive and systematic training for new hires and offers them a broad development platform.

The Company encourages co-operation of frontline and back-office employees in developing new investment products, taking advantage of the blend of business opportunities identified by the client-facing business units and the practical concerns identified by supporting and risk management departments. The Company applies a market-oriented reward and risk-sharing mechanism, which further incentivises the innovation of its teams and employees in developing new business projects. The Company also organises project initiation meetings for its new projects so as to examine the feasibility of such projects and to create an innovation sharing and cultivating culture amongst its employees.

STRATEGIES

Private Equity Investment and Financing Business

The Company plans to continue to develop its traditional businesses and explore opportunities for development in the industrial real estate, logistics and medical real estate sectors, and expand its high-value added asset securitisation business. The Company also plans to focus on its core and loyal customers and provide comprehensive and professional financing solutions for them.

Asset Management Business

The Company plans to establish an investment fund, an offshore investment fund, hedge fund and alternative asset management company. The Company also plans to explore opportunities in capital markets, and further expand its business into internet, software, clean technology and other sectors. The Group aims to offer its customers a wide range of high quality investment products.

Wealth Management Business

The Company plans to continue to develop its private wealth management business by investing in the training of its staff to maintain high standards of professionalism, enabling them to develop innovative investment strategies to create and take advantage of opportunities in the market to create value for clients, and to provide the highest standards of service to clients. This is expected to further increase client retention rates and the Company also aims to increase the proportion of institutional clients among its client base. The Company plans to provide a one-stop service to its clients and develop an open platform of investment products and investing in technology to enhance provision of services to its clients.

BUSINESS OF THE GROUP

Overview

Trust companies in the PRC are regulated by the CBRC, the banking regulatory body. Trust companies in the PRC are approved and licensed by the CBRC and as at 31 December 2014, the CBRC has issued licences to 68 trust companies. Laws in the PRC stipulate clear operational qualifications and risk management criteria of trust companies, including the Trust Law of the PRC introduced in 2001, Measures for the Administration of Trust Companies introduced in 2007, Measures for the Administration of Trust Companies' Trust Plans of Assembled Funds also introduced in 2007 and the Measures for the Administration of Net Capital Trust Companies introduced in 2010.

The main business model of trust companies is to manage assets as trustees on behalf of their clients. The trust companies, together with banking, securities and insurance companies, are known in the PRC as the "four pillars" of the financial sector. The trust companies play an important part in the overall development and health of the financial sector in the PRC. According to data from the China Trustee Association, as at 31 December 2014, the total assets under management of PRC trust companies were approximately RMB14 trillion, second only to the banks' wealth management products. In terms of assets under management, the total size of trust companies in the PRC is bigger than each of the securities industry, the insurance industry or the fund management industry. According to data from the China Trustee Association, the total operating revenue of the PRC trust companies amounted to RMB95.5 billion for the year ended 31 December 2014.

Compared with other industries in the financial sector, trust companies have more flexibility and can provide more market-oriented product designs that fully reflect the wishes of their customers, including broadening the range of investments, configuring of asset allocation and matching risk and rewards. The rights of investors under the trust mechanism are also a differentiating factor of the trust companies when compared with other asset management firms. Trust companies can also provide wealth inheritance services for high net worth individuals.

According to data from annual reports of PRC trust companies, the Company ranked third by revenue and fourth by net income amongst the PRC trust companies as at 31 December 2014. As at 31 December 2014, the Company's trust assets under management were the second highest in the industry in the PRC according to data collected from annual reports of PRC trust companies.

The Group's trust business offers a wide range of high quality and innovative products and services, including customised investment projects for insurance funds based on regulatory requirements and products that enable investors to participate in integration and restructuring opportunities through pledge financing and equity investments. Approximately RMB710.6 billion assets were managed by the Group through 1,789 trust projects. Total revenue has increased from RMB3.8 billion at 2012 to RMB5.5 billion at 2014, representing a CAGR of 20.5 per cent. over this period. The Group's high quality and innovative products are well recognised by the market. For example, in 2013 the "ZRT-Nantai Shiliufu Equity Collective Investment Fund Trust" won the "Best Real Estate Trust Plan" award from Securities Times for its product structure design and investment returns and the "ZRT-Wuxi Binhu No.1 Property Rights Trust" project was awarded the "Best Infrastructure Investment Trust Plan" from the Securities Times for its innovative product structure design and inclusion of rigorous risk prevention measures.

As at 31 December 2014, the Company had over 30,000 high net worth individual clients and approximately 1,143 institutional customers. The Company assesses high net worth individual clients based on their risk taking ability associated with investment in trust products; and in particular, those who (a) can make one-off investment of RMB1 million or above in trust products, (b) have net assets of RMB1 million or above, or (c) have annual income of RMB200,000 for an individual or RMB300,000 for a family.

Business Segments

The business of the Group encompasses a range of investment and financial management activities, including trust and non-trust businesses. The Group's business can be divided into three main segments, which are private equity investment and financing, asset management and wealth management. In addition, the Group also receives other income mainly from proprietary investment activities.

The table below shows the operating income of the Group as categorised by the three business segments.

	As at 31 December (RMB in millions)		
Operating Income	**2012**	**2013**	**2014**
Private Equity Investment and Financing Business	3,246.8	4,252.3	4,058.5
Asset Management Business	287.1	289.8	388.5
Wealth Management Business	97.6	63.5	277.5
Other Income[(1)]	177.5	292.5	807.1
Total Operating Income	3,808.9	4,898.1	5,531.5

Note:

(1) Other Income of the Group mainly comprises net interest income and investment income from its proprietary investment activities.

Private Equity Investment and Financing Business

The private equity investment and financing business focuses mainly on fixed-income products to meet the long-term financial targets of clients. The Group also provides consultation services to clients in relation to their investments.

The trust assets held by the Group in the private equity investment and financing business were RMB247,599.8 million, RMB405,183.6 million and RMB554,865.2 million as at 31 December 2012, 2013 and 2014 respectively.

Industrial and Commercial Enterprises Investment and Financing

The Group invests in enterprises which manufacture goods and provide services. As at 31 December 2014, the Group had 471 projects with a total asset value of RMB217.6 billion. Revenue from all industrial and commercial enterprises investment and financing projects amounted to RMB1,402.6 million for the year ended 31 December 2014.

The table below shows the size of industrial and commercial enterprises investment and financing trust assets as compared to total trust assets of the Group.

As at 31 December	Industrial and Commercial Enterprises Investment and Financing Trust Assets	Total Trust Assets
	(RMB million)	(RMB million)
2012	85,707.6	299,486.3
2013	168,133.4	478,534.9
2014	217,573.5	710,592.7

The table below shows the top 10 geographical locations of industrial and commercial enterprises investment and financing trust assets by value as at 31 December 2014.

Locations	Industrial and Commercial Enterprises Investment and Financing Trust Assets
	(RMB million)
Beijing	51,895.7
Guangdong	29,923.6
Chongqing	26,428.7
Zhejiang	20,330.2
Tianjin	10,319.0
Shanghai	8,756.0
Jiangsu	7,254.4
Shandong	6,409.5
Liaoning	5,547.8
Sichuan	5,431.3

The industrial and commercial enterprises investment and financing business invests in a large number of industrial and commercial enterprises which manufacture goods and provide services. An example of the Group's involvement with industrial and commercial enterprises is the trust loan investment plan for No.14 Metallurgical Construction Company of China Nonferrous Metal Industry ("**No.14 MCC**"). In June 2014, the Group established a trust plan that offered RMB250 million in loan to the No.14 MCC for its business production activities and working capital. Other examples include, investments in integration and restructuring projects in commercial and industrial enterprises through pledge financing and equity investments.

The Group has published a manual clearly setting out the operating standards of providing financing to industrial and commercial enterprises. The Group's policy is against making investments in high pollution, high energy consumption and excess capacity industries, but encourage investment in energy saving, environmental protection and clean energy industries. The Group will examine the overall strength of the financing entity and the source of repayment of debt. In the case of share-pledge financing, for example, the Group has established risk management mechanisms including daily mark-to-market system, scientific and operational alerts and loss cut-off mechanisms. The Group will conduct the unwinding operation when the pledged shares fall below the loss cut-off line. The Group can also require the borrower to top up funds or shares when the pledged shares fall below the supplemental-funding line. The Group also provides other financing services to industrial and commercial enterprises with sufficient credit ratings and the ability to repay debts.

Public Infrastructure Investment and Financing

The Group's infrastructure investment and financing trust business invests in public infrastructure projects including municipal projects, public facilities, hydro systems, ground transportation, energy projects and communication projects. As at 31 December 2014, the Group has 577 infrastructure investment and financing trust projects with a total asset value of RMB142.7billion. Revenue from all public infrastructure investment and financing projects amounted to RMB938.9 million for the year ended 31 December 2014.

The table below shows the size of public infrastructure investment and financing trust assets compared to the total trust assets of the Group as at 31 December 2014.

As at 31 December	**Public Infrastructure Investment and Financing Trust Assets**	**Total Trust Assets**
	(RMB million)	**(RMB million)**
2012	89,181.4	299,486.3
2013	131,634.9	478,534.9
2014	142,740.8	710,592.7

The table below shows the top 10 geographic locations of public infrastructure investment and financing trust assets by value as at 31 December 2014.

Provinces	**Public Infrastructure Investment and Financing Trust Assets**
	(RMB million)
Jiangsu	18,861.2
Jiangxi	18,109.4
Zhejiang	13,656.0
Yunnan	12,460.2
Shandong	7,474.4
Sichuan	6,705.9
Inner Mongolia Autonomous Region	6,643.1
Tianjin	5,476.0
Xinjiang Uyghur Autonomous Region	5,228.2
Guangxi Zhuang Autonomous Region	5,130.4

The Company has strict internal requirements about investments in public infrastructure projects. Such requirements are based on municipal budget revenues, municipal government debt ratios and other counterparty qualifications. For example, the relevant municipal budget revenue (including the public finance budget revenue) should be more than RMB5 billion, the municipal government debt ratio (total debt over total financial resources) should be below 100 per cent. and the liabilities ratio (total debt over total output value) below 20 per cent. The Company also requires its counterparties to have profitable projects, good quality assets, their own operational capacity, the ability to refinance take out large loans and rank highly among local enterprises with total assets of no less than RMB1,500 million. The Group has established an active trust management business based on data collected from an in-depth survey of the infrastructure investment and financing business. Its main objective is to improve the design of product structure and management of post-transaction operation.

Financial Products Investment

The Group invests in financial securities, wealth management products and other financial products issued by banks, insurance companies, securities companies, fund management companies and other financial institutions.

As at 31 December 2014, around 131 financial products investment projects were managed by the Group with a total asset value of around RMB102.7 billion. The table below shows the size of financial products investment compared to total trust assets of the Group as at 31 December 2012, 2013 and 2014.

As at 31 December	Financial Products Investment Trust Assets	Total Trust Assets
	(RMB million)	**(RMB million)**
2012	17,216.8	299,486.3
2013	34,565.8	478,534.9
2014	102,746.6	710,592.7

The Group's financial products investment business includes co-operation with banks, insurance companies and other financial institutions. The Company has co-operated and maintained good working relationships with many key banks in the PRC including Bank of China, Agricultural Bank of China, Postal Savings Bank, China Development Bank, 11 joint-stock banks and over 30 city commercial banks and agricultural commercial banks. It has benefited by the relationships in terms of its increased access to business channels, widened investment scope and tighter risk management when participating in secondary markets, the inter-bank bond market and investment and financing projects of industrial and commercial enterprises. The Company also has co-operative relationships with nearly 30 insurance companies. The Group has been developing customised investment products for insurance funds in full compliance with the regulatory requirements. The Group has worked with insurance funds in many projects, including investments in industrial and commercial enterprises, infrastructure projects and fixed-income products.

The financial products investment business also includes the securitisation business. In the securitisation process, the Company acts as the trustee for the special-purposes trusts that purchase the underlying assets and as issuers of securities. With the special-purpose trustee organisation licence granted to the Group in 2012, the Group has been leveraging on its strengths in asset acquisition, product packaging and risk management in its dealings in the asset securitisation business. The Group has co-operated with Bank of Hebei to issue RMB2.795 billion of "Ji Yuan 2014 First Phase Credit Asset-backed Securitisation Trust Securities". The Company also co-operated with China Huarong Asset Management Co., Ltd to establish the RMB2.883 billion "Hua Yuan 2014 Second Phase Credit Asset Securitization Project". The Company also co-operated with Huarong Xiangjiang Bank to issue RMB2.54 billion "Xiang Yuan 2014 First Phase Credit Asset-backed Securities". The Company also has intentions to conduct other asset securitisation projects with Bank of Tianjin, Weihai City Commercial Bank, Chengdu Agricultural and Commercial Bank and other financial institutions.

Real Estate Investment and Financing

The Group first officially launched its real estate trust business in 2010. Through investments in and management of projects, the Group has accumulated much experience in areas including the selection of investment and financing projects, design of trades, project management and risk control. The Group established professional teams to explore and utilise the full potential of the business with capital market tools such as bonds, equity and mezzanine financing. As at 31 December 2014, 146 real estate trust projects were managed with a total asset value around RMB74.3 billion. Revenue from all real estate investment and financing projects amounted to RMB1,450.4 million.

The table below shows the size of the Group's real estate trust assets compared to total trust assets of the Group as at the relevant dates.

As at 31 December	Real Estate Trust Assets	Total Trust Assets
	(RMB million)	(RMB million)
2012	33,852.1	299,486.3
2013	52,873.5	478,534.9
2014	74,319.8	710,592.7

The Group has focused on owner-occupied residential projects in first and second tier cities, commercial properties with mature operations and stable cash flow, and high quality urban mixed-development projects in the PRC.

The table below shows the top 10 geographic locations of real estate trust assets by value as at 31 December 2014.

Cities/Provinces	Real Estate Trust Assets
	(RMB million)
Shanghai	11,690.4
Beijing	8,314.0
Zhejiang	5,239.6
Shandong	4,786.3
Guangdong	4,144.1
Jiangsu	4,050.3
Shanxi	3,973.4
Chongqing	3,830.9
Liaoning	3,771.4
Hebei	2,982.2

The Group set up a real estate business supervisory department for the supervision and management of its projects, which would dispatch on-site supervisors to follow up on the progress of the projects. The department is also responsible for monitoring and controlling the corresponding risks through measures such as on-site inspections, budget control supervision and comprehensive joint management to ensure redemption of trust projects.

Asset Management Business

The trust assets held by the Group in the asset management business were RMB51,886.5 million, RMB73,351.3 million and RMB155,727.6 million as at 31 December 2012, 2013 and 2014 respectively.

Securities Investment Trust

The Group's securities investment trusts invest in a number of product categories including initial public offering subscriptions, "Sunshine" private equity funds and other securities listed on primary and secondary markets. The Group has built a strong securities trading platform, established professional securities investment teams and extended its partnership with commercial banks, securities companies, fund management companies and investment management companies. As at 31 December 2014, the Group has 417 securities investment trust projects with a total asset value of RMB100 billion. As at 31 December 2014, the Group has established business relationships with 75 brokers, 16 futures brokers and 153 investment consultants and 140 dedicated business lines, five securities business information systems and one futures trading system. In June 2012, the Group was granted its stock index futures trading business licence by the CBRC, and it has been looking into the operation of the new securities derivative business under its active trust management model. In 2013, the Group rolled out stock index futures securities investment products such as the "ZRT-Bing Jian No. 1 Securities Collective Investment Fund Trust Plan".

The table below shows the size of securities investment trust assets as compared to total trust assets of the Group.

As at 31 December	Securities Investment Trust Assets	Total Trust Assets
	(RMB million)	(RMB million)
2012	34,143.8	299,486.3
2013	43,731.8	478,534.9
2014	100,259.0	710,592.7

The Group has established business relationships with some of the top securities brokers, futures brokers and investment consultants in the PRC, including CICC, Huatai Securities, Shenwan Hongyuan Securities, China Investment Securities, CITIC Securities, Haitong Securities, China Securities, Everbright Securities, Galaxy Securities, CITIC Futures, Yongan Futures, Hua'an Futures, Huatai Great Wall Futures, Guotai Junan Futures, Everbright Futures, Hengde Investment, WIM Asset Management, Juyi Investment, Flying Tiger Investment, Harvest Fund and Qirun Investment.

Overseas Investment

The Group offers international investment trusts products as well as other financial products that invest in assets outside the PRC. In November 2014, the CBRC approved the Company's proposal to offer financial planning products investing in assets outside the PRC under the QDII scheme and SAFE also approved an investment quota of USD300 million for such businesses. In December 2014, the Company established the first QDII project "Gang Rong Tong No.1" with a scale of USD50 million.

Up to 31 December 2014, the Group has made overseas investment worth over USD440 million, including those made outside its own QDII scheme. The Group has established partnerships with many leading companies in the PRC in relation to its overseas investments, including Dalian Wanda Commercial Properties, Sinopec Engineering Group, Everbright Bank, Beijing Jingneng Clean Energy Co., Ltd. and The People's Insurance Company (Group) of China Ltd..

Industrial Investment Fund

As at 31 December 2014, the total trust assets held by the Group in the industrial investment fund was over RMB55 billion, including investments in real estate, healthcare, entertainment and farming businesses. The Group also intends to invest in other business sectors, including the internet, software, and clean technology.

The table below shows the size of industrial investment fund trust assets as compared to total trust assets of the Group.

As at 31 December	Industrial Investment Fund Trust Assets	Total Trust Assets
	(RMB million)	(RMB million)
2012	17,742.7	299,486.3
2013	29,619.5	478,534.9
2014	55,154.8	710,592.7

The industrial investment fund business encompasses the Group's real estate fund, mergers and acquisitions funds and private equity funds businesses. In real estate investment funds, the Group has established ZRiver Capital Investment Management Limited ("**ZRiver**") as the main brand and investment platform in real estate investment funds. The Group can offer portfolio property investments that focus on top tier offices, shopping malls and serviced apartments in first tier or second tier cities in the PRC. The Group's real estate investment funds target institutional investors that can shoulder greater volatility and risk. The investment selection criteria also include location, rental and capital returns and quality.

In merger and acquisition transactions, the Company in its capacity as trustee purchases or acts as the financial adviser of the purchaser, designing the acquisition plan and providing related financing for the transactions. The Group's private equity investment trust platform has been assisting the development and growth of its merger and acquisition business with a vast range of approaches including equity merger, asset acquisition, and cash acquisition. For example, the Group set up merger and acquisition trust plans such as the "ZRT-Rong Jin Sheng Shi Collective Fund Trust Plan".

The Group's private equity investment trust invests in the equity of non-listed companies and non-publicly-traded equities of listed companies. This line of the Group's trust business seeks to achieve profits and to realise stable appreciation of the trust assets through the sales of such equities by way of listings, mergers and acquisitions or management buyback.

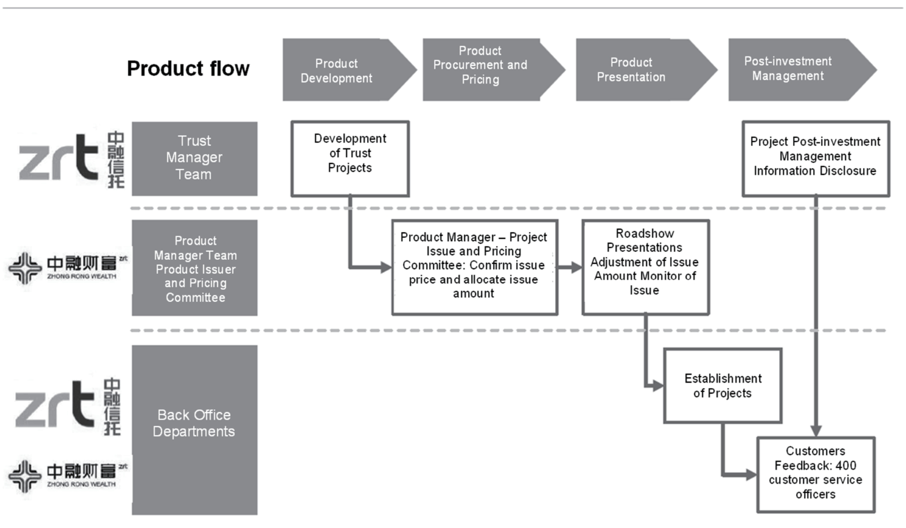
Wealth Management Business

Zhongrong Wealth Centre

The Group has established the Zhongrong Wealth Centre and Zhongrong Wealth Operational Support Centre ("**Zhongrong Wealth**"), covering around 20 core cities in the PRC. Zhongrong Wealth regularly holds client events and seminars on topics relevant to its wealth-management clients including education and high-end tourism. The Group has also established advance technology platforms for servicing Zhongrong Wealth customers, including a dedicated customer support hotline, a comprehensive customer relationship management platform that manages customer appointments, sales, and information disclosures. Zhongrong Wealth has also developed applications that allow customers to make enquiries on their mobile devices. As at 31 December 2014, the Group has a team of 373 salespersons in its wealth management business segment covering over 30,000 high net wealth individual clients. For the year ended 31 December 2014, Zhongrong Wealth had total sales volume of RMB32.3 billion.

The Group has adopted a structured development and management flow for its wealth management products, with comprehensive co-operation across its trust manager team, product manager team, product issuing and pricing committee and other back office departments. New trust projects are initiated in its development stage by the trust manager team, and they will be passed on to the product manager team and product issue and pricing committee for confirming their issue prices and allocation, followed by a roadshow presentation. Once the projects are formally established, the trust manager team starts to conduct post-investment management closely monitoring information disclosure, supplemented by investor relations management by the Group's customer service officers.

Product development and management flow of the Group's wealth management business



Family Office

To expand its wealth management business, the Group established the Family Office business on 30 April 2014 to serve high net worth individual clients. The Family Office is designed to manage the family assets on behalf of clients for the purpose of wealth planning and succession through family asset trusts. In a legacy trust arrangement, the testator would make a will entrusting his or her property to the Group for the establishment of a trust from which returns would be provided to the designated beneficiaries. The Family Office allows the Group to provide full services to high net worth clients.

Proprietary Investment Activities

The Group manages proprietary funds which are mainly vested in financial assets held for trading and available for sale financial assets. Investment is also made within a certain scope to meet the needs of value preservation and appreciation. As at 31 December 2014, the Group had RMB4,111.6 million in cash balance and RMB5,452.4 million invested in highly liquid money market funds, these highly liquid assets in total amounted to RMB9,564 million or 78.4 per cent. of the Group's total proprietary assets as at 31 December 2014. The table below shows the allocation of its proprietary assets as at the dates indicated.

	As at 31 December (RMB in millions)		
	2012	**2013**	**2014**
Monetary assets	4,937.0	8,431.5	4,111.6
Financial assets held for trading	276.7	239.1	6,039.3
Available-for-sale financial assets	600.5	406.4	604.9
Long-term equity investment	19.7	45.5	53.2
Others	392.3	565.0	1,391.3[1]
Total	6,226.2	9,687.5	12,200.3

Note:

(2) This includes RMB750 million for the China Trust Protection Fund. The fund was only established on 16th January 2015 and the Company's holding in the fund was re-classified as long-term equity investment after that date.

FUNDING

The Group's primary sources of funding have been capital injection from shareholders and the Group's revenue.

EMPLOYEES

As at 31 December 2014, the Group had a total of over 1,800 employees, which are based in more than 20 core cities in the PRC including Beijing, Shanghai, Shenzhen and Chengdu. The Group's employees are well-qualified in terms of educational qualifications, with nine with doctorates, 744 with master's degrees and 908 with bachelor's degrees, accounting for over 90 per cent. of the total number of employees. In terms of departmental distribution as at 31 December 2014, 959 are front-office employees, accounting for approximately 52.8 per cent. of total staff, 468 are mid and back-office employees, accounting for approximately 25.8 per cent. of total staff, 373 are employees in Zhongrong Wealth Centre, accounting for approximately 20.6 per cent. of total staff and 15 are senior executives, accounting for approximately 0.8 per cent. of total staff.

The Group values human resources highly and has implemented a "Talent Training Programme" since 2010 to improve its human resource pool. Through this programme, the Group has recruited graduates from prestigious institutes of higher education in the PRC over the past four years and has provided comprehensive and systematic training for the new hires.

RISK MANAGEMENT

The Group is committed to establishing a comprehensive risk management system that is integral to its business operations.

Risk Management Organisational Structure

The Group has established risk management systems commensurate with the size, types and complexity of its business operations. Risk management practices are implemented throughout the organisation structure of the Group from the Board, to senior management, to project execution and through to business teams.

At the top of the Group, the Board has established the Trust Committee and the Audit and Risk Management Committee. The Trust Committee is mainly responsible for protecting the rights of beneficiaries and reviewing the significant transactions with connected or related parties. The Audit and Risk Management Committee is responsible for reviewing the risks of major investment and financing projects.

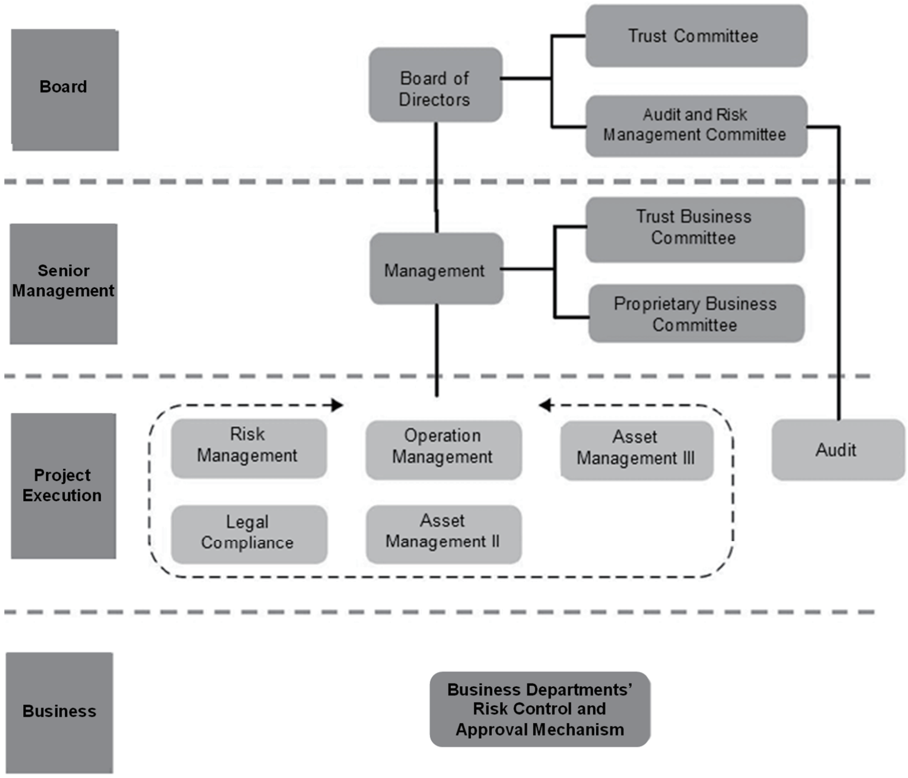
At the senior management level of the Group, the Group has established a Trust Business Committee and Proprietary Business Committee. These two committees report directly to the President of the Group and are responsible for collectively reviewing and deciding on major investment and/or financing proposals in relation to the Group's trust business and proprietary business, respectively.

The Group also has six functional departments with risk management responsibilities at the project execution level. These departments include the Risk Management Department, the Operation Management Department, the Asset Management II Department, the Asset Management III Department, the Legal and Compliance Department and the Audit Department. These departments are responsible for ex-ante research, project due diligence and approval, in-process analysis and control, funding allocation, ex-post monitoring in relation to the various risk elements identified for a project, in accordance with their respective roles and duties. The Operation Management Department is mainly responsible for subsequent risk management for trust projects, the Asset Management II Department focuses on real estate trusts, while the Asset Management III Department focuses on securities investment trusts. As at 31 December 2014, the Group has around 316 staff members in the six functional risk management departments. The Company believes it has one of the highest number of risk management staff amongst the PRC trust companies.

At the business levels, business teams are assigned to an independent approver before the establishment of projects and it is responsible for monitoring the risks and conducting dual diligence for each project. The business teams are required to ensure the accuracy and completeness of the due diligence investigation, and staff from the risk management departments will second-review the due diligence investigation. In addition, the trust manager signs responsibility statements ensuring the accuracy and completeness of the due diligence investigation.

With the combination of qualitative and quantitative approaches, the Group's management mechanisms provide full coverage to various risks to ensure that they are sufficiently and effectively controlled in accordance with the appropriate rules and policies. In addition, the Group has introduced an external adviser engagement policy to strengthen the co-operation with professional lawyers, research firms, consultants, rating agencies, accountants and assessors with the view to drawing on their expertise to ensure comprehensive control of legal, compliance and commercial risks.

Risk management organisational structure of the Group



Risk Management Mechanisms

The Group believes it has implemented a five-dimension risk management mechanisms, including the project risk reserve account mechanism, the partnership model, project risk reserve fund, independent approver for projects, professional ex-post monitoring of projects and deferred compensation mechanism.

Under the project risk reserve account mechanism, partial trust project revenues are reserved in the project risk reserve account and will only be paid subject to final settlement of the trust projects. As at 31 December 2014, the project risk reserve fund amounted to RMB615.8 million.

Under the partnership model, the partners of the Company share a part of the business risks of the Group. About 5 per cent. of the business revenue will be set aside into a partnership risk fund. As at 31 December 2014, the partnership risk fund amounted to RMB404.9 million in size.

The Group has established a team with seven experienced independent approvers who will attend the trust approval committee meeting on a random basis.

The Group generally retains some of the performance-related remuneration risk reserve funds based on the risk assessment for each project. The level of reserve varies between 20 per cent. to 80 per cent., depending on the risk assessment of individual projects. Only when funding for the projects is fully repaid, reserved remuneration will be released to staff. The Group has also established review and monitoring mechanisms for risk management. From 2013, the Group began to recruit a number of senior professionals as independent approvers for trust projects. The Group currently has a team of seven independent approvers. In addition, ex-post monitoring of real estate projects is carried out by the Asset Management II Department and ex-post monitoring of securities and capital markets projects is carried out by the Asset Management III.

The payment of performance related remuneration of senior managers is also staggered as a risk management mechanism. Performance related remuneration in any one year is paid over the following three years in the ratio of 50 per cent., 25 per cent. and 25 per cent., respectively.

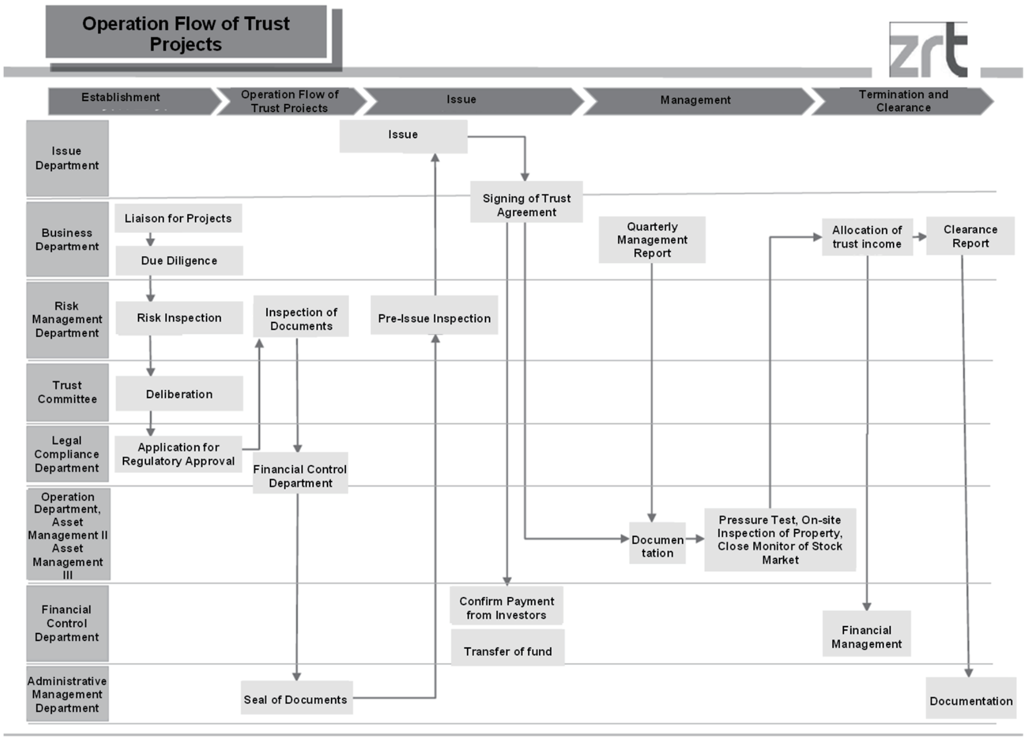
Risk Assessment and Approval Process

The project risk assessment and approval process of the Group is divided into four stages, including preliminary due diligence, project review, risk assessment and approval from the Trust Business Committee.

Risk assessment and approval process of the Group

In the first preliminary due diligence stage, the business team conducts the due diligence investigation on the project, the assets and the counterparty. In the next stage, the independent approvers from the Risk Management Department carry out their review of the project, before the business teams conduct an in-depth investigation and complete the project proposal. In the risk assessment stage, the risk reviewer will conduct a preliminary review, followed by discussion at the Risk Management Department meeting. If approved, it will be submitted to the Trust Business Committee of the Company. The Trustee Business Committee acts as the final approver for new trust projects. There are seven committee members including one standing member and six non-standing members. Six non-standing members are randomly selected from a pool of 16 members with the following combination: three out of seven independent approvers and three out of nine non-independent approvers, which include employees from the compliance department, the operation department, the risk management department and other middle-desk departments. Seven committee members of the Trust Business Committee will decide on the project proposal. Any projects rejected by the Trust Business Committee can be submitted for the Reconsideration Committee of the Company for further consideration.

Operation flow of the Group's trust projects

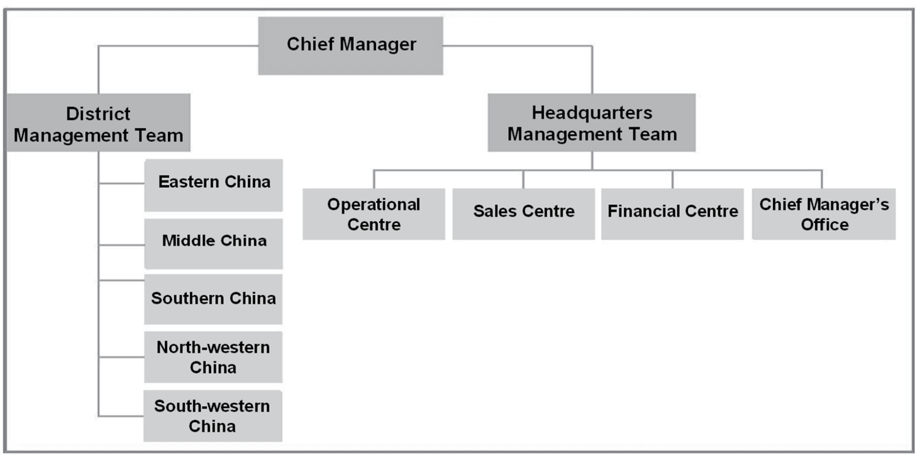


Ex-post Monitoring

The Group implements different ex-post monitoring procedures for real estate and securities projects.

Ex-post monitoring of real estate projects is carried out by the Asset Management II Department in accordance with the results of the due diligence investigation and the conditions attached to the approval of the projects during the project approval process. This includes objectively reporting on the circumstances of the deal, providing early warning for any risks and co-ordinating the business team to develop risk mitigation measures and support management decision making. As at 31 December 2014, the Asset Management II Department has 139 staff members, including 81 onsite supervisors. Combined with the geographical distribution of projects and real estate business teams, Asset Management II Department has built a two-dimensional matrix management system that includes a regional management team and a management team at headquarters.

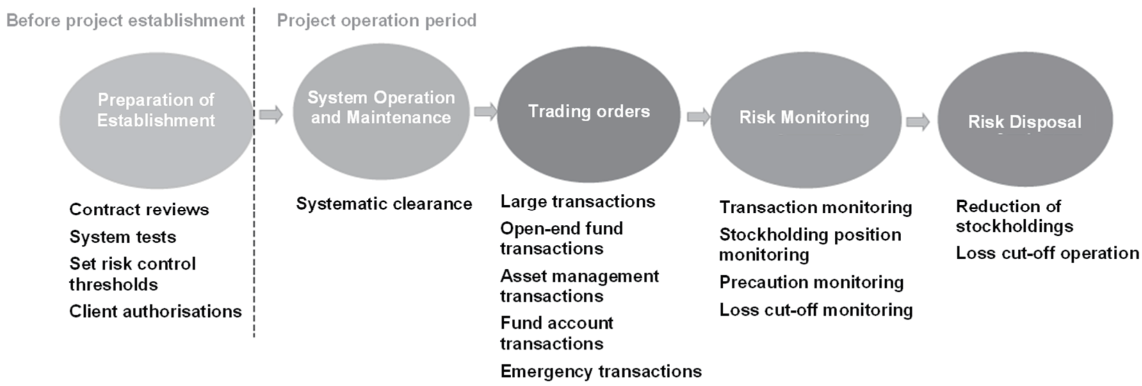
Asset Management II Department regional management team and headquarter management teams



The Group selects one of three different models of ex-post supervision for real estate projects depending on the counterparty, the deal structure, the risk management measures and the circumstances of the project. The three different supervision models are off-site supervision, budget control supervision and total control supervision. In the off-site supervision model, after the project handover date, there is no supervisor on-site and the Company will conduct scheduled and unscheduled audits. In the budget control supervision model, supervisors are assigned on-site and have the joint control of the project company's seals, licences and accounts. Supervisors will review all budgeted cost commitments and payments. All payments outside the budget will need to be approved by the supervisors. In the total control supervision model, the onsite supervisors will have joint control of the project company's seals, licences and accounts. All payments and contracts will require approval of the supervisors.

Ex-post monitoring of securities projects are carried out by the Asset Management III Department, which, as at 31 December 2014, has 14 staff members. Before the establishment of the project, the Asset Management III Department will be responsible for contract review, systems testing, risk safety-valve setting and receiving client authorities. After the establishment of the project, they will be responsible for running of the system, risk monitoring of securities trading, and implementing measures in response to risks such as reduce holding or executing stop-loss sell orders.

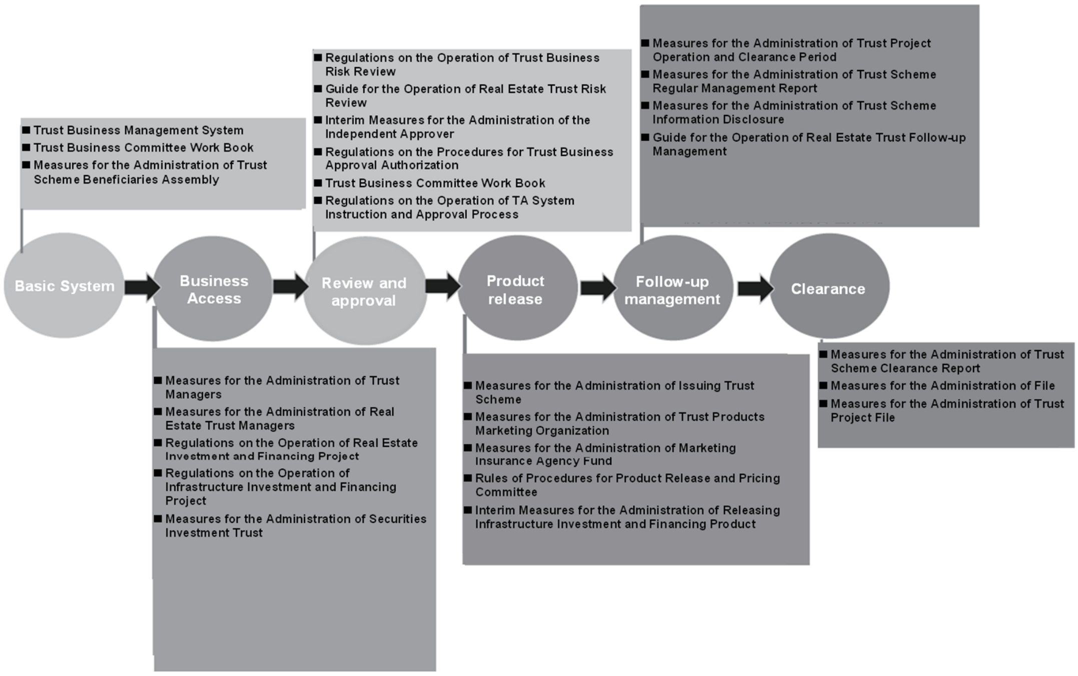
The ex-post monitoring process on transactions of the Group



Risk Management Policies

The Group has put in place policies and procedures in every stage of its business. As at 31 December 2014, the Group has approximately 190 policies in place, including nearly 100 policies relating to business management systems.

Examples of risk management policies in place for the Group



Compliance management

By leveraging on the banking industry's best practices in compliance management, the Group has continuously improved its organisational framework, management scope, operating mechanism and standard operating procedures regarding compliance management.

It has established a compliance management system pursuant to the Guidelines on Compliance Risk Management of Commercial Banks with additional elements incorporated into its compliance risk management. The Compliance Management Department of the Group performs a number of functions with a view to ensuring an effective implementation of regulatory policies, such as providing expert-based interpretation of compliance policies, offering compliance risk alerts, checking the implementation of compliance proposals, reviewing the compliance of internal policies and rules, promoting the dissemination of regulatory policies and ensuring the identification and correction of institutional compliance risks.

The Group continues to revise and improve relevant rules and policies and established a sound compliance management system that incorporates clearly-defined rule-making standards and processes which largely cover all management modules and business aspects.

Inspection and auditing

In addition to its stringent risk management and compliance management framework, the Group focuses its inspection and auditing efforts on ad-hoc audits in conjunction with routine audits. The Group actively supports external audits conducted by its shareholders and SASAC.

An independent Inspection & Audit Department of the Company is responsible for conducting internal financial audit, employee audit and business audit under the guidance of the Audit & Inspection Committee of the Board of Directors.

As for external audits by Jingwei Textile Machinery Company Limited, the Company's major shareholder, SASAC and CSRC has engaged Baker Tilly through public bidding to conduct annual audits and issue of audit reports.

Financial and account management

The financial functions of the Group are subject to continuous supervision throughout the various phases of trust projects, from their creation, redemption, distribution to liquidation. Staff from the Finance Department strictly execute various business orders as per agreements in the contract.

In terms of account management, the Group separates management and accounting in managing trust properties and proprietary properties. In order to ensure one-to-one correspondence between dedicated trust accounts and trust plans and the independence of trust assets, dedicated trust accounts will not be opened before project approval.

Human Resources management

The Group has established sound and effective management mechanisms for the recruitment, development, use and retention of employees and has developed a human resources strategy in support of the sustainable development of the Group's professional team.

In recent years, due to its increased market presence, the Group has recruited talent from a wide range of organisations including banks, securities companies, insurance companies, accounting firms, law firms, rating agencies, real estate developers, international investment banks and financial regulatory authorities, thus greatly improving the overall human resources competence. In 2014, the Group recruited about 73 graduates from top universities in the PRC including Peking University, Tsinghua University, Renmin University and Nankai University.

Based on the Company's development strategy for 2015, the Company is actively recruiting talents for its alternative asset management and wealth management businesses. The Company has engaged recruitment services to enable it to source from a wide pool of candidates with relevant experience and expertise.

Information management

The Group has constantly increased its investments in its information systems with a view to meeting the needs of business development and expansion according to its business strategy and enhancing the security of information systems.

In terms of hardware facilities, as at 31 December 2014, the Company has a 150m^2 server room housing over 100 high-end HP servers and network equipment. The capacities of these servers can accommodate the development needs over the coming three years. As for software and system development, the Group has, in light of the needs for trust plan operation and risk management, established an information management system that covers the entire cycle of trust projects, and some other systems including the trust business system, the operation maintenance platform system and auxiliary office system.

Among the other systems, the trust business system comprises a range of sub-systems, including the integrated management platform, the valuation system, the asset management system, the funds delivery and collection system, and the net capital monitoring system. With the functionalities to set risk control thresholds, solidify business processes and set operational reviews, the system is responsible for monitoring the entire cycle of trust projects. In addition, the trust business system has also the functions of submitting data to the PBOC, monitoring net capital, and submitting data of the Examination and Analysis System Technology to the CBRC.

DIRECTORS AND SENIOR MANAGEMENT

Basic information about Directors

Table of basic information about Directors as at the date of this Offering Circular:

Name	Age	Position
Fan Tao (範韜)	47	Chairman of the Board
Yao Yuming (姚育明)	54	Deputy Chairman of the Board
Zhang Dong (張東)	43	Director
He Zhiqiang (何志強)	40	Director
Zhang Xianjun (張憲軍)	41	Director
Li Hui (李輝)	44	Independent Director

Biographies of Directors

FAN Tao (範韜), Mr. Fan is Chairman of the Board and has served the Company as a Director since March 2005. Mr. Fan was the President of the Company from February 2010 to May 2015. He previously worked at the Department of Public Offering Supervision and the Department of Intermediary Supervision of the Harbin Commissioner's Office of the CBRC. Mr. Fan has 18 years of work experience in the financial industry.

YAO Yuming (姚育明), Mr. Yao has served the Company as the Deputy Chairman of the Board since July 2010. He concurrently holds positions as the General Manager of Jingwei Textile Machinery Co., Ltd. (HKSE: 00350) and the member of CPC committee of China Hi-tech Group Corporation. Mr. Yao previously held positions the Director Assistant and the Head of Finance Office at Jingwei Textile Plant, the Chairman of the Board at CTMC Finance Co Ltd., the Chairman of the Board at Inner Mongolia Rising Securities Co., Ltd. and the Executive Deputy General Manager of Jing Wei Textile Machinery Co., Ltd.

ZHANG Dong (張東), Mr. Zhang is the President and a Director of the Company. He served as a Vice President of the Company from June 2013 to May 2015. He previously held positions as an engineer of Harbin Railway Administration, General Manager of IT Department at Tianyuan Securities Brokerage Co., Ltd. and Deputy General Manager of IT Department at Jianghai Securities Brokerage Co., Ltd. He also successively served the company as the General Manager of the IT Department of the Company, General Manager of the Human Resource Department (concurrently as the General Manager of the Administration Department) and the Chief Administrative Officer. Mr. Zhang holds a bachelor's degree of in welding equipment and technology and has 17 years of work experience in the finance industry.

HE Zhiqiang (何志强), Mr. He has served the Company as a Director since March 2014. He concurrently holds the position as a Vice President of the Company. He used to be the General Manager Assistant of engineering department at Beijing Mengke Properties Company Limited, General Manager of the financial market department at the Company and President Assistant of the Company. Mr. He holds a master's degree in business administration and has eight years of work experience in the finance industry.

ZHANG Xianjun (張憲軍), Mr. Zhang has been a director of the Company since January 2015. He is currently the Chief of the Finance Department at Harbin Investment Group Co., Ltd. Mr Zhang previous held positions as the Deputy Director of the Executive Office and the Director of the Board Secretary's Office at Harbin Investment Group Co., Ltd.

LI Hui (李輝), Mr. Li has served the Company as an Independent Director since July 2010. He holds the position as the Executive Director of Corporate Finance Department at Credit Suisse Founder Securities Co., Ltd concurrently. Mr. Li previously held positions as a Senior Manager at the Investment Banking Department at United Securities Co., Ltd., Deputy General Manager of the Investment Banking Department at Hantang Securities Co., Ltd, Business Director of investment banking department at China Galaxy Securities Co., Ltd, and Business Director of the Investment Banking Department at Essence Securities Co., Ltd.

Basic information about Senior Management

Table of basic information about Senior Management as at the date of this Offering Circular:

Name	Age	Position
Zhang Dong (張東)	43	President
You Yu (游宇)	41	Executive Vice President
Liu Weiqi (劉偉器)	41	Vice President
He Zhiqiang (何志強)	40	Vice President
Yang Wei (楊巍)	37	Vice President
Zhan Weihong (戰偉宏)	43	Vice President
Hu Meng (胡猛)	35	Vice President
Lian Jinhua (連晉華)	56	Chief Financial Officer
Huang Wei (黃威)	41	Compliance Director

Biographies of Senior Management

The biography of Mr. Zhang Dong (張東) can be found in the biographies for directors.

YOU Yu (游宇), Mr. You has served as the Executive Vice President of the Company since June 2013. He previously held positions as the position of Vice Director of the Non-Bank Financial Institutions Supervision Department at the CBRC. Mr. You holds a master's degree in financial management and has 18 years of work experience in the finance industry.

LIU Weiqi (劉偉器), Mr. Liu has served as a Vice President of the Company since February 2010. He previously held positions as the Chairman of the Board of Jinan Faxiang Properties Company Limited, Vice President of Zhongzhi Enterprise Group Co., Ltd, Chief Accountant of Harbin Rongxing Pawnshop and Chief Financial Officer of Shanghai Zhongronghui Investment Guarantee Corporation. Mr. Liu holds a bachelor's degree in Russian and has 12 years of work experience in the finance industry.

HE Zhiqiang (何志强), Mr. He has served as a Vice President of the Company since October 2011. He used to be the General Manager Assistant of engineering department at Beijing Mengke Properties Company Limited, General Manager of the financial market department at the Company and President Assistant of the Company. Mr. He holds a master's degree in business administration and has 9 years of work experience in the finance industry.

YANG Wei (楊巍), Ms. Yang has served as a Vice President of the Company since June 2013. She previously held positions as the Director of the Legal Affairs Department and President's Office at Beijing Zhaotai Land Real Estate Company, a lawyer at Beijing Zhengtai Law Firm and a lawyer at Beijing Zhong Yin Law Firm. She also successively served the Company as the Deputy General Manager of the Financial Markets Department, General Manager of real estate finance department, General Manager of institution business department and the Executive President. Ms. Yang holds a Master Degree in Civil Law and has 7 years of working experience in the finance industry.

ZHAN Weihong (戰偉宏), Mr Zhan has served as a Vice President of the Company since January 2015. He previously held positions as the Deputy Director and Director of the Non-Bank Financial Institutions Supervision Department at the CBRC. Mr Zhan holds a master's degree in management science and has 18 years of work experience in the finance industry.

HU Meng (胡猛), Mr Hu has served as a Vice President of the Company since May 2015. He previously held positions as a Senior Auditor in the accounting firm Deloitte, Financial Controller at China Sinochem Finance Co., Ltd, General Manager of the Company's Risk Management Department, General Manager of the Company's Direct Investment Department and General Manager of the Company's Treasury and Capital Market Department. Mr Hu holds a bachelor's degree in finance and has 7 years of work experience in the finance industry.

LIAN Jinhua (連晉華), Mr. Lian has served as the Chief Financial Officer of the Company since June 2010. He previously held the positions as the Director of the Audit Office at Jingwei Textile Machinery Plant, General Accountant of Shanxi Textile Machinery Company Limited of Jingwei Machinery Group and the Director of Strategic Management Department at Jingwei Textile Machinery Company Limited. Mr. Lian holds a bachelor's degree in accounting and has 6 years of working experience in the finance industry.

HUANG Wei (黃威), Ms. Huang has served as the Compliance Director and secretary of the board of the Company since October 2010. She previously held the position as the Supervisory Principal at the Supervisory Cooperation Department for Business Innovation at the CBRC. Ms. Huang holds a master's degree in accounting and has 17 years of working experience in the finance industry.

DESCRIPTION OF THE KEEPWELL AND LIQUIDITY SUPPORT DEED

The following contains summaries of certain key provisions of the Keepwell and Liquidity Support Deed. Such statements do not purport to be complete and are qualified in their entirety by reference to the Keepwell and Liquidity Support Deed. Defined terms used in this section shall have the meanings given to them in the Keepwell and Liquidity Support Deed.

Positioning of the Guarantor; Ownership of the Issuer and the Guarantor

Pursuant to the Keepwell and Liquidity Support Deed, the Company will undertake:

- to Control each of the Issuer and the Guarantor and Control refers to either (i) the ownership, acquisition or control of 100 per cent. of the voting rights of the issued share capital of the Issuer or the Guarantor, whether obtained directly or indirectly or (ii) the right to appoint and/or remove 100 per cent. of the members of the Issuer's or the Guarantor'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

- to procure that the title, rights and interests in the shares of the Issuer and the Guarantor are not pledged, charged or in any way encumbered.

Maintenance of Consolidated Net Worth; Liquidity

Pursuant to the Keepwell and Liquidity Support Deed, the Company will undertake to procure:

- each of the Issuer and the Guarantor to have a Consolidated Net Worth of at least U.S.$1.00 at all times;

- each of the Issuer and the Guarantor to have sufficient liquidity to make timely payment of any amounts payable by it under or in respect of the Notes and the Guarantee of the Notes in accordance with the Terms and Conditions of the Notes and/or the Trust Deed and that the Issuer has sufficient funds to meet its obligations with respect to any and all fees, expenses and similar obligations of the Issuer, including but not limited to fees and expenses with respect to the corporate formation and administration of the Issuer;

- the Guarantor to have an aggregate Equity attributable to owners of the Guarantor at the end of any Relevant Period (as defined in the Trust Deed) of at least CNY10,000,000; and

- each of the Issuer and the Guarantor to remain solvent and a going concern at all times under the laws of its respective jurisdiction of incorporation or applicable accounting standards.

Relevant Indebtedness

At all times during the term of the Keepwell and Liquidity Support Deed, the Company will undertake:

- not to create or to have outstanding any Relevant Indebtedness or Guarantee of Relevant Indebtedness without at the same time or prior thereto (i) providing an unsubordinated guarantee or indemnity for all amount payable in respect of the Notes or (ii) offering to exchange the Notes for securities issued or guaranteed by the Company with terms substantially identical to those of the Notes as certified by an Independent Investment Bank, **provided that**, if the provision of an unsubordinated guarantee or indemnity in (i) or the offer to exchange in (ii), as the case may be, requires any Regulatory Approval, the Company shall use all reasonable endeavours to obtain such Regulatory Approvals and if the Company fails to obtain such Regulatory Approvals after using all reasonable endeavours, the Company shall not be required to comply with such requirements; and

- not to, and to procure that none of the Subsidiaries of the Company will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (i) at the same time or prior thereto securing the Notes equally and rateably therewith to the satisfaction of the Trustee or (ii) providing such other security for the Notes as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Noteholders or as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders.

Liquidity Support

Pursuant to the Keepwell and Liquidity Support Deed, upon the receipt of a Trigger Notice from the Trustee, the Company shall:

- provide liquidity support to the Issuer and/or the Guarantor in accordance with the Keepwell and Liquidity Support Deed; and

- invest in the Guarantor and/or any Offshore Subsidiary(ies) in accordance with the Keepwell and Liquidity Support Deed,

in each case, subject to it having obtained all Regulatory Approvals (which the Company shall use all reasonable endeavours to obtain), so as to enable the Guarantor or the Issuer to (i) make payment in full of any outstanding amounts as they fall due under the Trust Deed, the Guarantee of the Notes and the Notes (including any interest accrued but unpaid on the Notes) if the Triggering Event is a Liquidity Notice Failure Event or an Event of Default or (ii) remedy the Financial Ratio Failure or the Shortfall Event if such Triggering Event has occurred.

A Triggering Event occurs when:

- the Consolidated Net Worth of the Issuer or the Guarantor falls below U.S.$1.00 or Equity attributable to owners of the Guarantor falls below CNY10,000,000 (a "**Financial Ratio Failure**");

- the Issuer or the Guarantor fails to provide a Liquidity Notice in accordance with and by the time and to the persons specified in the Keepwell and Liquidity Support Deed;

- an Event of Default; or

- the Issuer or the Guarantor determines that it will have insufficient liquidity or cash flow to meet its payment obligations under the Notes, the Guarantee of the Notes or the Trust Deed as they fall due (a "**Shortfall Event**").

Upon the (i) making of payment in full of all of the payment obligations of the Issuer in respect of any principal, premium, interest and default interest (if applicable) under the Notes and the Trust Deed or (ii) in the event of a Liquidity Notice Failure Event resulting in the service of a Trigger Notice, making of payment in full of all payment obligations of the Issuer in respect of any principal, premium and interest under the Notes due on the Interest Payment Date immediately following the relevant Liquidity Notice Date, together with any default interest due (if applicable) and the Trust Deed or (iii) the waiver of such Event of Default by the Trustee acting on the instructions of the Noteholders by an Extraordinary Resolution if such Triggering Event is an Event of Default or (iv) remedy of the Financial Ratio Failure or the Shortfall Event if such Triggering Event has occurred, the Trustee shall serve a Suspension Notice to the Issuer, the Guarantor and the Company whereupon the obligations of the Company triggered under the Keepwell and Liquidity Support Deed as a result of the occurrence of such Triggering Event shall be suspended. Such Suspension Notice shall cease to be effective upon the occurrence of a new Triggering Event after the date of such Suspension Notice.

Other Undertakings

Pursuant to the Keepwell and Liquidity Support Deed, the Company will undertake:

- not to amend its articles of association in a manner that is, directly or indirectly, materially adverse to Noteholders;
- to procure that the articles of association of each of the Issuer and the Guarantor shall not be amended in a manner that is, directly or indirectly, materially adverse to Noteholders;
- to cause each of the Issuer and the Guarantor to remain in full compliance with the Conditions, the Guarantee of the Notes, the Trust Deed and all applicable rules and regulations in the British Virgin Islands;
- promptly to take any and all reasonable action necessary to comply with its obligations under the Keepwell and Liquidity Support Deed;
- to cause each of the Issuer and the Guarantor to take all reasonable action necessary in a timely manner to comply with its obligations under the Keepwell and Liquidity Support Deed;
- to procure that the Issuer shall not issue any equity interest, capital stock or shares other than ordinary shares to the Guarantor and to procure that the Guarantor shall at all times maintain ownership of 100 per cent. of the equity interest in the Issuer;
- to procure that none of the Issuer, the Guarantor or the Company shall commence any action for the winding up, liquidation or dissolution of the Issuer;
- to procure that neither the Guarantor nor the Company shall commence any action for the winding up, liquidation or dissolution of the Guarantor; and
- to procure that the Issuer will not carry on any business activity whatsoever other than the activities in connection with the Notes (such activities in connection with the Notes shall, for the avoidance of doubt, include the on-lending of the proceeds of the issue of the Notes (the "**Proceeds of the Notes**") to only either the Company or any Subsidiary of the Company, and to cause such borrower to pay the interest and principal in respect of such intercompany loan on time.

The Keepwell and Liquidity Support Deed is not, and nothing therein contained and nothing done pursuant thereto by the Company shall be deemed to constitute, a guarantee by or any similar obligation, indebtedness or liability of the Company under the laws of any jurisdiction.

The parties hereto acknowledge that in order for the Company to comply with its obligations under the Keepwell and Liquidity Support Deed, the Company may require Regulatory Approvals. The Company undertakes to use all reasonable endeavours to obtain such Regulatory Approvals.

The Keepwell and Liquidity Support Deed as to which time shall be of the essence shall be governed by and construed in accordance with Hong Kong law.

DESCRIPTION OF THE DEED OF EQUITY INTEREST PURCHASE UNDERTAKING

The following contains summaries of certain key provisions of the Deed of Equity Interest Purchase Undertaking. Such statements do not purport to be complete and are qualified in their entirety by reference to the Deed of Equity Interest Purchase Undertaking. Defined terms used in this section shall have the meanings given to them in the Deed of Equity Interest Purchase Undertaking.

Obligation to Acquire Equity Interest

Upon the receipt of a written Purchase Notice provided by the Trustee in accordance with the Trust Deed following the occurrence of an Event of Default, the Company agrees to, subject to obtaining all Regulatory Approvals, purchase or procure an Onshore Subsidiary of the Company to purchase (the "**Purchaser**") (the "**Purchase**"):

(i) the Equity Interest held directly by the Issuer, the Guarantor and/or any other Offshore Subsidiary, as designated by the Company and notified in writing to the Trustee within five Business Days after the execution of the Equity Interest Transfer Agreement; and

(ii) in the absence of such designation and notification to the Trustee within the timeframe set out in the Deed of Equity Interest Purchase Undertaking, the Equity Interest held directly by all Offshore Subsidiaries,

(each such Offshore Subsidiary, a "**Relevant Transferor**") at the Purchase Price on the relevant Purchase Closing Date pursuant to the terms set out in the Deed of Equity Interest Purchase Undertaking and the relevant Equity Interest Transfer Agreement(s).

"**Equity Interest**" means the Capital Stock held by a Relevant Transferor and which is subject to the Purchase pursuant to an Equity Interest Transfer Agreement.

The Purchase obligation of the Company set out in the Deed of Equity Interest Purchase Undertaking shall be suspended if, prior to the relevant Purchase Closing Date, each of the Issuer, the Guarantor and the Company receives a notice in writing from the Trustee stating that all of the payment obligations of the Issuer and the Guarantor in respect of any principal, premium, interest and default interest under the Notes, the Guarantee of the Notes and the Trust Deed have been satisfied in full as at the date of that notice, or that the Event of Default resulting in the service of the Purchase Notice has been waived by the Trustee in accordance with the terms of the Noteholders by an Extraordinary Resolution (the "**Suspension Notice**").

The Suspension Notice shall be provided by the Trustee to the Issuer, the Guarantor and the Company within five Business Days after the date the Trustee is notified in writing that the payment obligations of the Issuer and the Guarantor under the Notes, the Guarantee of the Notes and the Trust Deed have been satisfied in full, or that the Event of Default resulting in the service of the Purchase Notice has been waived in accordance with the terms of the Trust Deed. Such Suspension Notice shall cease to be effective upon the occurrence of a new Event of Default after the date of such Suspension Notice.

Determination of the Purchase Price

Within 10 Business Days after the date of the Purchase Notice, the Company shall determine (a) the purchase price of the Equity Interest(s) being the subject of the Purchase (the "**Purchase Price**") in accordance with any applicable PRC laws and regulations effective at the time of determination; and (b) the other applicable terms relating to the Purchase, **provided that** the Purchase Price shall be no less than the aggregate of the following amounts (the "**Shortfall Amount**"):

(i) the amount sufficient to enable the Issuer and the Guarantor to discharge in full their respective obligations under the Notes, the Guarantee of the Notes and the Trust Deed (including without limitation the principal amount of the Notes then outstanding as at the date of such Purchase Notice and any interest due and unpaid and/or accrued but unpaid on the Notes up to but excluding the date of such Purchase Notice), plus

(ii) an amount equal to U.S.$6,750,000, being the interest payable in respect of one interest period on the Notes, plus

(iii) all costs, fees and expenses (including without limitation, legal expenses) and other amounts payable to the Trustee and/or the Agents under or in connection with the Notes, the Guarantee of the Notes, the Trust Deed, the Agency Agreement, the Account Bank Agreement, the Keepwell and Liquidity Support Deed and/or the Deed of Equity Interest Purchase Undertaking as at the date of such Purchase Notice plus provisions for costs, fees and expenses which may be incurred after the date of the Purchase Notice, as notified by the Trustee in the Purchase Notice.

Closing

In relation to the Purchase of any Equity Interest relating to a Target Subsidiary which is an Onshore Subsidiary:

(i) within 40 Business Days after the date of the Purchase Notice, the Company shall, and shall procure such Relevant Transferor to, obtain approval from the requisite number of shareholders and/or directors (as the case may be) of such Target Subsidiary in relation to the Purchase, and to execute, and the Company shall procure the relevant Purchaser to execute (where applicable), an Equity Interest Transfer Agreement and all other application documents (in such form and language as required by applicable laws and regulations) required by applicable laws and regulations of the PRC and, shall file such agreements and/or documents with PBOC (if applicable), CBRC (if applicable) and/or MOFCOM (if such Onshore Subsidiary is a foreign-invested enterprise) for approval of the transfer of the Equity Interest being the subject of the Purchase;

(ii) upon the receipt of approval from PBOC (if applicable), CBRC (if applicable) and/or MOFCOM, the Company shall procure the Target Subsidiary to submit all application documents required by applicable laws and regulations of the PRC to the competent AIC for the AIC registration of the transfer of the Equity Interest of such Relevant Transferor within five Business Days after the receipt of such approval;

(iii) the Company shall procure the Target Subsidiary to submit all application documents required by applicable laws and regulations of the PRC to SAFE (A) to change the SAFE registration of such Target Subsidiary and (B) for the remittance of the relevant Purchase Price outside the PRC within five Business Days after completion of the change of AIC registration and the receipt of the tax clearance certificate; and

(iv) the Company shall procure that remittance of the Purchase Price shall take place on or prior to the fifth Business Day after the date of receipt of the approvals from SAFE or, if no Regulatory Approval from any Approval Authority is required, on or prior to the fifth Business Day after the date of execution of the Equity Interest Transfer Agreement (the "**Onshore Purchase Closing Date**"). Such payment shall be made by remittance of the Purchase Price to such account outside the PRC as may be designated by such Relevant Transferor;

provided that the requirements and deadlines set out in the Deed of Equity Interest Purchase Undertaking may be modified if the Trustee receives an opinion of a reputable PRC counsel of recognised national standing stating that under applicable PRC law as at the date of the opinion, (a) any requirement or deadline above is not reasonably achievable and (b) the new requirement (if applicable) and/or the commercially reasonable deadline that is required to complete such requirement. Such opinion shall be addressed and delivered to the Trustee by the Company within 20 Business Days after the receipt of the Purchase Notice.

In relation to the Purchase of any Equity Interest relating to a Target Subsidiary which is an Offshore Subsidiary:

(i) within 30 Business Days after the date of the Purchase Notice, the Company shall procure the Purchaser, the Relevant Transferor and/or the Target Subsidiary (as the case may be) to submit all relevant application, report, filing and/or registration documents to the competent Approval Authorities in PRC (including PBOC, NDRC, MOFCOM and SAFE, where applicable) for or in relation to the overseas mergers and acquisitions;

(ii) within 20 Business Days after obtaining the confirmation of or completing the formality with each of competent Approval Authorities in PRC (including PBOC, NDRC, MOFCOM and SAFE, where applicable) for or in relation to the application, report, filing and/or registration documents referred to in the Deed of Equity Purchase Undertaking, the Company shall, and shall procure such Relevant Transferor to, obtain approval from the requisite number of shareholders of such Target Subsidiary in relation to the Purchase, and to execute, and the Company shall procure the board of directors of such Target Subsidiary to execute (where applicable), an Equity Interest Transfer Agreement and all other application documents (in such form and language as required by applicable laws and regulations) required by applicable laws and regulations and shall file such agreements and/or documents with the competent Approval Authorities in PRC (including PBOC, NDRC, MOFCOM and SAFE, where applicable) and authorities of the other jurisdiction(s) in connection with the Purchase (where applicable), for approval, filing or registration of the transfer of the Equity Interest being the subject of the Purchase; and

(iii) the Company shall procure that the remittance of the Purchase Price shall take place on or prior to the fifth Business Day after the date of receipt of the approvals or registrations or confirmations of reporting or filing from each of competent Approval Authorities in PRC (including PBOC, NDRC, MOFCOM and SAFE, where applicable) and authorities of other jurisdictions in charge of the Purchase as referred to in the Deed of Equity Interest Purchase Undertaking or, if no such Regulatory Approval from any Approval Authority is required, on or prior to the fifth Business Day after the date of execution of the Equity Interest Transfer Agreement (the "**Offshore Purchase Closing Date**"), whereupon the Company shall pay to, or procure the relevant Purchaser to pay to, or to the order of, such Relevant Transferor the Purchase Price in immediately available funds in U.S. dollars. Such payment shall be made by remittance of the Purchase Price to such account outside the PRC as may be designated by such Relevant Transferor,

provided that the requirements and deadlines set out in the Deed of Equity Interest Purchase Undertaking may be modified if the Trustee receives an opinion of a PRC counsel of recognised national standing stating that under applicable PRC law as at the date of the opinion, (a) any requirement or deadline above is not reasonably achievable and (b) the new requirement (if applicable) and/or the commercially reasonable deadline that is required to complete such requirement. Such opinion shall be addressed and delivered to the Trustee by the Company within 20 Business Days after the receipt of the Purchase Notice.

Upon the completion of any Purchase, the Company undertakes to:

(i) in the event that a Relevant Transferor is not the Issuer or the Guarantor, procure such Relevant Transferor to promptly on-lend or distribute in full the relevant portion of the Purchase Price, being an amount no less than the Shortfall Amount, to the Issuer prior to any other use, disposal or transfer of the proceeds received; and

(ii) promptly do or procure all such things (including entering into and executing any agreements or arrangements required) to be done and take all actions necessary for the Purchase Price received by the Issuer or the Guarantor from the Company or pursuant to any on-loan or distribution referred to in the Deed of Equity Interest Purchase Undertaking to be applied solely towards the payment in full of the Issuer's or the Guarantor's obligations, as the case may be, under the Notes, the Guarantee of the Notes and the Trust Deed (including without limitation the payment of the principal amount of the Notes then outstanding as at the date of the Purchase Notice and any interest due and unpaid and/or accrued but unpaid on the Notes) prior to any other use, disposal or transfer of the proceeds received.

Reasonable Endeavours

The Company shall, and shall procure each Purchaser and Relevant Transferor to, each use all reasonable endeavours to do all such things and take all such actions as may be necessary or desirable to procure the remittance of the Purchase Price to or to the order of the Relevant Transferor(s) in accordance with the Deed of Equity Interest Purchase Undertaking.

Other Provisions

The Deed of Equity Interest Purchase Undertaking is not and nothing therein contained and nothing done pursuant thereto by the Company shall be deemed to constitute, a guarantee by or any similar obligation, indebtedness or liability by the Company under the laws of any jurisdiction.

The Deed of Equity Interest Purchase Undertaking as to which time shall be of the essence shall be governed by and construed in accordance with Hong Kong law.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Notes 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 summary 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 Notes 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 Notes or any person acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes.

Persons considering the purchase of the Notes should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of the Notes.

The British Virgin Islands

The Issuer and all dividends, interest, rents, royalties, compensation and other amounts paid by the Issuer to persons who are not resident in the British Virgin Islands and any capital gains realised with respect to any shares, debt obligations, or other securities of the Issuer by persons who are not resident in the British Virgin Islands are exempt from all provisions of the Income Tax Ordinance in the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the British Virgin Islands with respect to any shares, debt obligation or other securities of the Issuer.

All instruments relating to transfers of property to or by the Issuer and all instruments relating to transactions in respect of the shares, debt obligations or other securities of the Issuer and all instruments relating to other transactions relating to the business of the Issuer are exempt from payment of stamp duty in the British Virgin Islands. This assumes that the Issuer does not hold an interest in real estate in the British Virgin Islands.

There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to the Issuer or its members.

PRC

The following summary describes the principal PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non PRC Noteholders in this section. In considering whether to invest in the Notes, investors should consult their individual tax advisors with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction. Reference is made to PRC taxes from the taxable year beginning on or after 1 January 2008.

Pursuant to the New Enterprise Income Tax Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose "**de facto management bodies**" are within the territory of China shall be PRC tax resident enterprises for the purpose of the New Enterprise Income Tax Law and they shall pay enterprise income tax at the rate of 25 per cent. in respect of their income sourced from both within and outside China. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "**de facto management body**" of the Issuer or the Guarantor is within the territory of the PRC, the Issuer or the Guarantor may be held to be a PRC tax resident enterprise for the purpose of the New Enterprise Income Tax Law and be subject to enterprise income tax at the rate of 25 per cent. for its income sourced from both within and outside PRC. As at the date of this Offering Circular, neither the Issuer nor the Guarantor has been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the New Enterprise Income Tax Law. On that basis, unless the relevant income is considered by the PRC tax authorities as income sourced from within the PRC, holders of the Notes will not be subject to withholding tax, income tax or any other taxes or duties (including stamp duty) imposed by any governmental authority in the PRC in respect of the holding of the Notes or any repayment of principal and payment of interest made thereon.

However, there is no assurance that neither the Issuer nor the Guarantor will be treated as a PRC tax resident enterprise under the New Enterprise Income Tax Law and related implementation regulations in the future. Pursuant to the New Enterprise Income Tax Law and its implementation regulations, any non-resident enterprise without establishment within the PRC or whose income has no actual connection to its establishment inside the PRC shall pay enterprise income tax at the rate of 10 per cent. on the income sourced inside the PRC, unless a preferential rate is provided by tax treaties or arrangements entered into between the country or region where the non-resident is established and the PRC. Any non-resident individual shall be required to pay an individual income tax at the rate of 20 per cent. on the income sourced inside the PRC, unless a preferential rate is provided by tax treaties or arrangements entered into between the country or region where the non-resident individual is resided and the PRC, pursuant to the PRC individual income tax laws. Such income tax shall be withheld by sources with the PRC payer acting as the obligatory withholder, who shall withhold the tax amount from each payment or payment due. Accordingly, in the event the Issuer or the Guarantor is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, the Issuer or the Guarantor shall withhold income tax from the payments of interest in respect of the Notes for any non PRC Noteholder. However, despite the potential withholding of PRC tax by the Issuer or the Guarantor, the Issuer or the Guarantor has agreed to pay additional amounts to holders of the Notes, subject to certain exceptions, so that holders of the Notes would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions of the Notes.

In addition, in the event that the Guarantor is required to discharge its obligations under the Guarantee of the Notes, the Guarantor will be obliged to withhold PRC enterprise income tax at the rate up to 10 per cent. on the payments of interest made by it under the Guarantee of the Notes to non PRC enterprise Noteholders, or withhold PRC individual income tax at the rate of 20 per cent. on the payments of interest made by it under the Guarantee of the Notes to non PRC individual Noteholders, as such payments of interest will be regarded as being derived from sources within the PRC. 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 Noteholders. Repayment of the principal will not be subject to PRC withholding tax.

Non PRC Noteholders will not be subject to the PRC tax on any capital gains derived from a sale or exchange of Notes consummated outside mainland China between non PRC Noteholders, except however, if the Issuer is treated as a PRC tax resident enterprise under the New Enterprise Income Tax Law and related implementation regulations in the future, any gain realised by the non PRC enterprise Noteholders from the transfer of the Notes may be regarded as being derived from sources within the PRC and accordingly would be subject to PRC withholding tax at a rate of 10 per cent. in the case of non PRC enterprise Noteholders pursuant to the New Enterprise Income Tax Law and related implementation regulations, or PRC individual income tax at a rate of 20 per cent. in the case of non PRC individual Noteholders pursuant to PRC individual income tax laws. To the extent that 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 or individual income tax, such lower rate may apply to qualified non PRC Noteholders.

No PRC stamp duty will be chargeable upon the issue or transfer (for so long as the register of Noteholders is maintained outside the PRC, and all the relevant transaction documents are executed outside the PRC) of a Note.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period,

Austria may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements.

They also broaden the definition of "**interest payment**" to cover income that is equivalent to interest.

Investors who are in any doubt as to their position should consult their professional advisers.

However, the European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State.

A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Notwithstanding the Commission's Proposal, joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016. However, full details are not available. The FTT, as initially implemented on this basis, may not apply to dealings in the Notes.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

FATCA

Whilst the Notes are in global form and held within Euroclear or Clearstream Luxembourg, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, the Guarantor, any paying agent and the common depositary, given that each of the entities in the payment chain between the Issuer and the participants in the Clearing Systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the Clearing Systems. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive notes will only be printed in remote circumstances. Further, foreign financial institutions in a jurisdiction which has entered into an IGA are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

PRC CURRENCY CONTROL

Current Account Items

Under the PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. Since July 2009, the PRC has adopted the *Measures for the Administration of Pilot Programme of Renminbi Settlement of Cross-Border Trades* (跨境貿易人民幣結算試點管理辦法), and commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. On 17 June 2010, 27 July 2011 and 3 February 2012 respectively, the PRC government promulgated the *Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades* (關於擴大跨境貿易人民幣結算試點有關問題的通知), the *Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement* (關於擴大跨境貿易人民幣結算地區的通知) and the *Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods* (關於出口貨物貿易人民幣結算企業管理有關問題的通知)(together as "**Circulars**"). Pursuant to these Circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover all provinces and cities in the PRC, (iii) the restriction on designated offshore districts has been lifted and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods without obtaining the approval as previously required, **provided that** the relevant provincial government has submitted to PBOC and five other PRC authorities (the "**Six Authorities**") a list of key enterprises subject to supervision and the Six Authorities have reviewed and approved such list (the "**Supervision List**").

Accordingly, offshore enterprises are entitled to use Renminbi to settle imports of goods and services and other current account items. Renminbi remittance for exports of goods from the PRC may only be effected by (a) enterprises with the foreign trading right and incorporated in a province which has already submitted the Supervision List (for the avoidance of doubt, that PRC enterprises do not necessarily need to be included in the Supervision List), or (b) enterprises that have been approved as pilot enterprises for using Renminbi for exports before the Six Authorities reviewed and approved the Supervision List submitted by relevant province.

On 5 July, 2013, PBOC promulgated the *Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures* (關於簡化跨境人民幣業務流程和完善有關政策的通知)(the "**2013 PBOC Circular**"), which, in particular, simplifies the procedures for cross border Renminbi trade settlement under current account items. For example, PRC banks may conduct settlement for PRC enterprises (excluding those on the Supervision List) upon the PRC enterprises presenting the payment instruction. PRC banks may also allow PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank's verification of underlying transactions on a need basis (noting that verification of underlying transactions is usually a precondition for cross border remittance).

As new regulations, the Circulars and the 2013 PBOC Circular will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying the Circulars and the 2013 PBOC Circular and impose conditions for settlement of current account items.

Capital Account Items

Under the PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of, and/or registration or filing with, the relevant PRC authorities.

Until recently, settlement for capital account items were generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties were also generally required to make capital account payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency.

According to the PBOC FDI Measures and the MOFCOM Circular, foreign investors can use cross-border Renminbi (including Renminbi inside and outside the PRC held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make a payment for the transfer of an equity interest of an onshore enterprise held by a PRC resident. Capital account transactions in Renminbi must generally follow the current foreign exchange control regime applicable to foreign currencies, such as the *Provisions on the Foreign Exchange Administration of Domestic Direct Investment by Foreign Investors* (外國投資者境內直接投資外匯管理規定)(the "**SAFE FDI Provisions**"), promulgated by SAFE on 10 May 2013 and effective on 13 May 2013.

Under current rules promulgated by SAFE, foreign debts borrowed and the foreign security provided by an onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt and foreign security regime, such as the *Administrative Measures on the Foreign Debt Registration* (外債登記管理辦法)(the "**SAFE Foreign Debt Measures**"), effective on 13 May 2013, and the *Provisions on the Foreign Exchange Administration of Cross-border Security* (跨境擔保外匯管理規定)(the "**SAFE Cross-border Security Measures**"), effective on 1 June 2014. Furthermore, according to the 2013 PBOC Circular, upon the enforcement of a foreign security in Renminbi provided by onshore non-financial enterprises, PRC banks may provide Renminbi settlement services (i.e. remittance of enforcement proceeds) directly.

The SAFE FDI Provisions, the SAFE Foreign Debt Measures, the SAFE Cross-border Security Measures, the MOFCOM Circular and the PBOC FDI Measures, which are new regulations, have been promulgated to control the remittance of Renminbi for payment of transactions categorised as capital account items and such new regulations will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN PRC GAAP AND IFRS

The consolidated financial statements of the Group included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Group. The Group is responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there is no assurance regarding the completeness of the financial information and related footnote disclosure between PRC GAAP and IFRS and no attempt has been made to quantify such differences. Had any such quantification or reconciliation been undertaken by the Group, other potentially significant accounting and disclosure differences may have been required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons or events that may occur in the future.

Accordingly, no assurance is **provided that** the following summary of differences between PRC GAAP and IFRS is complete. In making an investment decision, each investor must rely upon its own examination of the Group, the terms of the offering and other disclosure contained herein. Each investor should consult its own professional advisors for an understanding the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

REVERSAL OF AN IMPAIRMENT LOSS

Under PRC GAAP, once an impairment loss is recognised for a long term asset (including fixed assets, intangible assets and goodwill, etc.), it shall not be reversed in any subsequent period. Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

RELATED PARTY DISCLOSURES

Under PRC GAAP, government-related entities are not treated as related parties. Under IFRS, government-related entities are still treated as related parties.

SUBSCRIPTION AND SALE

The Issuer, the Guarantor and the Company have entered into a subscription agreement with the Joint Lead Managers dated 8 June 2015 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer, the Guarantor and the Company have undertaken, among other things, that the Notes will be issued on 15 June 2015 (the "**Closing Date**"), and the Joint Lead Managers have severally and not jointly agreed with the Issuer to subscribe and pay for, or procure subscribers to subscribe and pay for, the Notes at an issue price of 100.00 per cent. of their principal amount in the amount set forth below:

	Principal Amount of Notes
	(U.S.$)
Barclays Bank PLC	25,000,000
DBS Bank Ltd.	25,000,000
Haitong International Securities Company Limited	10,000,000
Huatai Financial Holdings (Hong Kong) Limited	165,000,000
Total	225,000,000

The Subscription Agreement provides that the Issuer (or, in default, the Guarantor) has agreed to, and the Company has procured the Issuer and the Guarantor to, pay the Joint Lead Managers certain fees and underwriting commissions, to reimburse the Joint Lead Managers for certain of their expenses in connection with the initial sale and distribution of the Notes, and the Issuer, the Guarantor and the Company will jointly and severally indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Issuer (or in, default, the Guarantor) has agreed to and the Company has agreed to procure the Issuer and the Guarantor to pay, through the Joint Lead Managers, a commission to certain private banks based on the principal amount of the Notes purchased by the clients of such private banks.

The Joint Lead Managers and their respective subsidiaries or affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Joint Lead Managers and certain of their subsidiaries or affiliates may have performed certain investment banking and advisory services for, and entered into certain commercial banking transactions with the Issuer, the Guarantor, the Company or any member of the Group and/or their respective subsidiaries and affiliates, from time to time, for which they have received customary fees and expenses.

The Joint Lead Managers and their respective affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. References herein to the Notes being offered should be read as including any offering of the Notes to the Joint Lead Managers and/or their affiliates acting in such capacity. In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates may 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 Issuer. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

No action has been or will be taken that would, or is intended to, permit a public offering of the Notes, or the possession or distribution of this Offering Circular or any amendment or supplement thereto or any offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

GENERAL

The Notes are a new issue of securities with no established trading market. No assurance can be given as to the liquidity of any trading market for the Notes. The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Notes is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

Accordingly, the Notes should not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material, circular, prospectus, form of application or advertisement in connection with the Notes should be distributed or published in or from any jurisdiction, except in circumstances which will result in compliance with any applicable laws and regulations and will not, save as disclosed in this Offering Circular, impose any obligations on the Issuer, the Guarantor, the Company or the Joint Lead Managers.

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

UNITED STATES

The Notes and the Guarantee of the Notes have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered or sold within the United States. Each of the Joint Lead Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes within the United States. In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer whether or not participating in the offering may violate the registration requirements of the Securities Act.

UNITED KINGDOM

Each of the Joint Lead Managers has represented, warranted and undertaken 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 Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer, the Guarantor or 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 Notes in, from or otherwise involving the United Kingdom.

HONG KONG

Each of the Joint Lead Managers has represented, warranted and undertaken that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("**SFO**") 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 (a) advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

PEOPLE'S REPUBLIC OF CHINA

Each of the Joint Lead Managers has represented, warranted and undertaken that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including Hong Kong, Macau or Taiwan), except as permitted by the securities laws of the PRC.

SINGAPORE

Each of the Joint Lead Managers has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and undertaken that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (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.

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

Where the 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 6 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 Notes 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 "**FIEA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Notes in Japan or to, or for the benefit of, a 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 resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other relevant laws and regulations of Japan.

THE BRITISH VIRGIN ISLANDS

Each Joint Lead Manager represents, warrants and agrees that it has not made and will not make any invitation to the public in the British Virgin Islands or a natural person who is a British Virgin Islands resident or citizen to offer or sell the Notes and the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by British Virgin Islands law.

GENERAL INFORMATION

1. **Clearing Systems**: The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under Common Code number 124388538 and the International Securities Identification Number for the Notes is XS1243885388.

2. **Authorisations**: The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of and performance of its obligations under the Notes, the Trust Deed, the Agency Agreement, the Account Bank Agreement and the Keepwell and Liquidity Support Deed. The issue of the Notes was authorised by resolutions of the board of directors of the Issuer passed on 15 May 2015. The Guarantor has obtained all consents, approvals and authorisations in connection with the giving of the Guarantee of the Notes and the performance of its obligations under the Trust Deed, the Guarantee of the Notes, the Agency Agreement, the Account Bank Agreement and the Keepwell and Liquidity Support Deed. The giving of the Guarantee of the Notes was authorised by resolutions of the board of directors of the Guarantor passed on 15 May 2015. The Company has obtained all necessary consents, approvals and authorisations in connection with the entry into of the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase Undertaking and the performance of its obligations under the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase Undertaking. The giving of the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase Undertaking was authorised by resolutions of the board of directors of the Company passed on 23 January 2015.

3. **No Material Adverse Change**: Except as disclosed in this Offering Circular, there has been no material adverse change since 31 December 2014 in the financial or trading position, prospects or results of operations of the Issuer, the Guarantor, the Company or the Group.

4. **Litigation**: Except as disclosed in this Offering Circular, none of the Issuer, the Guarantor, the Company or any member of the Group is involved in any litigation or arbitration proceedings, which the Issuer, the Guarantor, the Company or the Group, as the case may be, believes are material in the context of the Notes, the giving of the Guarantee of the Notes or entering into the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Account Bank Agreement and, so far as the Issuer, the Guarantor or the Company is aware, no such litigation or arbitration proceedings are pending or threatened which are material in the context of the Notes, the giving of the Guarantee of the Notes or entering into the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Account Bank Agreement.

5. **Listing of Notes**: Approval in principle has been received from the SGX-ST for the listing and quotation of the Notes on the Official List of the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or is equivalent in other currencies) for as long as any of the Notes are listed on the SGX-ST and the rules of SGX-ST so require. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Note Certificate is exchanged for Notes in definitive form. In addition, in the event that the Global Note Certificate is exchanged for Notes in definitive form, 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 Notes in definitive form, including details of the paying agent in Singapore.

6. **Available Documents**: As long as any Note is outstanding, copies of the following documents will be available for inspection and, in the case of the documents referred to in paragraph (b) below, copies may be obtained during normal business hours at the specified office of the Company:

    (a) articles of association (or equivalent) of the Issuer, the Guarantor and the Company;

    (b) copies of the audited consolidated financial statements of the Group as at and for the three years ended 31 December 2012, 2013 and 2014;

    (c) the Agency Agreement;

    (d) the Trust Deed;

    (e) the Keepwell and Liquidity Support Deed;

    (f) the Deed of Equity Interest Purchase Undertaking; and

    (g) the Account Bank Agreement.

7. **Independent Auditors**: The Group's consolidated financial statements as at and for the three years ended 31 December 2012, 2013 and 2014, which are included elsewhere in this Offering Circular, have been audited by Baker Tilly China Certified Public Accountants, the independent auditors of the Group.

    In addition, as result of certain changes to PRC GAAP which became on effective on 1 July 2014, the audited consolidated financial information as at and for the year ended 31 December 2013 of the Group have been restated in order that it be comparable to the audited consolidated financial information as at and for the year ended 31 December 2014. See F-28 for such adjustment details. However, the consolidated financial information of the Group as at 31 December 2012 have not been restated and accordingly, is not comparable to the consolidated financial information of the Group as at and for the year ended 31 December 2013 and 2014 as contained in the Group's audited consolidated financial statements as at and for the year ended 31 December 2014. Potential investors must exercise caution when using the consolidated financial information of the Group as at 31 December 2012 to evaluate the Group's financial condition.

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Zhongrong International Trust Co., Ltd
Auditor's Report
Baker Tilly China [2015] No. 3816-2

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Auditor’s Report

Baker Tilly China [2015] No. 3816-2

To the shareholder of Zhongrong International Trust Co., Ltd:

We have audited the accompanying financial statements of Zhongrong International Trust Co., Ltd (hereinafter referred to as "the Company"), which comprise the company’s and the consolidated balance sheet as at 31 December 2014, the company’s and the consolidated income statement, the company’s and consolidated statements of changes in owner’s equity, the company’s and consolidated cash flow statement for the year then ended, and the notes to the financial statements.

I. Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements; (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

II. Auditor’s Responsibility

Our responsibility is to express an audit opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. China Standards on Auditing require that we comply with the Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, Certified Public Accountants consider the internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Opinion

In our opinion, the financial statements of the Company present fairly, in all material respects, the company's and the consolidated financial position as of 31 December 2014, the company's and the consolidated result of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Baker Tilly China

Beijing, China

February 9, 2015

Chinese Certified Public Accountant:

中国注册会计师 王清峰 370400010019

Chinese Certified Public Accountant:

中国注册会计师 迟文洲 370200310031

Consolidated Balance Sheet

Company:Zhongrong International Trust Co.Ltd　　31 December 2014　　Unit: RMB

Item	No.	Consolidated		Parent Company		Note	
		Closing balance	Opening balance	Closing balance	Opening balance	Consolidated	Parent Firm
Assets:	1						
Cash and bank balances	2	4,111,623,631.75	8,431,528,471.74	3,910,303,456.26	8,102,684,486.03	VIII.（1）	XVI.（1）
Balances with clearing agencies	3						
Removal of funds	4						
Financial assets measured by fair value through profit or loss	5	6,039,319,045.43	239,097,846.44	5,175,923,422.67	239,097,846.44	VIII. (2）	XVI.（2）
Notes receivable	6						
Accounts receivable	7	10,986,783.16	436,252.30			VIII. (3）	
Prepayments	8	399,000.00				VIII.（4）	
Premium receivables	9						
Accounts receivable reinsurance	10						
The receivable reinsurance reserve	11						
Interest receivable	12	67,466.67	64,114.99			VIII.（5）	
Dividends receivable	13						
Financial assets purchased under resale agreements	14						
Inventories	15						
Available for sale assets	16						
Loans and advances to customers	17						
Available-for-sale financial assets	18	604,920,674.97	406,442,393.41	410,738,604.97	403,462,393.41	VIII.（6）	
Held-to-maturity investments	19						
Long-term receivables	20						
Long-term equity investments	21	53,160,938.66	45,454,624.37	1,198,636,696.63	291,535,530.24	VIII.（7）	XVI.（3）
Investment properties	22						
Fixed assets	23	28,096,291.45	33,900,861.94	22,078,429.58	27,422,115.04	VIII.（8）	
Construction in progress	24						
Materials for construction of fixed assets	25						
Disposal of fixed assets	26						
Bearer biological assets	27						
Oil and gas assets	28						
Intangible assets	29	27,122,543.07	25,374,571.55	24,072,772.39	20,357,927.63	VIII.（9）	
Development expenditure	30						
Goodwill	31						
Deferred tax assets	32	505,899,511.55	447,010,225.56	507,606,171.75	447,010,225.56	VIII.（10）	XVI.（4）
Other assets	33	818,716,242.32	58,197,129.96	807,906,733.30	51,438,930.97	VIII.（11）	
Include: Other account receivable	34	55,440,288.91	37,473,699.52	46,417,105.51	33,721,418.35		
Long-term prepaid expenses	35	13,275,953.41	20,723,430.44	11,489,627.79	17,717,512.62		
Other current assets	36						
Other non-current assets	37	750,000,000.00		750,000,000.00			
Total Assets	38	**12,200,312,129.03**	**9,687,506,492.26**	**12,057,266,287.55**	**9,583,009,455.32**		

Legal representative：Liu Yang　　Chief accountant：Lian Jinhua　　Person in charge of accounting body：Dai Baoxiang

Consolidated Balance Sheet (Continued)

Company:Zhongrong International Trust Co.Ltd　　2014年12月31日　　Unit: RMB

Item	No.	Consolidated		Parent Company		Note	
		Closing balance	Opening balance	Closing balance	Opening balance	Consolidated	Parent Firm
liabilities and Shareholders' Equity:	39						
Short-term borrowings	40						
Loans from the central bank	41						
Customer deposits and deposits from banks and other financial institution	42						
Taking from banks and other financial institution	43						
Financial liabilities measured by fair value through profit or loss	44						
Notes payable	45						
Accounts payable	46	4,697,730.94	316,466.21			VIII.(13)	
Receipts in advance	47	20,330,945.75	23,921,136.53	18,741,075.77	23,886,172.03	VIII.(14)	
Financial assets sold under repurchase agreements	48						
Fees and commissions payable	49						
Employee benefits payable	50	1,061,349,763.20	941,574,670.92	1,042,673,313.58	928,780,097.75	VIII.(15)	XVI.(5)
Taxes payable	51	412,749,497.54	460,371,082.11	407,997,586.22	459,065,960.81	VIII.(16)	XVI.(6)
Interest payable	52						
Dividends payable	53						
Amounts payable under reinsurance contracts	54						
Insurance contract reserves	55						
Funds from securities trading agency	56						
Funds from underwriting securities agency	57						
Available-for-sale financial liabilties	58						
Long-term payroll payable	59	861,955,490.33	585,675,181.32	861,955,490.33	585,675,181.32	VIII.(18)	XVI.(8)
Bonds payable	60						
Long-term payables	61						
Special payables	62						
Provisions	63						
Deferred Income	64						
Other liabilities	65	33,843,626.90	30,163,399.90	28,231,287.47	27,326,636.08	VIII.(17)	XVI.(7)
Inc: Other account payable	66	33,843,626.90	30,163,399.90	28,231,287.47	27,326,636.08		
Deferred Income	67						
Total Liabilities	68	**2,394,927,054.66**	**2,042,021,936.99**	**2,359,598,753.37**	**2,024,734,047.99**		
Paid-in capital (share capital)	69	6,000,000,000.00	1,600,000,000.00	6,000,000,000.00	1,600,000,000.00	VIII.(19)	
Other equityt instrument	70						
Capital reserve	71	232,537,248.16	1,406,237,248.16	232,537,248.16	1,406,237,248.16	VIII.(20)	
Deduct: Treasury shares	72						
Other comprehensive income	73	-105,873,332.53	-132,538,153.21	-106,227,949.54	-132,538,153.21	VIII.(21)	
Special reserve	74						
Surplus reserve	75	826,347,809.72	585,039,617.41	826,347,809.72	585,039,617.41	VIII.(22)	
General risk reserve	76	554,401,639.06	334,587,179.94	554,401,639.06	334,587,179.94	VIII.(23)	XVI.(9)
Unappropriated profits	77	2,179,483,106.17	3,736,867,334.02	2,190,608,786.78	3,764,949,515.03	VIII.(24)	XVI.(10)
Total Owners' Equity Attributable To the Company	78	**9,686,896,470.58**	**7,530,193,226.32**	**9,697,667,534.18**	7,558,275,407.33		
Minority interests	79	118,488,603.79	115,291,328.95				
Total Owners' Equity	80	**9,805,385,074.37**	**7,645,484,555.27**	**9,697,667,534.18**	**7,558,275,407.33**		
Total Liabilities and Owners' Equity	81	**12,200,312,129.03**	**9,687,506,492.26**	**12,057,266,287.55**	**9,583,009,455.32**		

Legal representative: Liu Yang　　Chief accountant: Lian Jinhua　　Person in charge of accounting body: Dai Baoxiang

Consolidated Income Statement

Company:Zhongrong International Trust Co.Ltd

Year2014

Unit: RMB

Item	No.	Consolidated		Parent Firm		Note	
		Amount for the current period	Amount for the prior period	Amount for the current period	Amount for the prior period	Consolidated	Parent Firm
I. Total operating income	1	**5,531,491,710.83**	**4,898,115,721.11**	**5,409,478,036.45**	**4,895,552,308.88**		
Interest net income	2	428,368,448.67	340,742,194.17	423,593,115.31	337,848,791.68	VIII.（25）	XVI.（11）
Interest income	3	428,368,448.67	340,742,194.17	423,593,115.31	337,848,791.68		
Interest expenses	4						
Net income of fee and commission	5	4,446,971,821.26	4,542,050,100.01	4,390,316,936.81	4,540,657,245.93	VIII.（26）	XVI.（12）
Fee and commission income	6	4,446,971,821.26	4,542,050,100.01	4,390,316,936.81	4,540,657,245.93		
Fee and commission expenses	7						
Operating income		20,398,347.16				VIII.（27）	
Investment income	8	210,674,836.17	-36,589,452.81	205,879,708.35	-36,568,546.94	VIII.（28）	XVI.（13）
Gains from changes in fair values (Losses are indicated by "-")	9	118,727,136.67	-10,108,433.46	113,102,565.85	-10,108,433.46	VIII.（29）	XVI.（14）
Foreign exchange gains (Losses are indicated by "-")	10	1,294,069.16	-2,074,191.54	45,377.30	-372,253.07	VIII.（30）	
Other operating income	11	305,057,051.74	64,095,504.74	276,540,332.83	64,095,504.74	VIII.（31）	XVI.（15）
II. Total operating costs	12	**2,318,130,111.14**	**2,191,126,688.50**	**2,218,313,242.74**	**2,113,971,187.86**		
Business tax and surcharges	13	273,459,535.74	262,216,891.70	268,983,040.64	262,136,933.84	VIII.（32）	XVI.（16）
Operation and administrative expenses	14	2,044,670,575.40	1,928,909,796.80	1,949,330,202.10	1,851,834,254.02	VIII.（33）	XVI.（17）
Losses of assets impairment	15						
Other operating Cost	16	-	-				
III. Operating profit	17	**3,213,361,599.69**	**2,706,989,032.61**	**3,191,164,793.71**	**2,781,581,121.02**		
Add: Non-operating income	18	3,534,897.86	3,549,149.49	3,381,006.62	2,787,149.49	VIII.（34）	XVI.（18）
Less: Non-operating expenses	19	1,214,996.88	2,128,016.11	1,162,247.08	2,128,016.11	VIII.（35）	XVI.（19）
IV. Total profit	20	**3,215,681,500.67**	**2,708,410,165.99**	**3,193,383,553.25**	**2,782,240,254.40**		
Less: Income tax expenses	21	782,887,562.97	690,805,385.91	780,301,630.07	690,724,109.34	VIII.（36）	XVI.（20）
V. Net profit	22	**2,432,793,937.70**	**2,017,604,780.08**	**2,413,081,923.18**	**2,091,516,145.06**		
Net profit attributable to owners of the Company	23	2,430,038,423.58	2,049,313,451.13	2,413,081,923.18	2,091,516,145.06		
Profit or loss attributable to minority interests	24	2,755,514.12	-31,708,671.05	-	-		
VI. Other comprehensive income	25	**27,106,581.40**	**-112,511,893.09**	**26,310,203.67**	**-112,511,893.09**	VIII.（37）	XVI.（21）
1. Other comprehensive income not reclassfied into gains or losses	26						
2. Other comprehensive income classified into gains or losses	27	27,106,581.40	-112,511,893.09	26,310,203.67	-112,511,893.09		
Include. Available for sale financial asset fair value at gains or losses	28	27,211,756.17	-112,511,893.09	26,310,203.67	-112,511,893.09		
VII. Total comprehensive income	29	**2,459,900,519.10**	**1,905,092,886.99**	**2,439,392,126.85**	**1,979,004,251.97**		
Total comprehensive income attributable to owners of the Company	30	2,456,703,244.26	1,936,801,558.04	2,439,392,126.85	1,979,004,251.97		
Total comprehensive income attributable to minority interests	31	3,197,274.84	-31,708,671.05	-	-		

Legal representative：Liu Yang　　Chief accountant：Lian Jinhua　　Person in charge of accounting body：Dai Baoxiang

Consolidated Cash Flow Statement

Company:Zhongrong International Trust Co.Ltd

Year 2014 Unit: RMB

Item	NO.	Consolidated		Parent Company		Note
		Amount for the current period	Amount for the prior period	Amount for the current period	Amount for the prior period	
I. Cash Flows from Operating Activities:	1					
Net increase in customer deposits and deposits from banks and other financial institutions	2					
Net increase in loans from the central bank	3					
Net increase in taking from banks and other financial institutions	4					
Cash receipts from interest, fees and commissions	5	5,182,971,221.21	4,941,858,117.65	5,082,055,821.95	4,936,742,367.84	
Net increase in repurchasing	6					
Other cash receipts relating to operating activities	7	12,795,992.78	23,818,301.85	8,285,088.94	21,735,067.22	
Sub-total of cash inflows from operating activities	8	5,195,767,213.99	4,965,676,419.50	5,090,340,910.89	4,958,477,435.06	
Net increase in loans and advances to customers	9					
Net increase in deposites in the central bank and due from banks and other financial institutions	10					
Cash payments for interest, fees and commissions	11					
Cash payments to and on behalf of employees	12	1,182,546,436.79	795,282,974.73	1,136,642,860.13	755,533,305.80	
Payments of various types of taxes	13	1,134,090,413.73	957,082,438.47	1,129,636,908.78	953,722,260.77	
Other cash payments relating to operating activities	14	487,480,667.19	576,895,916.60	449,484,924.62	552,360,667.54	
Sub-total of cash outflows from operating activities	15	2,804,117,517.71	2,329,261,329.80	2,715,764,693.53	2,261,616,234.11	
Net Cash Flow from Operating Activities	16	**2,391,649,696.28**	**2,636,415,089.70**	**2,374,576,217.36**	**2,696,861,200.95**	VIII.（1）
II. Cash Flows from Investing Activities:	17					
Cash receipts from disposals and recovery of investments	18	3,497,360,090.82	273,292,975.56	2,067,050,090.82	273,292,975.56	
Cash receipts from investment income	19	42,086,956.82	13,199,511.14	33,325,899.66	13,199,511.14	
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	20	206,446.14	110,000.00	206,446.14	110,000.00	
Net cash receipts from disposals of subsidiaries and other business units	21					
Other cash receipts relating to investing activities	22					
Sub-total of cash inflows from investing activities	23	3,539,653,493.78	286,602,486.70	2,100,582,436.62	286,602,486.70	
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	24	22,217,310.15	46,089,288.93	20,068,662.15	31,574,928.53	
Cash payments to acquire investments	25	9,930,168,528.08	277,325,354.24	8,347,516,398.90	268,385,354.24	
Net cash payments for acquisitions of subsidiaries and other business units	26				153,000,000.00	
Other cash payments relating to investing activities	27					
Sub-total of cash outflows from investing activities	28	9,952,385,838.23	323,414,643.17	8,367,585,061.05	452,960,282.77	
Net Cash Flow from Investing Activities	29	**-6,412,732,344.45**	**-36,812,156.47**	**-6,267,002,624.43**	**-166,357,796.07**	
III. Cash Flows from Financing Activities:	30					
Cash receipts from capital contributions	31		1,147,000,000.00		1,000,000,000.00	
Including: cash receipts from capital contributions from minority owners of subsidiaries	32		147,000,000.00			
Cash receipts from borrowings	33					
Cash receipts from issue of bonds	34					
Other cash receipts relating to financing activities	35					
Sub-total of cash inflows from financing activities	36		1,147,000,000.00		1,000,000,000.00	
Cash repayments of borrowings	37					
Cash payments for distribution of dividends or profits or settlement of interest expenses	38	300,000,000.00	250,000,000.00	300,000,000.00	250,000,000.00	
Including: payments for distribution of dividends or profits to minority owners of subsidiaries	39					
Other cash payments relating to financing activities	40					
Sub-total of cash outflows from financing activities	41	300,000,000.00	250,000,000.00	300,000,000.00	250,000,000.00	
Net Cash Flow from Financing Activities	42	**-300,000,000.00**	**897,000,000.00**	**-300,000,000.00**	**750,000,000.00**	
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	43	**1,177,808.18**	**-2,074,191.54**	**45,377.30**	**-372,253.07**	
V. Net Increase in Cash and Cash Equivalents	44	**-4,319,904,839.99**	**3,494,528,741.69**	**-4,192,381,029.77**	**3,280,131,151.81**	VIIII.（1）
Add: Opening balance of cash and cash equivalents	45	8,431,528,471.74	4,936,999,730.05	8,102,684,486.03	4,822,553,334.22	
VI. Closing Balance of Cash and Cash Equivalents	46	**4,111,623,631.75**	**8,431,528,471.74**	**3,910,303,456.26**	**8,102,684,486.03**	VIIII.（2）

Legal representative：Liu Yang Chief accountant：Lian Jinhua Person in charge of accounting body：Dai Baoxiang

Consolidated Statement of Changes in Owners' Equity

Company:Zhongrong International Trust Co.Ltd

Year2014

Unit: RMB

Amount for the current period

Item	No.	Attributable to owners of the Company: Paid-in capital/ Share capital	Capital reserves	Less: Treasu	Special reserves	Surplus reserves	General risk reserves	Unappropriate profits	Others	Subtoatl	Minority interests	Total owners' equity
I. Closing balance of the preceding year	1	1,600,000,000.00	1,406,237,248.16	-	-132,538,153.21	585,039,617.41	334,587,179.94	3,736,867,334.02	-	7,530,193,226.32	115,291,328.95	7,645,484,555.27
Add: Changes in accounting policies	2									-		-
Corrections of prior period errors	3									-		-
II. Opening balance of the current year	4	1,600,000,000.00	1,406,237,248.16	-	-132,538,153.21	585,039,617.41	334,587,179.94	3,736,867,334.02	-	7,530,193,226.32	115,291,328.95	7,645,484,555.27
III. Changes for the year (Decrease is indicated by "-")	5	4,400,000,000.00	-1,173,700,000.00	-	26,664,820.68	241,308,192.31	219,814,459.12	-1,557,384,227.85	-	2,156,703,244.26	3,197,274.84	2,159,900,519.10
(I) Net profit	6							2,430,038,423.58		2,430,038,423.58	2,755,514.12	2,432,793,937.70
(II) Other comprehensive income	7		-		26,664,820.68					26,664,820.68	441,760.72	27,106,581.40
Sub-total comprehensive income	8	-	-	-	26,664,820.68	-	-	2,430,038,423.58	-	2,456,703,244.26	3,197,274.84	2,459,900,519.10
(III) Owners' contributions and reduction in capital	9	-	-	-	-	-	-	-	-	-	-	-
1. Capital contribution from owners	10									-		-
2. Share-based payment recognised in owners' equity	11									-		-
3. Others	12									-		-
(IV) Provision and use of special reserves	13	-	-	-	-	-	-	-	-	-		-
1.Provision of special reserves	14									-		-
2.Use of special reserves	15									-		-
(V) Profit distribution	16					241,308,192.31	219,814,459.12	-761,122,651.43		-300,000,000.00		-300,000,000.00
1. Transfer to surplus reserves	17					241,308,192.31		-241,308,192.31		-		-
Including：Legal reserves	18					241,308,192.31		-241,308,192.31		-		-
Free reserves	19									-		-
#Fund reserves	20									-		-
#Fund of development	21									-		-
#Return of investment	22									-		-
2. Transfer to general risk reserves	23						219,814,459.12	-219,814,459.12		-		-
3. Distributions to [owners/shareholders]	24							-300,000,000.00		-300,000,000.00		-300,000,000.00
4. Others	25									-		-
(VI) Transfers within owners' equity	26	4,400,000,000.00	-1,173,700,000.00	-	-	-	-	-3,226,300,000.00	-	-	-	-
1. Capitalisation of capital reserves	27	1,173,700,000.00	-1,173,700,000.00							-		-
2. Capitalisation of surplus reserves	28									-		-
3. Loss offset by surplus reserves	29									-		-
4. Others	30	3,226,300,000.00						-3,226,300,000.00		-		-
IV. Closing balance of the current year	31	6,000,000,000.00	232,537,248.16	-	-105,873,332.53	826,347,809.72	554,401,639.06	2,179,483,106.17	-	9,686,896,470.58	118,488,603.79	9,805,385,074.37

Amount for the prior period

Item	No.	Attributable to owners of the Company: Paid-in capital/ Share capital	Capital reserves	Less: Treasury shares	Special reserves	Surplus reserves	General risk reserves	Unappropriate profits	Others	Subtoatl	Minority interests	Total owners' equity
I. Closing balance of the preceding year	1	1,475,000,000.00	531,237,248.16	-	-20,026,260.12	375,888,002.91	204,799,168.53	2,276,493,508.80	-	4,843,391,668.28		4,843,391,668.28
Add: Changes in accounting policies	2									-		-
Corrections of prior period errors	3									-		-
II. Opening balance of the current year	4	1,475,000,000.00	531,237,248.16	-	-20,026,260.12	375,888,002.91	204,799,168.53	2,276,493,508.80	-	4,843,391,668.28	-	4,843,391,668.28
III. Changes for the year (Decrease is indicated by "-")	5	125,000,000.00	875,000,000.00	-	-112,511,893.09	209,151,614.50	129,788,011.41	1,460,373,825.22	-	2,686,801,558.04	115,291,328.95	2,802,092,886.99
(I) Net profit	6							2,049,313,451.13		2,049,313,451.13	-31,708,671.05	2,017,604,780.08
(II) Other comprehensive income	7	-	-		-112,511,893.09					-112,511,893.09		-112,511,893.09
Sub-total comprehensive income	8	-	-	-	-112,511,893.09	-	-	2,049,313,451.13	-	1,936,801,558.04	-31,708,671.05	1,905,092,886.99
(III) Owners' contributions and reduction in capital	9	125,000,000.00	875,000,000.00	-	-	-	-	-	-	1,000,000,000.00	147,000,000.00	1,147,000,000.00
1. Capital contribution from owners	10	125,000,000.00	875,000,000.00							1,000,000,000.00	147,000,000.00	1,147,000,000.00
2. Share-based payment recognised in owners' equity	11									-		-
3. Others	12									-		-
(IV) Provision and use of special reserves	13	-	-	-	-	-	-	-	-	-	-	-
1.Provision of special reserves	14									-		-
2.Use of special reserves	15									-		-
(V) Profit distribution	16					209,151,614.50	129,788,011.41	-588,939,625.91	-	-250,000,000.00	-	-250,000,000.00
1. Transfer to surplus reserves	17					209,151,614.50		-209,151,614.50		-		-
Including：Legal reserves	18					209,151,614.50		-209,151,614.50		-		-
Free reserves	19									-		-
#Fund reserves	20									-		-
#Fund of development	21									-		-
#Return of investment	22									-		-
2. Transfer to general risk reserves	23						129,788,011.41	-129,788,011.41		-		-
3. Distributions to [owners/shareholders]	24							-250,000,000.00		-250,000,000.00		-250,000,000.00
4. Others	25									-		-
(VI) Transfers within owners' equity	26	-	-	-	-	-	-	-	-	-	-	-
1. Capitalisation of capital reserves	27									-		-
2. Capitalisation of surplus reserves	28									-		-
3. Loss offset by surplus reserves	29									-		-
4. Others	30							-		-		-
IV. Closing balance of the current year	31	1,600,000,000.00	1,406,237,248.16	-	-132,538,153.21	585,039,617.41	334,587,179.94	3,736,867,334.02	-	7,530,193,226.32	115,291,328.95	7,645,484,555.27

Legal representative：Liu Yang　　Chief accountant：Lian Jinhua　　Person in charge of accounting body：

Statement of Changes in Owners' Equity

Company:Zhongrong International Trust Co.Ltd | Year2014 | Unit: RMB

Item	No.	Amount for the current period								Amount for the prior period							
		Paid-in capital/ Share capital	Capital reserves	Less: Treasury shares	Other comprehensive income	Surplus reserves	General risk reserves	Unappropriate profits	Total owners' equity	Paid-in capital/ Share capital	Capital reserves	Less: Treasury shares	Other comprehensive income	Surplus reserves	General risk reserves	Unappropriate profits	Total owners' equity
I. Closing balance of the preceding year	1	1,600,000,000.00	1,406,237,248.16		-132,538,153.21	585,039,617.41	334,587,179.94	3,764,949,515.03	7,558,275,407.33	1,475,000,000.00	531,237,248.16		-20,026,260.12	375,888,002.91	204,799,168.53	2,262,372,995.88	4,829,271,155.36
Add: Changes in accounting policies	2								-								-
Corrections of prior period errors	3								-								-
Other	4																
II. Opening balance of the current year	5	1,600,000,000.00	1,406,237,248.16	-	-132,538,153.21	585,039,617.41	334,587,179.94	3,764,949,515.03	7,558,275,407.33	1,475,000,000.00	531,237,248.16	-	-20,026,260.12	375,888,002.91	204,799,168.53	2,262,372,995.88	4,829,271,155.36
III. Changes for the year (Decrease is indicated by "-")	6	4,400,000,000.00	-1,173,700,000.00	-	26,310,203.67	241,308,192.31	219,814,459.12	-1,574,340,728.25	2,139,392,126.85	125,000,000.00	875,000,000.00	-	-112,511,893.09	209,151,614.50	129,788,011.41	1,502,576,519.15	2,729,004,251.97
(I) Net profit	7							2,413,081,923.18	2,413,081,923.18							2,091,516,145.06	2,091,516,145.06
(II) Other comprehensive income	8				26,310,203.67				26,310,203.67				-112,511,893.09				-112,511,893.09
Subtotal of (I) and (II)	9	-	-	-	26,310,203.67	-	-	2,413,081,923.18	2,439,392,126.85	-	-	-	-112,511,893.09	-	-	2,091,516,145.06	1,979,004,251.97
(III) Owners' contributions and reduction in capital	10	-	-	-		-	-	-	-	125,000,000.00	875,000,000.00	-	-	-	-	-	1,000,000,000.00
1. Capital contribution from owners	11								-	125,000,000.00	875,000,000.00						1,000,000,000.00
2. Share-based payment recognised in owners' equity	12								-								-
3. Others	13								-								-
(IV) Profit distribution	14	-	-	-		241,308,192.31	219,814,459.12	-761,122,651.43	-300,000,000.00	-	-	-		209,151,614.50	129,788,011.41	-588,939,625.91	-250,000,000.00
1. Transfer to surplus reserves	15					241,308,192.31		-241,308,192.31	-					209,151,614.50		-209,151,614.50	-
2. Transfer to general risk reserves	16						219,814,459.12	-219,814,459.12	-						129,788,011.41	-129,788,011.41	-
3. Distributions to [owners/shareholders]	17							-300,000,000.00	-300,000,000.00							-250,000,000.00	-250,000,000.00
4. Others	18								-								-
(V) Transfers within owners' equity	19	4,400,000,000.00	-1,173,700,000.00	-		-	-	-3,226,300,000.00	-	-	-	-		-	-	-	-
1. Capitalisation of capital reserves	20	1,173,700,000.00	-1,173,700,000.00						-								-
2. Capitalisation of surplus reserves	21								-								-
3. Loss offset by surplus reserves	22								-								-
4. Others	23	3,226,300,000.00						-3,226,300,000.00	-							-	-
(VI) Special reserves	24	-	-	-		-	-	-	-	-	-	-		-	-	-	-
1. Transfer to special reserves in the period	25								-								-
2. Amount utilised in the period	26								-								-
(VII) Others	27								-								-
IV. Closing balance of the current year	28	6,000,000,000.00	232,537,248.16	-	-106,227,949.54	826,347,809.72	554,401,639.06	2,190,608,786.78	9,697,667,534.18	1,600,000,000.00	1,406,237,248.16	-	-132,538,153.21	585,039,617.41	334,587,179.94	3,764,949,515.03	7,558,275,407.33

Legal representative：Liu Yang　　Chief accountant：Lian Jinhua　　Person in charge of accounting body：Dai Baoxiang

Consolidated Statement of Provision for Impairment of Assets

Company:Zhongrong International Trust Co.Ltd

31 December 2014

Unit: RMB

Item	No.	Opening balance	Increase for current year				Decrease for current year					Closing balance	Item	No.	Amount
			Provision for current year	Increase for consolidated	Increase for others	Toatl	Reversal	Cancellation	Decrease for consolidated	Decrease for others	Toatl				
1、Bad debt reserves	1	468,542.06				-					-	468,542.06	Additional Information	18	——
2、Inventory falling price reserves	2					-			-		-	-	1、Net loss of assets in suspense	19	
3、Financial assets available for sale depreciation reserves	3					-		-	-	-	-	-	（1）Net loss of current assets	20	
4、Holding to maturity investment depreciation reserves	4					-		-	-	-	-	-	including：bad debts loss	21	
5、Long-term investments depreciation reserves	5					-	——		-		-	-	inventory loss	22	
6、Investment property depreciation reserves	6					-	——	-	-	-	-	-	short-term investment loss	23	
7、Fixed assets depreciation reserves	7					-	——		-		-	-	（2）Net loss of fixed assets	24	
8、Project goods and material depreciation reserves	8					-	——	-	-	-	-	-	including：Fixed assets losses	25	
9、Construction-in-process depreciation reserves	9					-	——	-	-	-	-	-	Fixed assets scrap and damage	26	
10、Productive biological assets depreciation reserves	10					-	——	-	-	-	-	-	Fixed assets profit	27	
11、Oil and gas asserts depreciation reserves	11					-	——	-	-	-	-	-	（3）long-term loss	28	
12、Intangible Assets depreciation reserves	12					-	——	-	-	-	-	-	(4)intangible assets loss	29	
13、Goodwill depreciation reserves	13					-	——	-	-	-	-	-	（5）Construction-in-process Loss	30	
14、Other depreciation reserves	14					-	——	-	-	-	-	-	（6）Entrusted loans losses	31	
	15					-					-	-	2、Credit of policy	32	
	16					-					-	-	3、Processing previous losses and credit	33	
Total	17	468,542.06	-	-	-	-	-	-	-	-	-	468,542.06	including：Processing previous losses and credit in current profit and loss	34	

Legal representative：Liu Yang　　Chief accountant：Lian Jinhua　　Person in charge of accounting body：Dai Baoxiang

Statement of Provision for Impairment of Assets

Company:Zhongrong International Trust Co.Ltd

31 December 2014

Unit: RMB

Item	No.	Opening balance	Increase for current year: Provision for current year	Increase for current year: Increase for consolidated	Increase for current year: Increase for others	Increase for current year: Toatl	Decrease for current year: Reversal	Decrease for current year: Cancellation	Decrease for current year: Decrease for consolidated	Decrease for current year: Decrease for others	Decrease for current year: Toatl	Closing balance	Item	No.	Amount
1、Bad debt reserves	1	468,542.06				-					-	468,542.06	Additional Information	18	——
2、Inventory falling price reserves	2					-			-		-	-	1、Net loss of assets in suspense	19	
3、Financial assets available for sale depreciation reserves	3					-		-	-	-	-	-	（1）Net loss of current assets	20	
4、Holding to maturity investment depreciation reserves	4					-		-	-	-	-	-	Including：Bad debts loss	21	
5、Long-term investments depreciation reserves	5					-	——		-		-	-	Inventory loss	22	
6、Investment property depreciation reserves	6					-	——	-	-	-	-	-	Short-term investment loss	23	
7、Fixed assets depreciation reserves	7					-	——		-		-	-	（2）Net loss of fixed assets	24	
8、Project goods and material depreciation reserves	8					-	——	-	-	-	-	-	Including：Fixed assets losses	25	
9、Construction-in-process depreciation reserves	9					-	——	-	-	-	-	-	Fixed assets scrap and damage	26	
10、Productive biological assets depreciation reserves	10					-	——	-	-	-	-	-	Fixed assets profit	27	
11、Oil and gas asserts depreciation reserves	11					-	——	-	-	-	-	-	（3）Long-term loss	28	
12、Intangible Assets depreciation reserves	12					-	——	-	-	-	-	-	(4) Intangible assets loss	29	
13、Goodwill depreciation reserves	13					-	——	-	-	-	-	-	（5）Construction-in-process Loss	30	
14、Other depreciation reserves	14					-	——	-	-	-	-	-	（6）Entrusted loans losses	31	
	15					-					-	-	2、Credit of policy	32	
	16					-					-	-	3、Processing previous losses and credit	33	
Total	17	468,542.06	-	-	-	-	-	-	-	-	-	468,542.06	Including：Processing previous losses and credit in current profit and los	34	

Legal representative：Liu Yang　　Chief accountant：Lian Jinhua　　Person in charge of accounting body：Dai Baoxiang

Zhongrong International Trust Co., Ltd

Notes to the financial statements

For the Year January to December 2014

(All amounts denominated in RMB unless otherwise stated)

I. BASIC INFORMATION ABOUT THE COMPANY

Zhongrong International Trust Co., Ltd (herein after refer as “the Company”) formerly known as Harbin International Trust Investment Co., Ltd. established in 1987. In March 2002, the Company was granted “The Approval of Capital Offering for Harbin International Trust Company” (Shen Yin Fu Zi [2002] No.270) by Shenyang branch of The People’s bank of China, the shareholders of the Company are Harbin State-owned Assets Supervision and Administration Commission, Zhongzhi Enterprise Company Co., Ltd., Harbin Investment Company Limited, Harbin HongdaConstructionCo., Ltd., Heilongjiang Province Mudanjiang New Materials technology Co., Ltd. and Haci Company Limited. In April 2002, according to the requirement of “The notice of The Scheme of Reorganize Trust and Investment Companies issued by The People’s Bank of China and forwarded by General Office of the State Council” (Guo Ban Fan [1999] No.12) and “The Scheme of Further Improvement of Reorganize Trust and Investment Companies” (Yin Fa [2000] No.389) issued by The People’s Bank of China, the Company re-registered and renamed as Zhongrong International Trust and Investment Co., Ltd. In June 2000, the Company obtained The License of the Business Corporation issued by Harbin Administration of Industry and Commerce, with the registered capital of RMB 325 million. In July 2007, the Company renamed as Zhongrong International Trust Co., Ltd, approved by China Banking Regulatory Commission with “The Approval of Name and Business Scope change of Zhongrong International Trust and Investment Co., Ltd.” (Yin Jian Fu [2007] No.295). In July 2010, the Company obtained “The approval of change in Registered Capital and Company Article of Zhongrong International Trust Co., Ltd” (Hei Yin Jian Fu [2010] No.339) from Heilongjiang Branch, China Banking Regulatory Commission, retained earnings was transferred to paid-in-capital, registered capital changed from RMB 325 million to RMB 580 million.

In March 2011, the Company obtained “The approval of change in Registered Capital and Company Article of Zhongrong International Trust Co., Ltd” (Hei Yin Jian Fu [2011] No.75) from Heilongjiang Branch, China Banking Regulatory Commission. The registered capital increased RMB 820 million, including the monetary capital increase by RMB 300 million from Jingwei Textile Machinery Company Limited, Zhongzhi Enterprise Company Co., Ltd., Harbin Investment Company Company Limited and Dalian Xinxing Real Estate Development Company Co., Ltd.; the shareholders transferred RMB 520 million from undistributed profit to paid-in-capital according to their shareholding proportion. The new registered capital is RMB1.4 billion.

In October 2011, the Company obtained “The approval of change in Equity Stake and Registered Capital, adjustment of Equity Structure and amendment of the Company Article of Zhongrong International Trust Co., Ltd” (Hei Yin Jian Fu [2011] No.447) from Heilongjiang Branch, China Banking Regulatory Commission. The RMB 107.68million of the Company’s equity heldby Dalian Xinxing Real Estate Development Company Co., Ltd. was transferred toShengyang An Tai Da Commercial Trading Ltd. Jingwei Textile Machinery Company Limited, Zhongzhi Enterprise Company Co., Ltd., Harbin Investment Company Company Limited and Shengyang An Tai Da Commercial Trading Ltd. increased the Company’s registered capital by RMB 75 million according to their shareholding proportion,and the new registered capital is 1.475 billion.

In August 2012, the Company obtained “The approval of change in Equity Stake and Registered Capital, adjustment of Equity Structure and amendment of the Company Article of Zhongrong International Trust Co., Ltd” (Hei Yin Jian Fu [2012] No.284) from Heilongjiang Branch, China Banking Regulatory Commission. The registered capital of the Company increased by RMB 12.5 million, including the monetary capital increase of RMB 12.5million from Jingwei Textile Machinery Company Limited, Zhongzhi Enterprise Company Co., Ltd. and Shengyang An Tai Da Commercial Trading Ltd. who paidin RMB 59,697,537.50, RMB 52,550,412.50, RMB12,752,050.00 respectively. The new registered capital is RMB1.6 billion.

In June 2014, the Company obtained “The approval of change in Registered Capital and Company Article of Zhongrong International Trust Co., Ltd” (Hei Yin Jian Fu [2014] No.148) from Heilongjiang Branch, China Banking Regulatory Commission. The registered capital increased RMB 4.4 billion, including the capital reserve increase by RMB 1.1737 billion and the undistributed profit increase by RMB 3.2263 billion from Jingwei Textile Machinery Company Limited, Zhongzhi Enterprise Company Co., Ltd., Harbin Investment Company Company Limited and Shengyang An Tai Da Commercial Trading Ltd. according to their shareholding proportion. By December 31, 2014, the Company’s registered capital is RMB 6 billion, the legal representative is Liu Yang, and registered place is No.33 Songshan Road, Nangang District, Harbin, China, and obtained business license of No. 230100100002118.

The Company’s main business scope includes: the trust funds; personal property trust; real estate trust; securities trust; other property or property rights trust; engaged in investment fund businesses serve as initiator of the investment fund or fund management company; enterprises’ asset restructuring, merger and acquisition, project financing, corporate finance, financial advisory and other related services; entrusted underwriting business that is approved by the relevant departments under the State Council securities; deal with intermediary, credit investigation, and consulting business; safe deposit box service; utilize fixed assets by due from banks, loan at call, provide loan, lease and investment method; provide guarantee for others use fixed properties; engaged in the interbank lending; other business that is approved by the laws and regulations or the China banking regulatory commission.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated and the Company's financial statements have been prepared on going concern basis, in accordance with Accounting Standards for Business Enterprises ("ASBE") issued by Ministry of Finance ("MOF") on February 15, 2006, the seven new standards issued by the MOF in 2014, supplementary regulations and the significant accounting policies and accounting estimates as follows.

III.STATEMENT OF COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The consolidated and the Company's financial statement have been proposed in accordance with ASBE and the seven new standards issued by MOF , and present truly and completely, the Company's and consolidated financial position as of December 31, 2014 and the Company's and consolidated results of operation and cash flows for the year ended December 31, 2014.

IV.THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Accounting year

The accounting year of the Company is from 1 January to 31 December of each calendar year.

2. Functional currency

The reporting currency of the Companies is Renminbi ("RMB").

3. Principle of measurement

The Company has adopted the accrual basis of accounting. Other than financial instrument is measured at its fair value, the company uses the historical cost convention as the principle of measurement. Assets measured at its actual costs when acquired, and impairment shall be recognized according to related regulations if it is impaired later on.

4. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Company's short-term(usually due within 3 months from the acquisition date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

5. Translation of transactions and financial statements denominated in foreign currencies

On initial recognition, a foreign currency amount is translated into functional currency by applying the spot exchange rate on the date of the transaction announced by People's Bank of China. Exchange transactions between different currencies are calculated by the exchange rate, and the difference between actual exchange amount and initial book value shall be accounted for as financial cost (profit and loss on exchange).

At the balance sheet date, foreign currency non-monetary items shall be translated by applying the spot exchange rate on acquisition. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date the fair value is determined, the difference between the translated functional currency amount and the original functional currency amount is treated as changes in fair value (changes of exchange rate) and is recognized in profit and loss.

6. Financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settle, between knowledgeable, willing parties in an arm's length transaction. For a financial instrument which has an active market, the Company uses the quoted price in the active market to establish its fair value. For a financial instrument which has no active market, the Company establishes fair value by using a valuation technique. Valuation techniques include using resent arm's length market transaction between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing model.

6.1. Classification, recognition and measurement of financial instruments

On initial recognition, the Company's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivable, and available-for sale financial assets. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis

6.1.1Financail Assets at Fair Value through Profit or Loss ("FVTPL")

Financial assets at FVTPL include financial assets held for trading and those designated as at fair value through profit or loss. A financial asset is classified as held for trading if one of the following conditions is satisfied: (1) It has been acquired principally for the purpose of selling in the near term; or (2) On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and there is objective evidence that the Company has a recent actual pattern of short-term profit-taking; or (3) It is a derivative that is not designated and effective as a hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

A financial asset may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognizing the gains or losses on them on different bases; or (2) The financial asset forms part of a Company of financial assets or a Company of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Companying is reported to key management personnel on that basis.

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognized in profit or loss.

6.1.2 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company's management has the positive intention and ability to hold to maturity.

Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method.

Gain or loss arising from derecognition, impairment or amortization is recognized in profit or loss.

6.1.3. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables by the Company include notes receivable, accounts receivable, interest receivable, dividends receivable, and other receivables.

Loans and receivables are subsequently measured at amortized cost using the effective interest method.

Gain or loss arising from derecognition, impairment or amortization is recognised in profit or loss.

6.1.4. Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated on initial recognition as available for sale [please specify the specific designated item, if any,], and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognized as other comprehensive income and included in the capital reserve, except that impairment losses and exchange differences related to amortized cost of monetary financial assets denominated in foreign currencies are recognized in profit or loss, until the financial assets are derecognized, at which time the gains or losses are released and recognized in profit or loss.

Interests obtained and the dividends declared by the investee during the period in which the available-for-sale financial assets are held, are recognized in investment gains.

6.1.5Buying back the sale of financial assets

Buying back the sale of financial assets refers to the fund that is financing by purchase of financial assets and resale with a fixed amount according to the resale agreement. Buying back the sale of financial assets recognizes the actual payment when the transaction incurred, which reflects in the balance sheet. The financial assets that have been purchased are not recognized in asset.

The bid-ask spread of buying back the sale of financial assets during the transaction period are amortized using effective interest method, and recognize as interest receivable and interest income.

6.2 Impairment of financial assets

At each balance sheet date,the Company assesses the carrying amounts of financial assets other than those at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Company determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is whicharisesfrom one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

Objective evidence that a financial asset is impaired includes the following observable events:

Significant financial difficulty of the issuer or obligor;

A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;

The Company, for economic or legal reasons relating to the borrower’s financial difficulty, granting a concession to the borrower;

It becoming probable that the borrower will face bankruptcy or other financial reorganizations;

The disappearance of an active market for that financial asset because of financial difficulties of the issuer;

Upon an overall assessment of a Company of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the Company of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Company. Such observable data includes:

- Adverse changes in the payment status of borrower in the Company of assets;

- Economic conditions in the country or region of the borrower which may lead to a failure to pay the Company of assets;

-Significant adverse changes in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;

-A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost;

- Other objective evidence indicating there is an impairment of a financial asset.

6.2.1Impairment of held-to-maturity, loans and receivables

If financial assets \at amortized cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognized as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortized cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. However, the reversal is made to the extent that the carrying amount of the financial asset at the date when the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For a financial asset that is individually significant, the Company assesses the asset individually for impairment.

For a financial asset that is not individually significant, the Company assesses the asset individually for impairment or includes the asset in a Company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a Company of financial assets with similar credit risk characteristics and collectively reassesses them for impairment. Assets for which an impairment loss is individually recognized are not included in a collective assessment of impairment.

6.2.2 Impairment of available-for-sale financial assets

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value previously recognized directly in capital reserve is reclassified from the capital reserve to profit or loss. The amount of the cumulative loss that is reclassified from capital reserve to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

If, subsequent to the recognition of an impairment loss on available-for-sale financial assets, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognized as other comprehensive income and included in the capital reserve, while the amount of reversal of impairment loss on available-for-sale debt instruments is recognized in profit or loss.

6.3 Derecognize financial assets

The Company derecognizes a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expired; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership for the financial assets is transferred to the transferee: or (3) although the financial asset has been transferred, the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

7. Long-term equity investments

7.1 Determination of investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree at the date of combination. For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition. For a long-term equity investment acquired through business combination not involving enterprises under common control and achieved in stages, the investment cost of the long-term equity investment is the aggregate of the carrying amount of the equity interest held in the acquiree prior to the acquisition date and the cost of the additional investment at the acquisition date. The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost.

7.2 Subsequent measurement and recognition of profit or loss

For long-term equity investments over which the Company does not have joint control or significant influence and without quoted prices in an active market and that fair values cannot be reliably measured, the Company accounts for such long-term equity investments using the cost method. Besides, long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Company. Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits already declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

The Company accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Company has significant influence and a joint venture is an entity over which the Company exercises joint control along with other investors. Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Company's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Company's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Company recognizes its share of the net profit or loss of the investee for the period as investment income or loss for the period. The Company recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets, etc at the acquisition date after making appropriate adjustments to conform with the Company's accounting policies and accounting period.

Unrealized profits or losses resulting from the Company's transactions with its associates and joint ventures are recognized as investment income or loss to the extent that those attributed to the Company's equity interest are eliminated. However, unrealized losses resulting from the Company's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated. Changes in owners' equity of the investee other than net profit or loss are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognised as other comprehensive income which is included in the capital reserve.

The Company discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Company has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Company resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

7.3 Basis for determining joint control and significant influence over investee

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

7.4 Disposal of long-term equity investments

On disposal of a long term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognized in profit or loss for the period. For a long-term equity investment accounted for using the equity method, the amount included in the owners’ equity attributable to the percentage interest disposed is transferred to profit or loss for the period.

7.5 Methods of impairment assessment and determining the provision for impairment loss

The Company reviews the long-term equity investments at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. If such recoverable amount is less than its carrying amount, a provision

for impairment losses in respect of the deficit is recognized in profit or loss for the period.
Once an impairment loss is recognized for a long-term equity investment, it will not be reversed in any subsequent period.

8. Fixed assets and construction in progress

8.1 Recognition criteria for fixed assets and deprecation

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year.
Fixed assets are initially measured at cost and recognized the depreciation from the next month since acquired.

The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Estimated useful life (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
Buildings	20.00	3.00	4.85
Transportation vehicles	5.00	3.00	19.4
Electronic equipments	3.00-5.00	3.00	19.4-32.3
Computer	3.00-5.00	3.00	19.4-32.3
Other	3.00-5.00	3.00	19.4-32.3

Estimated net residual value of a fixed asset is the estimated amount that the Company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Company and the subsequent expenditures can be measured reliably, meanwhile the carrying amount of the replaced part is derecognised. Other subsequent expenditures recognized in the profit and loss of the current period. The decoration expenses of the fix assets can be capitalized once it fulfilled the standards of capitalization.
The Company adopts a depreciation policy for a fixed asset held under a finance lease which is consistent with that for its owned fixed asset. If there is reasonable certainty that the Company will obtain ownership of the leased asset at the end of the lease term, the leased asset is depreciated over its useful life. If there is no reasonable certainty that the Company will obtain ownership of the leased asset at the end of the lease term, the leased asset is depreciated over the shorter of the lease term and its useful life.

The Company reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

8.2 Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

9. Intangible assets

An intangible asset is intangible but identifiable non-monetary asset that is controlled or owned by the Company. An intangible asset is measured initially at cost. When the intangible asset purchased, the actual payment and the connecting expense will be used to recognize the cost.

When an intangible asset with a finite useful life is available for use, its original cost is amortized over its estimated useful life using the straight-line method. The company reexamined the useful life and amortization method of the intangible assets regularly, and account for any change as a change in an accounting estimate.

The Company assesses at each balance sheet date whether there is any indication that the intangible assets with a finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets, the difference between the carrying amount and recoverable amount should withdraw as provision. An intangible asset with an indefinite useful life or unavailable for used, no matter whether or not there is any indication that such assets may be impaired, the Companyneeds to conduct the impairment test on the assets annually.

10. Investment properties

Investment property is property held to earn rentals or for capital appreciation or both.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Company and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

The Company uses the cost model for subsequent measurement of investment property, and adopts a depreciation or amortization policy like the fixed assets and intangible assets for the investment property which is consistent with that for buildings or land use rights.

The carrying amount of the owner-occupied housing or inventory convert to investment properties, vice versa, it will become the carrying amount after the conversion

When an investment property is sold, transferred, retired or damaged, the Company recognizes the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

11. Impairment loss of non-financial assets

The Company assesses at each balance sheet date whether there is any indication that the long-term equity investment, fixed asset, construction in progress and the intangible assets with definite useful life may be impaired.

If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset Company to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset Company is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognized in profit or loss for the period.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. An asset's fair value is the price in a sale agreement in an arm's length transaction. If there is no sale agreement but an asset is traded in an active market, fair value is the current bid price. If there is no sale agreement or active market for an asset, fair value is assessed based on the best information available. Costs of disposal include legal costs related to the disposal of the asset, related taxes, costs of removing the asset and direct costs to bring the asset into condition for its sale. The present value of expected future cash flows of an asset shall be determined by estimating the future cash flows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to those future cash flows.

Once the impairment loss of such assets is recognized, it is not be reversed in any subsequent period.

12. Financial liability

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. The Company’s financial liabilities are all classified as other financial liabilities.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with gains or losses arising from derecognition or amortization recognized in profit or loss.

The Company derecognizes a financial liability when the contract’s underlying present obligation is discharged, cancelation and expiration of the contract.

13. Employee benefit payable

The company's employee benefits mainly includesshort-term remuneration, Post-employment benefits, termination benefits and other long-term employee benefits. Welfare that the company provided to the employee’s spouse, children, dependents, survivors and other beneficiaries are also included in employee benefits.

13.1 Short-term remuneration

In an accounting period in which an employee has rendered service to the Company, the Company recognizes the employee benefits for that service as a liability and recognize it in the gain or loss accounts in the current period.

13.2 Termination benefits

Termination benefits are employee benefits payable as the result either the Company's decision to terminate an employee's employment before the expiry of the contract; or an employee's decision to accept voluntary redundancy in exchange for those benefits. A termination benefit liability is recognized at the date that is the earliest of the following dates, when the Company can no longer withdraw the offer of the benefits generated by terminating labor contracts or voluntary redundancy. Or the Company recognizes costs for a restructuring which involves the payment of termination benefits.

13.3 Post-employment benefits

In accordance with the rules and regulations, the Company participated in the employee social security system that is established by the government. The system includes: medical insurance, endowment insurance, housing accumulation fund and other related items shall be recorded as profit or loss for the current period.

13.4. Setting benefit pension plan

(1)Early retirement benefit

The company provides early retirement benefits to the employees who accepted the early retirement arrangement. The early retirement benefit refers to the salary and social security fees paid for the employees under the national retirement age and voluntarily quit their job with the approval of the company. The Company pays the early retirement benefits to the early retirement employees since the date of early retirement to the date they reach the age of national retirement age. The Company manages the early retirement benefits according to the demission welfare, when it is adjusted to the recognitions of demission welfare, the early retirement benefit planed to pay between the dates the employee stops to work to the date of his/her normal retirement will be treated as debts and accounted into current profit or loss. The actuarial model assumes that the changes and the diversities caused by the adjustment of the standards of the welfare are treated as current profit or loss.

(2)Other supplement retirement benefit

The Company also provides supplement retirement benefit to all who meet certain conditions, these supplement benefit belong to the setting benefit pension plan, the setting benefit liabilities recognized on the balance sheet are the present value of setting benefit duty minus the fair value of scheme assets. The setting benefit duty is calculated by independent actuary with the expected cumulative welfare unit method, using a Treasury bond rate that is similar to the period and currency of the duty. The service fee and net interest related with the supplement retirement benefit includesthe current service cost, past service cost and clearing gains and losses are treated as current profit and loss or relevant asset cost, the variation caused by the remeasurement of the net indebtedness or net asset of the setting benefit plan is treated as the other comprehensive income.

14. Contingency

The obligation pertinent to a contingencies shall be recognized as an estimated debts when the following conditions are satisfied simultaneously:(1) that obligation is a current obligation of the enterprise, (2) It is likely to cause any economic benefit to flow out of the enterprise as a result of performance of the obligation, and (3) the amount of the obligation can be measured in a reliable way.

To determine the best estimate, an enterprise shall take into full consideration of the risks, uncertainty, time value of money, and other factors pertinent to the Contingencies.

When all or some of the expenses necessary for the liquidation of an estimated debts of an enterprise is expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the reimbursement will be obtained. The amount recognized for the reimbursement should not exceed the book value of the estimated debts.

15. Income

15.1 Net interest income

The amount of interest income measured and recognized in accordance with the length of time for which the Company's cash is used by others and the effective interest rate.

15.2 Net commission income

The major net commission income includes: the trust commission charge and consulting fee. The trust commission charge is recognized and measured in accordance with the period and method of charging as stipulated in the relevant contract or agreement as the payment to the trustee; the consulting fee is recognized when the services are completed.

16. Income tax

At the balance sheet date, current income tax is measured according to the requirements of tax laws.

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method. Deferred tax is generally recognized for all temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be against which the deductible temporary differences can be utilized. For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

17. Entrusted business

The main entrusted business of the Company is trust property management.

The trust property management is the Company trustee mange the settlers' trust properties according with the trust agreement. In comply with "The People's Republic of China Trust Law" and "The Accounting Method of the Trust Business", the Company manage the inherent property and trust property separately and use different accounting method. The trust project the trustee manage, utilize and dispose the trust property alone or collective according to the agreement seen as a basic unit, each project is an independent accounting body, and independently accounting the mange, utilize and dispose the trust properties and prepared in the financial statement. The asset, liability and profit and loss do not include into the Company's financial statement.

18. Operating leases and finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

18.1 The Company as lessee under operating leases

Operating lease payments are recognized on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

18.2 The Company as lessor under operating leases

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with more than an insignificant amount are capitalized when incurred, and are recognized in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they actually arise.

19. The significant accounting judgment, estimation and assumption made in applying accounting policies

As the Company applies the accounting policies that are listed in Note four, uncertainty exists within the operation, the Company cannot make exact judgment, estimation and assumption on the carrying amount of each item that is included in the financial statements. The judgment, estimation and assumption are made based on the Company's management team experiences with other related considerations, the actual outcome may be different from what the Company has estimated.

The prospective application method shall be adopted by the Company for treating the changes in accounting estimates. If a change in accounting estimate affects only the current period of the change, the effect of the change shall be recognized in the period of the change. If any change in an accounting estimate affects both the period of the current change and future periods, the effects of the change shall be recognized in the period of the change and in future periods.

For a financial instrument which has an active market, the Company uses the quoted price in the active market to establish its fair value. For a financial instrument which has no active market, the Company establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

V.TAXES

1.1 Taxs and tax rates except for corporate income tax

Category of tax	Tax rate
Business tax	5%
City maintenance and construction tax	7%
Education fee affixture	3%
Local education surcharge	2%
Water conservancy build fund	0.1%

1.2. Corporate income tax rate
Calculated and paid 25% according to the taxable income.

VI. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES ANDACCOUNTING ESTIMATES

1. Changes in accounting policy

The company invested RMB 28,673,400.00 with a shareholding proportion of 2.01%to Jianghai Securities Co., LTD., and RMB 980,000.00 with a shareholding proportion of 0.35% to Wuxi Countries Culture Investment Enterprise (limited partnership). Both of these two investments are equity investments, and the company does not have control, common control or significant influence on invested company. In addition, therewasno offered price for the investments in the active market; and the fair value of these two investments cannot be reliably measured.

The company started to implement the seven new standards, such as "The Long-term Equity Investment", issued by the Ministry of Finance, since July 1, 2014. According to the alterations of accounting policy, the company made the retroactive adjustment for the Jianghai Securities Co., LTD., and Wuxi Countries Culture Investment Enterprise (limited partnership) in thereporting period. The company transferred RMB 29,653,400.00 to Available-for-sale Financial Assets account, which increased the Available-for-sale Financial Assets account RMB 29,653,400.00 and decreased the Long-term Equity Investment account RMB 29,653,400.00. According to the amended "Employment Benefit" standard, the report has adjusted the opening balance of Employment Benefit Payable that is more than a year to Long-term Employment Benefit Payable, which decreased the opening balance of Employment Benefit Payable by RMB

585,675,181.32, and increased the opening balance of Long-term Employment Benefit Payable by RMB 585,675,181.32.

2. Changes in accounting estimates

3. In the current period, the Company does not make changes in accounting estimates that needs to be disclosed. **The significant corrections of prior period accounting errors**

In the current period, the Company does not have significant corrections of prior period accounting errors that needs to be disclosed.

VII. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

1. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

1.1 Business combinations involving enterprises under common control

Assets and liabilities obtained shall be measured at therespective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the share premium in capital reserves. If the difference cannot be fully accounted into share premium, any excess shall be adjusted against retained earnings.

1.2 Business combinations not involving enterprises under common control

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, whichmeets the recognition criteria shall be measured at fair value at the acquisition date. When the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognized as goodwill, which is measured at cost on initial recognition. When the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination.Supposingafter the reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer shall recognisethe remaining difference immediately in profit or loss for the current period.

2. Impairment and goodwill

For the purpose of impairment testing, goodwill is considered together with the related assets group(s), i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognized if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the group.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. An asset's fair value is the price in a sale agreement in an arm's length transaction. If there is no sale agreement but an asset is traded in an active market, fair value is the current bid price. If there is no sale agreement or active market for an asset, fair value is assessed based on the best information available. Costs of disposal include legal costs related to the disposal of the asset, related taxes, costs of removing the asset and direct costs to bring the asset into condition for its sale. The present value of expected future cash flows of an asset shall be determined by estimating the future cash flows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to those future cash flows.

The impairment of goodwill is recognized in profit or loss for the period in which it is incurred and will not be reversed in any subsequent period

3. Preparation of consolidated financial statements

The parent company included all the subsidiaries under its control in the consolidated financial statement. The consolidated financial statement is prepared according to "Chapter 33 Consolidation of Financial Statement of ASBE" by the Parent company. The basis of preparing consolidated financial statements is the financial statements of the parent company and subsidiaries, with the adjustment of Long-term Equity and other supplement information.

4. Information of subsidiaries

4.1 Subsidiaries

Full name of the subsidiary	Level	Type	Place of registration	Place of incorporation	Nature of business	Registered capital	Proportion of ownership interest	Proportion of voting power
Beijing Zhongrong Dingxin Investment Management Co., Ltd	2	1	Beijing	Beijing	Equity investment and asset management	1,000,000,000.00	100.00	100.00
Shanghai Longshan Investment Management Co., Ltd.	3	1	Shanghai	Shanghai	Equity investment and asset managem	20,000,000.00	100.00	100.00
Zhongrong International Holdings Limited	4	3	British Virgin Island	British Virgin Island	Asset management	158,344,69.52	100.00	100.00

Full name of the subsidiary	Level	Type	Place of registration	Place of incorporation	Nature of business	Registered capital	Proportion of ownership interest	Proportion of voting power
Zhongrong International Capital Management Limited	5	3	HongKong	HongKong	Asset management	15,212,864.95	100.00	100.00
Shanghai Ruiyang Investment Management Co., Ltd	6	1	Shanghai	Shanghai	Equity investment and asset management		100.00	100.00
Shenzhen Zhongrong Baosheng Asset Management Co., Ltd	3	1	Shenzhen	Shenzhen	Equity investment and asset managem	10,000,000.00	100.00	100.00
ZRiver Capital Investment Management Limited	3	1	Shanghai	Shanghai	Equity investment and asset management	20,000,000.00	100.00	100.00
Beijing ZhongrongHuizhi Human Resources Co., Ltd	3	1	Beijing	Beijing	Human resources management	10,000,000.00	100.00	100.00
Zhongrong Fund Management Co., Ltd	2	2	Beijing	Beijing	Fund management	300,000,000.00	51.00	51.00
Zhongrong (Beijing) Asset Management Co., Ltd	3	2	Beijing	Beijing	Asset management	50,000,000.00	100.00	100.00

Note1 : Type of the subsidiaries: 1.Domestic non-financial subsidiaries, 2. Domestic financial subsidiaries, 3.Overseas subsidiaries, 4.Pubilic institute, 5.Infranstructure institute.

4.2. Major financial information

Item	Opening balance	Closing balance
	Zhongrong Fund Management Co., Ltd	Zhongrong Fund Management Co., Ltd
Current asset	225,959,171.39	238,946,101.82
Non-current asset	50,626,897.75	13,298,855.17
Total asset	276,586,069.14	252,244,956.99
Current liability	34,472,074.51	16,956,530.57
Non-current liability	300,517.50	
Total liability	34,772,592.01	16,956,530.57
Operating income	91,220,394.46	2,584,318.10
Net profit	5,623,498.21	-64,711,573.58
Total comprehensive income	6,525,050.71	-64,711,573.58
Net cash flow from operating activities	14,866,081.77	-48,448,652.28

5. New entities that have been consolidated in the current period

Name	Net assets at the end of the period	Net profit for the current period
Shanghai Longshan Investment Management Co., Ltd	19,959,597.19	-40,402.81
Zhongrong International Holdings Limited	15,824,311.11	-454.23
Zhongrong International Capital Management Limited	14,921,085.29	-196,309.07
Shanghai Ruiyang Investment Management Co., Ltd	-110,851.24	-110,851.24
Shenzhen Zhongrong Baosheng Asset Management Co., Ltd	-26.89	-26.89
ZRiver Capital Investment Management Limited	16,744,881.50	-3,255,118.50
Beijing ZhongrongHuizhi Human Resources Co., Ltd	9,980,079.00	-19,921.00

VIII.NOTESTO IMPORTANT ITEMSIN CONSOLIDATED FINANCIAL STATEMENTS

"The opening balance" refers to the balance on 1 January 2014 and "the closing balance" refers to the balance on 31 December2014. "The prior period" is the year of 2013 and "the current period" is the year of 2014.

1. Cash and bank balances

Item	Closing balance	Opening balance
	Amount in RMB	Amount inRMB
Cash	60,690.88	54,184.45
Bank balances	4,014,682,369.92	8,426,812,812.89
Incl. RMB	3,971,428,839.60	8,285,122,239.08
USD	23,302,995.41	12,088,205.41
HKD	19,950,534.91	129,602,368.40
Other currency funds	96,880,570.95	4,661,474.40
Total	4,111,623,631.75	8,431,528,471.74

2. Financial assets measured by fair value through profit or loss

Items	Closing fair value	Opening fair value
Financial assets held for trading	6,039,319,045.43	239,097,846.44
Including: Investments in debt instruments		
Investments in equity instruments	586,934,441.22	239,097,846.44
Financial derivative assets		
Others	5,452,384,604.21	
Financial assets appointed to be measured by fair value through profit or loss		
Including: Investments in debt instruments		
Investments in equity instruments		
Others		
Total	6,039,319,045.43	239,097,846.44

Note1: At the end of 2014, the financial assets held for trading that the Company held aremoney funds purchased by the Company.

3. Accounts receivable

Items	Closing balance	Opening balance
Management Fee	10,986,783.16	436,252.30
Total	10,986,783.16	436,252.30

4. Prepayment

Items	Closing balance	Opening balance
Prepayment	399,000.00	
Total	399,000.00	

5. Interest Receivable

Items	Closing balance	Opening balance
Fixed Deposit Interest Receivable	67,466.67	64,114.99
Total	67,466.67	64,114.99

6. Available-for-sale financial assets

6.1 Details of long-term equity investments

Items	Closing carrying amount	Opening carrying amount
Trust financial products	195,754,534.47	45,892,402.91
Fund investment	41,202,070.00	
Securities investment	338,310,670.50	330,896,590.50
Other equity investments	29,653,400.00	29,653,400.00
Total	604,920,674.97	406,442,393.41

6.2Available-for-sale at end of the period

Categories of available-for-sale financial asset	Available-for-sale equity instrument	Available-for-sale debt instrument	Total
Cost of equity instruments/ amortized cost of debt instruments	745,355,871.04		745,355,871.04
Fair value	604,920,674.97		604,920,674.97
Accumulated amount of changes in fair value included in other comprehensive income	-140,435,196.07		-140,435,196.07
Provision for impairment loss			

Note1: The trust financial products are "Zhongrong-Huashenghengli NO.1 congrong investment securities assemble funds trust", "Zhongrong-China Railway Construction Investment single fund trust", "Industrial Trust- Xingyun wealth assembled funds trust plan" and "Zhongrong-Rongshuo No.6 Assembled Trust Plan":

① "Zhongrong-Huashenghengli NO.1 congrong investment securities assemble funds trust" was issued in August 2009. The Company acts as a secondary client buyingthe RMB 8.99 million trust product that is established and managed by the Company. The beneficiaries meeting held in 2012 has rescheduled the maturity date from August 2011 to August 2013. On the August 23, 2013, the trust benefit of the priority beneficiaries had been fully allocated（The Company confirmed the real gain or loss in 2013 and reconfirmed the cost of investments）, and the supplementary contracts for secondary beneficiaries had been signed. The product extended its maturity date to August 25, 2015 (with a change of the structure of the original trust plan and a change of fund raising scale to RMB 300.50 million), and the cost of investments was RMB43,852,471.04 and the closing fair value was RMB43,754,534.47. The trust fundsare primarily invested in products with fix incomes under the current trust plan.

② “China Railway Construction Investment single fund trust plan” was issued on October 23, 2013. The company subscribed RMB 2 million of this trust product in October, 2013. The funds of this trust product are used for establishingChina Railway Jianrong (Beijing) Investment Management Co., Ltd. by the trustee and China Railway Construction Engineering Group Co., Ltd. Both of them hold 50% shares of single money trust and self-benefit trust of the new company with one year duration. When the trust terminates, the property of the trust belongs to Beijing ZhongrongDingxin Investment Management Co.,Ltd. The property of the trust in the form of monetary fund will be distributed to the distribution account of beneficiaries directly within two days after the termination of the trust. The property of the trust in the form of non-monetary fund, including equity, creditor's rights and guarantee’s rights will be transferred to beneficiaries within ten days after the termination of the trust. After the property of the trust is transferred to the beneficiaries, the Company will go through the procedure of the equity change with China Railway Jianrong (Beijing) Investment Management Co., Ltd.During current period, these trust projects are postoponedto October 23, 2016, because China Railway Jianrong (Beijing) Investment Management Co., Ltd has not been run officially.

③“Industrial Trust-Xingyun wealth assembled funds trust plan” was issued by China Industrial International TrustCo., Ltd. on December 10, 2014. The fund of this trust product isprimarily invested in the secondary securities market. The Company subscribed RMB 50 million as minor investment.

④“Zhongrong-Rongshuo No.6 Assembled Trust Plan”was issued in December, 2014. The fund of this trust product is used for purchasing the LP shares of fund of Motage Technology Ltd. which was listed on NASDAQ and held by China Electronics Corporation. The Company invested RMB 100 million to this trust product with fixed funds on December 30, 2014.

Note 2: Fund Investment

① The " Zhongrong-Selected No1”is established on December 1, 2014 with a assetmanagement plan for one year duration by Zhongrong Fund Management Co., Ltd. The company spent RMB20 million buying20 million shares of both prior fund and progressive fund.The investment orientations are good liquidfinancial instruments including all kinds of legally listed bond, securities investment funds, central band bill, short-term financing bond, assets backed security, stock index futures with the goal of hedging, and new shares in primary market.

Note 3: Investment Securities

① In August 2010, the Company purchased 15 million non-public shares of Anhui LiuguoChemical Co.,Ltd.(“Liuguo chemical”). According to the announcement made in 2010, the profit distribution and capital reserves of Liuguo chemical transferred into equity cause an increase of 6 shares by every 10shares, result in the 9 million increase of capital stock of Liuguo Chemical heldby the Company. By the end of 2011, the Company holds 2.4 million shares of Liuguo chemical. The closing price of the secondary market was RMB6.63 per share on December 31, 2014.

② In November 2010, theCompany purchased9 million non-public shares of Anhui Hengyuan Coal Industry and Electricity Power Co.,Ltd. (“Hengyang Coal and Electricity ”). According to the announcement made in 2010, the capital reserves of Hengyang Coal and Electricity transferred into equity cause an increase of 12.8065 shares by every 10 shares, result in the 11,525,850.00 increase of capital stock of Hengyang Coal and Electricity held by the Company. By the end of 2011,the Company holds 20,525,850.00 shares of Hengyang Coal and Electricity. The closing price of the secondary market was RMB 8.73 per share on December 31, 2014.

③ In January 2012, the Company purchased the RMB 27,804,060.00subordinated debt issued by Mianyang City Commercial Bank in 2009, with the duration of 5 + 5 years, coupon rate of 6.1%, and the par value is RMB 30 million. The company received the principal and the interest of the investment RMB 31,830,000.00, and confirmed the return of the investment RMB 4,025,940.00 from subordinated debt issued by Mianyang City Commercial Bank in 2009 on December 30, 2014.

Note 4: In June 2002, the Company invested RMB 28,673,400.00 inJianghai Securities Co., Ltd, by the end of December 31, 2014 the Company obtained 2.1% share. In November 2012, the Company invested RMB 980,000.00 in Wuxi Countries Culture Investment Enterprise (limited partnership) by the end of December 31, 2014 the Company obtained 0.35% share. Both company are not listed, with no price reference atthe active market. Due to the change in accounting policy, the Company adjusted the investment of both companies to Available-to-sale of Financial Asset from Long-term Equity Investment with retroactive treatment.

7. Long-term equity investments

7.1 Disclosure by categories

Item	Closing balance	Opening balance
Investment in subsidiary		
Investment in joint ventures		
Investment in associated enterprises	53,160,938.66	45,454,624.37
Investment in other enterprises		
Subtotal	53,160,938.66	45,454,624.37
Minus: Depreciation reserves		
Total	53,160,938.66	45,454,624.37

7.2 Details of long-term equity investments

No.	Investee	Accounting method	Opening balance	Changes	Closing balance	Proportion of ownership interest in the investee
1	Shenzhen Huarong Equity Investment Fund Management Co., Ltd	Equity method	10,954,091.15	-5,351,085.81	5,603,005.34	49.00%
2	Xinhu Wealth Investment Management Co., Ltd	Equity method	27,581,439.09	12,452,252.20	40,033,691.29	23.08%
3	RuiyuanBaoxing Fund Management Co., Ltd.	Equity method	1,959,446.29	-1,043.96	1,958,402.33	49.00%
4	ZhongrongKangjian Capital Management (Beijing) Co., Ltd.	Equity method	959,647.84	-959,647.84		49.00%
5	Shanghai Rongou Private Equity Fund Mnagement Co., Ltd	Equity method	4,000,000.00	585,839.7	4,585,839.70	40.00%
6	Lhasa Rongzheng Investment Management Co., Ltd	Equity method		980,000.00	980,000.00	49.00%
7	DaziZhongrongTaishan Preferred Fund (Limited Partnership)	Equity method				20.24%
8	DaziZhongrong Healthy Venture Capital Investment Center ((Limited Partnership)	Equity method				73.00%
	Total	--	45,454,624.37	7,706,314.29	53,160,938.66	

7.3 Main financial information of significantassociated enterprises

Items	December 31, 2014 or 2014			
	Shenzhen Huasheng Integrating Equity Investment Fund Management Co., Ltd	Xinhu Wealth Investment Management Co., Ltd	Shenzhen RuiyuanBaoxing Fund Management Co., Ltd	Shanghai Rongou Equity Investment Fund Management Co., Ltd
Current assets	1,477,955.53	319,972,684.81	461,739.45	9,484,284.11

Items	December 31, 2014 or 2014			
	Shenzhen Huasheng Integrating Equity Investment Fund Management Co., Ltd	Xinhu Wealth Investment Management Co., Ltd	Shenzhen RuiyuanBaoxing Fund Management Co., Ltd	Shanghai Rongou Equity Investment Fund Management Co., Ltd
Non-current assets	9,965,000.00	8,104,544.62	4,000,000.00	2,000,000.00
Total Assets	11,442,955.53	328,077,229.43	4,461,739.45	11,484,284.11
Current liabilities	8,250.76	154,621,028.02	465,000.00	19,684.86
Non-current liabilities				
Total liabilities	8,250.76	154,621,028.02	465,000.00	19,684.86
Net asset	11,434,704.77	173,456,201.41	3,996,739.45	11,464,599.25
Net assets calculated by the shareholding proportion	5,603,005.34	40,033,691.29	1,958,402.33	4,585,839.70
Adjusting Events				
The book value of the equity investment to associated enterprises	5,603,005.34	40,033,691.29	1,958,402.33	4,585,839.70
the fair value of the equity investment with public offer price				
Operating income		1,043,562,589.17		1,650,022.81
Net profit	79,416.71	100,265,603.27	-2,120.52	1,482,955.83
Other comprehensive income				
The total amount of comprehensive income				
Dividends received from the associated enterprises				
Net profit from termination of business				

Items	December 31, 2013or 2013			
	Shenzhen Huasheng Integrating Equity Investment Fund Management Co., LTD	Xinhu Wealth Investment Management Co., LTD	Shenzhen RuiyuanBaoxing Fund Management Co., LTD	Shanghai Rongou Equity Investment Fund Management Co., LTD
Current assets	16,240,749.18	174,248,428.92	3,859.97	10,000,000.00
Non-current assets	9,965,000.00	10,944,456.98	4,000,000.00	
Total assets	26,205,749.18	185,192,885.90	4,003,859.97	10,000,000.00

Items	December 31, 2013or 2013			
	Shenzhen Huasheng Integrating Equity Investment Fund Management Co., LTD	Xinhu Wealth Investment Management Co., LTD	Shenzhen RuiyuanBaoxing Fund Management Co., LTD	Shanghai Rongou Equity Investment Fund Management Co., LTD
Current liabilities	3,850,460.95	66,141,281.73	5,000.00	
Non-current liabilities				
Total liabilities	3,850,460.95	66,141,281.73	5,000.00	
Net asset	22,355,288.23	119,051,604.17	3,998,859.97	10,000,000.00
Net assets calculated by the shareholding proportion	10,954,091.23	27,477,110.24	1,959,441.39	4,000,000.00
Adjusting Events				
The book value of the equity investment to associated enterprises	10,954,091.15	27,581,439.09	1,959,446.29	4,000,000.00
the fair value of the equity investment with public offer price				
Operating income	13,180,978.20	656,226,616.34		
Net profit	9,342,197.54	61,387,926.08	-1,140.03	
Other comprehensive income				
The total amount of comprehensive income				
Dividends received from the associated enterprises				
Net profit from termination of business				

7.4 The summary information of insignificant associated enterprises

Items	December 31, 2014	December 31, 2013
Associated enterprises		
Carry Amount of total investment	980,000.00	959,647.84
The following items according to the shareholding proportions of the total		
Net profit		
Other comprehensive income		
The total amount of comprehensive income		
Termination of business net profit		

8. Fixed assets

8.1 Disclosure by categories

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Total original balance	71,750,575.40	8,656,644.28	1,979,396.70	78,427,822.98
Including: Transportation vehicles	16,611,263.00	-	854,167.00	15,757,096.00
Computers	34,703,819.18	6,335,619.40	1,005,229.70	40,034,208.88
Electronic equipments	6,516,091.60	678,536.00	-	7,194,627.60
Others	13,919,401.62	1,642,488.88	120,000.00	15,441,890.50
II. Total accumulated depreciation	37,849,713.46	14,230,653.83	1,748,835.76	50,331,531.53
Including: Transportation vehicles	8,720,245.76	3,001,011.61	657,362.94	11,063,894.43
Computers	21,029,511.23	7,473,738.93	975,072.82	27,528,177.34
Electronic equipments	1,526,066.67	1,298,143.46	-	2,824,210.13
Others	6,573,889.80	2,457,759.83	116,400.00	8,915,249.63
III. Total provision for impairment losses				
Including: Transportation vehicles				
Computers				
Electronic equipments				
Others				
IV. Total balance of fixed assets	33,900,861.94			28,096,291.45
Including: Transportation vehicles	7,891,017.24			4,693,201.57
Computers	13,674,307.95			12,506,031.54
Electronic equipments	4,990,024.93			4,370,417.47
Others	7,345,511.82			6,526,640.87

9. Intangible assets

9.1 Disclosure by categories

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Total original balance	32,905,027.00	6,659,069.00	598,986.00	38,965,110.00
II. Total accumulated amortization	7,530,455.45	4,911,097.48	598,986.00	11,842,566.93
III. Total provision for impairment				
IV.Book value of Intangible assets	25,374,571.55			27,122,543.07

Note 1: The intangible assets of the Company include management system software and the right to use a trademark. There is no impairment or restrictions on the use right.

10. Deferred tax assets/deferred tax liabilities

10.1 Recognized deferred tax assets and deferred tax liabilities

Item	Closing balance		Opening balance	
	Deferred tax assets or liabilities after offset	Deductible or taxable temporary differences after offset	Deferred tax assets or liabilities after offset	Deductible or taxable temporary differences after offset
Deferred tax assets:				
Provision impairment losses of long-term equity investment				
Accounted but not paid payroll	474,992,210.74	1,899,968,842.95	377,350,555.19	1,509,402,220.75
Fair value changes of Held-for-trading financial assets	-4,201,498.21	-16,805,992.83	25,480,285.96	101,921,143.82
Fair value changes of Available-for-sale financial assets	35,108,799.02	140,435,196.07	44,179,384.41	176,717,537.63
subtotal	505,899,511.55	2,023,598,046.19	447,010,225.56	1,788,040,902.20
Deferred tax liabilities:				
Fair value changes of Held-for-trading financial assets				
Fair value changes of Held-for-trading financial assets				
subtotal				
total	505,899,511.55	2,023,598,046.19	447,010,225.56	1,788,040,902.20

Note 1: Thedeferred tax assets and deferred tax liabilities of the company are net values after offset.

11. Other assets

Item	Closing balance	Opening balance
Other accounts receivable	55,440,288.91	37,473,699.52
Long-term unamortized expenses	13,275,953.41	20,723,430.44
Other non-current assets	750,000,000.00	
Total	818,716,242.32	58,197,129.96

Note 1: Other accounts receivable assessed by the aging analysis

Aging	Closing balance Carrying amount Amount	Closing balance Carrying amount Proportion	Opening balance Carrying amount Amount	Opening balance Carrying amount Proportion
Within 1 year (inclusive)	55,440,288.91	99.16%	37,473,699.52	98.78%
More than 1 year but not exceeding 2 years				
More than 2 years but not exceeding 3years				
More than 3 years	468,542.06	0.84%	468,542.06	1.22%
Total of other accountsreceivable	55,908,830.97	100.00%	37,942,241.58	100.00%
Minus:Provision of bad debt	468,542.06		468,542.06	
Book value of other accounts receivable	55,440,288.91		37,473,699.52	

Other accounts receivable of the Company mainly are advance money for loan of trust programs, reserve fund and rent deposit borrowed by the employee, and no provision of bad debt.

Note 2:Long-term unamortized expenses

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Long-term unamortized expenses	20,723,430.44	12,536,998.40	19,984,475.43	13,275,953.41
Total	20,723,430.44	12,536,998.40	19,984,475.43	13,275,953.41

Note 3:Other non-current assets

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Other non-current assets		750,000,000.00		750,000,000.00
Total		750,000,000.00		750,000,000.00

Other non-current assetis thecompany's investment fund for the stock right of China Trust Industry Assurance Fund Co.,Ltd in the current period. The new company was established in January 16, 2015 with registered capital RMB 11.5 billion. Up to December 31, 2014, the contributed capital RMB 5.75 billion has been paid by shareholders on December 15, 2014. The deadline for shareholders to pay the contributed capital is July 15, 2015. The investment fund is other non-current assets as above, because China Trust Industry Assurance Fund Co., Ltd has not been established officially up to December 31, 2014.

12. Details of provision for impairment losses of assets

Items	Opening carrying amount	Increase in the current period	Decrease in the current period		Closing carrying amount
			Reversals	Write-off	
1.Bad debts provision	468,542.06				468,542.06
2.Provision for impairment losses of long-term equity investments					
Total	468,542.06				468,542.06

13. Accounts payable

Items	Closing balance	Opening balance
Accounts payable	4,697,730.94	316,466.21
Total	4,697,730.94	316,466.21

Note1： Accounts payable included investment advisory fees and customer maintenance fees paid for the subsidiary company (SSGA Fund).

14. Receipts in advance

Items	Closing balance	Opening balance
Receipts in advance	20,330,945.75	23,921,136.53
Total	20,330,945.75	23,921,136.53

Note1: Receipts in advance included the commission fees income of the trust projects.

15. Employee benefits payable

(1)Disclosure by categories

Item	Opening balance	Increase in the period	Decreasing the period	Closing balance
Short-term employee benefits	940,973,153.05	628,665,900.87	508,625,492.61	1,061,013,561.31
Liabilities of termination benefit provision	601,517.87	45,970,317.10	46,235,633.08	336,201.89
Parts of dismiss welfare whichwill be				

Item	Opening balance	Increase in the period	Decreasing the period	Closing balance
settled within 12 months after balance sheet date				
Liabilities of other long-term employee welfareprovision				
Total	941,574,670.92	674,636,217.97	554,861,125.69	1,061,349,763.20

(2) Short-term employee benefits

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	936,206,695.43	546,328,183.29	426,354,361.26	1,056,180,517.46
II. Staff welfare		2,793,145.14	2,793,145.14	
III. Social insurance	203,003.97	24,061,757.23	24,087,030.08	177,731.12
Including: Medical Insurance	156,608.03	21,508,818.36	21,508,187.34	157,239.05
Work Injury Insurance	33,612.56	822,873.25	848,532.26	7,953.55
Maternity Insurance	12,783.38	1,730,065.62	1,730,310.48	12,538.52
IV. Housing AccumulationFunds	300,186.74	25,918,120.94	26,176,289.80	42,017.88
V. The union funds and employee education funds	4,263,266.91	27,916,507.24	27,566,479.30	4,613,294.85
VI. Short-term compensated absences				
VII. Short-term profit-sharing plan				
VIII. Others		1,648,187.03	1,648,187.03	
Total	940,973,153.05	628,665,900.87	508,625,492.61	1,061,013,561.31

Note 1: Non-monetary welfare of the Company calculated in the staff welfare mainly refers to those free healthcare services provided by enterprise to employees\, which is uniformly organized and implemented by the company.

Note 2: The Front Business Department of the Company implements floating performance policy to calculate bonus, which is performance return according to each front business department times corresponding ratio of performance and minus related costs; The Intermediary back Department implements fixed year-end bonus policy to determine the amount of the bonus according to the overall performance of the Company.

Note 3: Part of the performance benefits will be paid with wage or salary according to the payment schedule of projects and assessment of department, and the rest will be paid when the projects expire and finish successfully.

Note 4: Other short-term employee benefits refer to the dismiss welfare, which was distributed in the current period.

16. Taxes payable

Item	Opening balance	Payable in current period	Amount paid in current period	Closing balance
Value-added tax		4,462,714.43	2,772,507.22	1,690,207.21
Business tax	93,663,476.51	242,875,556.37	265,401,412.14	71,137,620.74
Corporate income tax	288,933,493.72	850,847,434.35	830,422,245.38	309,358,682.69
City construction and maintenance tax	6,556,443.36	17,169,630.70	18,628,801.05	5,097,273.01
Individual income tax	63,885,697.03	277,897,689.28	320,230,119.03	21,553,267.28
Education surplus	3,137,971.90	7,358,413.16	8,311,839.49	2,184,545.57
Local education surplus	2,091,981.28	4,905,608.77	5,541,226.34	1,456,363.71
Others	2,102,018.31	3,429,041.15	5,259,522.13	271,537.33
Total	460,371,082.11	1,408,946,088.21	1,456,567,672.78	412,749,497.54

17. Other payables/liabilities

Items	Closing balance	Opening balance
Other accounts payable	33,843,626.90	30,163,399.90
Including: early stage project expenses	13,340,000.00	9,399,393.87
Total	33,843,626.90	30,163,399.90

Note1: Early stage project expenses are early stage investigation fees received in advance from proposed financing clients.

18. Long-term employee benefits payable

Item	Opening balance	Increase in the period	Decreasing the period	Closing balance
Merit bonus	585,675,181.32	861,955,490.33	585,675,181.32	861,955,490.33
Total	585,675,181.32	861,955,490.33	585,675,181.32	861,955,490.33

19. Paid-in capital (share capital)

Name of the Investor	Opening balance Investment amount	Opening balance Proportion (%)	Increase in the current period	Decrease in the current period	Closing balance Investment amount	Closing balance Proportion (%)
Jingwei Textile Machinery Co., Ltd.	599,516,037.50	37.47%	1,648,669,103.13		2,248,185,140.63	37.47%
Zhongzhi Enterprise Group Co., Ltd.	527,782,712.50	32.98%	1,451,402,459.37		1,979,185,171.87	32.98%
Harbin Investment Group Co., Ltd.	344,610,000.00	21.54%	947,677,500.00		1,292,287,500.00	21.54%
Shengyang An Tai Da Commercial Trading Ltd	128,091,250.00	8.01%	352,250,937.50		480,342,187.50	8.01%
Total	1,600,000,000.00	100.00%	4,400,000,000.00		6,000,000,000.00	100.00%

20. Capital reserves

Item	Opening balance	Increase in the period	Decreasing the period	Closing balance
I. Capital (equity) at a premium	1,406,237,248.16		1,173,700,000.00	232,537,248.16
II. Capital reserve recognized in old policy transferred in				
Total	1,406,237,248.16		1,173,700,000.00	232,537,248.16

21. Other comprehensive income

Item	Opening balance	Increase in the period	Decrease in the period	Income tax	Attributable to the parent company after tax	Attributable to the minority shareholders after tax	Closing balance
I. other comprehensive income that cannot be reclassified into gain or loss afterwards							

Item	Opening balance	Increase in the period	Decrease in the period	Income tax	Attributable to the parent company after tax	Attributable to the minority shareholders after tax	Closing balance
1. Changes of net liabilities or net assets of recalculated defined-benefit plan							
2. Share enjoyed by other comprehensive income of investee under equity method that cannot be reclassified into gain or loss							
II. other comprehensive income reclassified into gain or loss afterwards	-132,538,153.21	37,058,255.23	881,088.44	9,070,585.39	26,664,820.68	441,760.72	-105,873,332.53
1. Share enjoyed by other comprehensive income of investee under equity method reclassified into gain or loss							
2.gain or loss fromfair value	-132,538,153.21	37,163,430.00	881,088.44	9,070,585.39	26,769,995.45	441,760.72	-105,768,157.76

Item	Opening balance	Increase in the period	Decrease in the period	Income tax	Attributable to the parent company after tax	Attributable to the minority shareholders after tax	Closing balance
change of available-for-sale financial assets							
3. Investments held to maturity that reclassified into gain or loss of available-for-sale financial assets							
4. Effective parts of cash flow hedgesgain or loss							
5. Exchange difference of foreign financial statements		-105,174.77			-105,174.77		-105,174.77
Total	-132,538,153.21	37,058,255.23	881,088.44	9,070,585.39	26,664,820.68	441,760.72	-105,873,332.53

22. Surplus reserves

Item	Opening balance	Closing balance
Statutory surplus reserves	826,347,809.72	585,039,617.41
Total	826,347,809.72	585,039,617.41

23. Provision for general risk

Item	Closing balance	Opening balance
General risk reserves	113,747,542.90	14,587,179.94
Trust compensation reserve	440,654,096.16	320,000,000.00
Total	554,401,639.06	334,587,179.94

Note 1: According to the Finance (2012) document No.20, by comparing the difference between the estimated potential risk and asset impairment loss to the 1.5% of closing balance of the risk asset, which value is higher, would be the provision in the net profit after tax.

Note 2: Based on the article 49 of "Management Regulation on Trust Investment Company", trust compensation reserve should be extracted 5% of the net profit. It's no longer extracted when the accumulated amount reaches to 20% of the Company registered capital. The trust compensation reserve extracted is mainly used to make up the loss of trust property caused by poor operation and management.

24. Un-appropriated profits

Item	Amount for the current period	Amount for the prior period
Un-appropriated profits at beginning of year	3,736,867,334.02	2,276,493,508.80
Addfor theperiod:	2,430,038,423.58	2,049,313,451.13
Including: Net profit attributable to owners of the Company for theperiod	2,430,038,423.58	2,049,313,451.13
Cover the deficit of surplus reserves		
Others		
Lessfor theperiod:	3,987,422,651.43	588,939,625.91
Including: Withdrawalof legal surplus	241,308,192.31	209,151,614.50
Withdrawal of discretionary surplus reserves		
Cash dividendsdistributied in the current period	300,000,000.00	250,000,000.00
Stock dividends distributedin the current period		
Transfer to paid-in capital	3,226,300,000.00	
Withdrawal of general risk reserves	99,160,362.96	-1,185,956.43
Withdrawal of trust compensation reserves in the current period	120,654,096.16	130,973,967.84
Others		
Un-appropriated profits at the end of the period	2,179,483,106.17	3,736,867,334.02

25.Net interest income

Item	Amount of the current period	Amount of the prior period
Interest income	428,368,448.67	340,742,194.17
—Interest income from Intercourse with financial institutions	428,368,448.67	340,742,194.17
—Interest income on loan		
—Interest on buying back the sale of financial assets		
Interest expense		
Net interest income		
Net interest income	428,368,448.67	340,742,194.17

26. Net income of commission charge

Item	Amount of the current period	Amount of the prior period
Net commission income on trust	4,390,316,936.81	4,540,657,245.93
Fund management fee	56,654,884.45	1,392,854.08
Net income	4,446,971,821.26	4,542,050,100.01

27. Operating income and operating costs

Item	Amount recognized inthe current period		Amount recognized inthe prior period	
	Income	Cost	Income	Cost
Operating income	20,398,347.16			
total	20,398,347.16			

28. Investment income

Details of investment income

Item	Amount recognizedin the currentperiod	Amount recognizedin the prior period
Investment income onheld-for-tradingfinancial assets	163,394,543.82	-31,043,106.93
Investment income from holding available-for-sale financial assets	17,270,579.80	-36,480,807.96
Investment income from long-term equity investments	30,009,712.55	30,934,462.08
Investment income from holding held-to-maturity investments		
Total	210,674,836.17	-36,589,452.81

29.Gains on changes in fair values

Sources of gains on changes in fair values	Amount recognizedin the currentperiod	Amount recognizedin the prior period
Gains/losses on changes in fair values arising from held-for-trading financial assets	118,727,136.67	-10,108,433.46
Total	118,727,136.67	-10,108,433.46

30. Exchange gains and losses

Items	Amount recognizedin the currentperiod	Amount recognizedin the prior period
Exchange gains and losses	1,294,069.16	-2,074,191.54
Total	1,294,069.16	-2,074,191.54

31. Non-operating income and non-operating cost

Item	Amount recognized inthe current period		Amount recognized inthe prior period	
	Income	Cost	Income	Cost
Gains on disposal of investment properties				
Depreciation of investment properties				
Project issuance fee	277,461,351.99		63,533,429.74	
Other	27,595,699.75		562,075.00	
Total	305,057,051.74		64,095,504.74	

32. Business tax and levies

Item	Amount incurred in the current period	Amount incurred inthe prior period
Business tax	242,875,556.37	230,016,069.74
City construction and maintenance tax	17,169,630.70	16,101,124.89
Education surplus	7,358,413.16	6,900,482.09
Local education surplus	4,905,608.77	4,600,321.41
Others	1,150,326.74	4,598,893.57
Total	273,459,535.74	262,216,891.70

33. Operation and administrative expenses

Item	Amount incurred inthe current period	Amount incurred inthe prior period
Operation and administrative expenses	2,044,670,575.4	1,928,909,796.80
Including:Staff expenses	1,536,644,357.64	1,332,245,307.50
Consulting fee	200,477,238.09	323,076,921.50
Rental expenses	104,062,349.13	76,322,957.69
Travel expenses	35,431,203.14	36,540,909.21
Conference expenses	5,798,203.02	12,123,578.60
Entertainment expenses	35,072,791.85	36,682,316.65
Stationary	2,376,651.03	4,917,455.04
Depreciation expenses	14,230,653.83	14,705,989.51

34. Non-operating income

Item	Amount recognized inthe current period	Amount recognized inthe prior period
Gains on disposal of fixed assets	291,720.86	7,450.48
Others	3,243,177.00	3,541,699.01
Total	3,534,897.86	3,549,149.49

35. Non-operating expenses

Item	Amount incurred inthe current period	Amount incurred inthe prior period
Losses on disposal of fixed assets		26,116.11
Donations to third parties	1,000,000.00	1,711,900.00
Compensation	128,490.20	390,000.00
Others	86,506.68	
Total	1,214,996.88	2,128,016.11

36. Income tax expenses

Item	Amount incurred inthe current period	Amount incurred inthe prior period
Current tax expenses	850,847,434.35	818,741,965.58
Deferred tax	-67,959,871.38	-127,936,579.67
Total	782,887,562.97	690,805,385.91

37. Other net comprehensive income after tax

Item	Amount for the currentperiod	Amount for the prior period
I.other comprehensive income that cannot be reclassified into gain or loss afterwards		
II. other comprehensive income reclassified into gain or loss afterwards	27,106,581.40	-112,511,893.09
Gain or loss ofavailable-for-sale financial assets	36,282,341.56	-150,015,857.45
Minus: Income tax of available-for-sale financial assets	9,070,585.39	-37,503,964.36
1.After tax gain or lossavailable-for-sale financial assets	27,211,756.17	-112,511,893.09
2. Exchange difference of foreign financial statements	-105,174.77	
Total	27,106,581.40	-112,511,893.09

IX. CONSOLIDATED CASH FLOW STATEMENT

1. Net profit adjusted to operating activities cash flow using the indirect method

Supplementary information	Amount for the current period	Amount for the prior period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	2,432,793,937.70	2,017,604,780.08
Add: Provision for impairment losses of assets		
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of bearer biological assets	14,230,653.83	14,705,989.51
Amortization of intangible assets	4,911,097.48	4,034,460.21
Amortization of long-term prepaid expenses	19,984,475.43	14,595,669.27
Losses on disposal of fixed assets, intangible assets and other long-term asset(gains are indicated by "—")	-291,720.86	18,665.63
Losses on write-off of fixed assets (gains are indicated by "—")		
Losses on changes in fair values (gains are indicated by "—")	-118,727,136.67	10,108,433.46
Financial expenses (income is indicated by "—")	-1,294,069.16	2,074,191.54
Losses arising from investments (gains are indicated by "—")	-210,674,836.17	36,589,452.81
Decrease in deferred tax assets (increase is indicated by "—")	-67,959,871.38	-127,936,579.67

Supplementary information	Amount for the current period	Amount for the prior period
Increase in deferred tax liabilities (decrease is indicated by "－")		
Decrease in inventories (increase is indicated by "－")		
Decrease in receivables from operating activities (increase is indicated by "－")	-28,206,966.17	8,381,867.35
Increase in payables from operating activities (decrease is indicated by "－")	346,884,132.25	656,238,159.51
Others		
Net cash flow from operating activities	2,391,649,696.28	2,636,415,089.70
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	4,111,623,631.75	8,431,528,471.74
Less: Opening balance of cash	8,431,528,471.74	4,936,999,730.05
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-4,319,904,839.99	3,494,528,741.69

2Information of cash and cash equivalents

Item	Closing balance	Opening balance
I. Cash	4,111,623,631.75	8,431,528,471.74
Including: Cash on hand	60,690.88	54,184.45
Bank deposits	4,014,682,369.92	8,426,812,812.89
Other monetary fund	96,880,570.95	4,661,474.40
II. Cash equivalents		
Including: Investments in debt securities due within three months		
III. Closing balance of cash and cash equivalents	4,111,623,631.75	8,431,528,471.74
Including: Cash and cash equivalents with restricted use of parent company or subsidiaries	-	-

X.SIGNIFICANT EVENTS

None.

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent(s) of the Company

Name of the parent	Place of incorporation	Nature of business	Registered capital (RMB)	
			Closing balance	Opening balance
Jingwei Textile Machinery Company Limited	Beijing	Textile machinery manufacturing	704,130,000.00	704,130,000.00

Note 1: The ultimate parent holding company of company is China HengtianCompany Co., Ltd.

2. Proportion of the Company's ownership interest held by the parent (%)

Item	Opening proportion	Increase in the period	Decreasein the period	Closing proportion
Proportion of shareholding	37.47%			37.47%

3. Related party transaction

Name of the company	Product name	Amount purchased in the current period	Amount sold in the current period	Investment income for the current period
Zhongrong International Trust Co.,LTD	Zhongrong-Gold 1	150,000,000.00	150,000,000.00	41,917.81
Beijing ZhongrongDingxin Investment Management Co., LTD	Zhongrong-Gold 1	1,250,000,000.00	1,250,000,000.00	8,750,136.99
Zhongrong International Trust Co.,LTD	Zhongrong Monetary Market Fund (C)	6,500,000,000.00	1,550,000,000.00	44,437,781.45
Beijing ZhongrongDingxin Investment Management Co., LTD	Zhongrong money-market funds (Type C)	400,000,000.00	100,000,000.00	2,837,885.54
Zhongrong Fund Management Co.,LTD	Zhongrong money-market funds(Type C)	80,000,000.00		30,511.06

Zhongrong (Beijing) Asset Management Co., LTD	Zhongrong money-market funds(Type C)	60,000,000.00	6,711.65
Beijing ZhongrongDingxin Investment Management Co., LTD	Zhongrong-Rongshuo No.6 Assembled Trust Plan	100,000,000.00	
Zhongrong Fund Management Co.,LTD	Zhongrong-Selected No.1	40,000,000.00	

Note: 1.The company issued the "Zhongrong - Gold 1 Monetary Fund of Fund Trust Plan" with a trust scale with no less than RMB 500 million, and the duration is 10 years (from May 3, 2012 to May 2, 2022).The investment orientations are bank deposits, money-market funds, bond funds, exchange and interbank bond market and fixed income products including many kinds of products such as, the trade in products within a year, high risk financial derivative products, and others. In addition, all of these products include but not limited to the stock index futures, stock futures, stock index option, stock option and some others.

The company and the wholly-owned subsidiary, Beijing ZhongrongDingxinInvestment Management Co., Ltdhave spent RMB 1.4 billion purchasing the trust products of “Zhongrong-Gold 1”.They redeem all the products on maturity during current period, and sold them with an accumulated trust plan income of RMB 8,792,054.80.

Note: 2Zhongrong Fund Management Co.,LTD, the subsidiary, issued the “Zhongrong money-market funds(Type C) with a fund-raising of RMB 22.308 billion and a fund code 000846 in December 21, 2014. This fund is monetary-market fund, which is with low risk among the securities investment funds. The investment orientations are short-term financing bond of cash call deposits, bond with a residual maturity of 397 days (including 397 day), assets backed security with a residual maturity of 397 days (including 397 day), medium term note with a residual maturity of 397 days (including 397 day), bank fixed time deposit and certificate of deposit within one year (including a year),central bank bill within one year (including a year), bond repurchase within one year (including a year), and other good liquid money market instrument with the admission of China Securities Regulatory Commission and People’s Bank of China.

The company, the wholly-owned subsidiary, Beijing ZhongrongDingxin Investment Management Co., Ltd and the subsidiary, Zhongrong Fund Management Co., Ltd and Zhongrong (Beijing) Assets Management Co., Ltd, have spent RMB 7.04 billion purchasing the fund products of “money-market funds”. They redeem 1.65 billion in total during current period, and gain dividends with an accumulated amount of RMB 47,312,889.70.

Note: 3 The company issued the "Zhongrong-Rongshuo No.6 Assembled Trust Plan" with a trust scale of RMB 345 million, and the duration is 3 years (from December 20 , 2014 to December 30, 2017). The companysubscribed all the limited partnership shares of XinjingChenlan with no more than USD 50 million of the trust capital. XinjingChenlanr aised the fund from issuing limited partnership shares to fund BVI Company. BVI Company owned corresponding proportion of shares of Montage Technology by subscribing Montage Fund with no more than USD 50 million.

Zhongrong Fund Management Co.,LTD, the subsidiary, invested RMB 0.1 billion to this trust fund in December 30, 2014.

Note: 4 Zhongrong Fund Management Co.,LTD, the subsidiary, issued the "Zhongrong-Selected No1, a structuring mixed type fund, with closed operation and a year duration in December 1, 2014. The investment orientations are good liquid financial instruments including all kinds of legal listed bond, securities investment funds, central band bill, short-term financing bond, assets backed security, stock index futures with the goal of hedging, and new shares in primary market.

Zhongrong Fund Management Co.,LTD, the subsidiary, invested RMB 20 million to prior fund and RMB 20 million to progressive fund.

XII.CONTINGENCIES

None

XIII. EQUITY IN OTHER SUBJECTS

1. The basic information of the structuralized subject that is not included in the scope of the financial statement

On December 31, 2014, the structuralized subject that is related to the Company but not included in the scope of the financial statement are the "Zhongrong-Huashenghengli NO.1 congrong investment securities' growth plan (complement)", "China Railway Construction Investment single fund trust plan" and "Zhongrong-Rongshuo No.6 Assembled Trust Plan". They raise the fund from the client, and the investment adviser would reinvest into equity investment product.

1. Zhongrong-Huashenghengli NO.1 congrong investment securities' growth plan

The trust financial product "Zhongrong-Huashenghengli NO.1 congrong investment securities' growth plan (complement)"issued in August 2009, with the issuing scale of RMB601.00million. The Company acts as a secondary client buyingthe RMB 8.99 million trust product that is established and managed by the company.The beneficiaries meeting held in 2012 has rescheduled the maturity date from August 2011 to

August 2013. On the August 23, 2013, the trust benefit of the priority beneficiaries had been fully allocated, and the supplementary contracts for secondary beneficiaries have been signed. In the current period, the product extended its maturity date to August 23, 2015, which has changed it planned product structure, the fund raising scale changed to RMB 300.50 million.

On December31 2014, the structuralized subject total asset is RMB 146.254 million (RMB146.72163 million in December 31, 2013). .

The carrying amount of equity related asset and liability and the largest loss exposure

Item	December 31, 2014		December 31 2014	
	Carrying amount	Largest loss exposure	Carrying amount	Largest loss exposure
	Million	Million	Million	Million
Subordinated bond	43.7545	43.7545	43.8924	43.8924
Credit default swap (debt)				

Note：The subordinated bond is listed in “available-for-sale financial asset”. The largestloss is the carrying amount (fair value) of the subordinated bond at the balance sheet date.

2. China Railway Construction Investment single fund trust plan

The trust product “China Railway Construction Investment single fund trust plan” issued on October 23, 2013. The wholly-owned subsidiary “Beijing ZhongrongDingxin Investment Management Co.,Ltd”, the only trustee, subscribed RMB 2 million of this trust product in October, 2013. The funds of this trust product areusedfor establishingChina Railway Jianrong (Beijing) Investment Management Co., Ltd by the trustee and China Railway Contruction Engineering Group Co., Ltd. Both of them hold 50% shares of single money trust and self-benefit trust of the new company. During the current period, these trust projects with one year duration are postponedto October 23, 2016, because China Railway Jianrong (Beijing) Investment Management Co., Ltd have not been run officially.

On December 31, 2014, the structuralized subject total asset is RMB 2 million (RMB 2 million on December 31, 2013).

The carrying amount of equity related asset and liability and the largest loss exposure

Item	December 31, 2014		December 31 2014	
	Carrying amount	Largest loss exposure	Carrying amount	Largest loss exposure
	Million	Million	Million	Million
Trust Assets	2.00	2.00	2.00	2.00
Credit default swap (debt)				

Note：The trust assets are listed in “available-for-sale financial asset”. The largest loss is the carrying amount (fair value) of the subordinated bond at the balance sheet date.

3. Zhongrong-Rongshuo No.6 Assembled Trust Plan

The trust product “Zhongrong-Rongshuo No.6 Assembled Trust Plan” issued in December, 2014 with a 36 months duration in planning and the issuing scale of RMB 345 million. The wholly-owned subsidiary “Beijing ZhongrongDingxin Investment Management Co., Ltd” act as a client bought 100 million shares (Totally RMB 100 million) redeemabletrust product that is established and managed by the company.

On December 31, 2014, the structuralized subject total asset is RMB 156.8986 million.

The carrying amount of equity related asset and liability and the largest loss exposure

Item	December 31, 2014		December 31 2014	
	Carrying amount	Largest loss exposure	Carrying amount	Largest loss exposure
	Million	Million	Million	Million
Trust Assets	100.00	100.00	100.00	100.00
Credit default swap (debt)				

Note：The trust assets are listed in “available-for-sale financial asset”. The largest loss is the carrying amount (fair value) of the subordinated bond at the balance sheet date.

XIV.COMMITMENTS

None

XV.EVENTS AFTER THE BALANCE SHEET DATE

None

XVI.NOTES TO IMPORTANT ITEMS IN THE COMPANY’S FINANCIAL STATEMENTS

1. Cash and due from banks

Item	Closing balance Amount in RMB	Opening balance Amount in RMB
Cash	1,921.18	204.65
Bank balances	3,906,955,448.26	8,098,022,806.98
Other currency funds	3,346,086.82	4,661,474.40
Total	3,910,303,456.26	8,102,684,486.03

2. Financial assets measured by fair value through profit or loss

Items	Closing fair value	Opening fair value
Financial assets held for trading	5,175,923,422.67	239,097,846.44
Including: Investments in debt		
Investments in equity	181,485,641.22	239,097,846.44
Financial derivative		
Others	4,994,437,781.45	
Total	5,175,923,422.67	239,097,846.44

Note1: At the end of 2014, others in financial assets held for trading held by the Company are money funds purchased by the Company.

3. Long-term equity investments

Item	Closing balance	Opening balance
Investment in subsidiary	1,153,000,000.00	253,000,000.00
Investment in joint ventures		
Investment in associated enterprises	45,636,696.63	38,535,530.24
Investment in other enterprises		
Subtotal	1,198,636,696.63	291,535,530.24
Minus: Depreciation reserves		
Total	1,198,636,696.63	291,535,530.24

Note3.1 Details of long-term equity investments

No.	Investee	Accounting method	Opening balance	Changes	Closing balance	Proportion of ownership interest in the investee
1	ZhongrongDingxin Capital Management (Beijing) Co., Ltd.	Cost method	100,000,000.00	900,000,000.00	1,000,000,000.00	100.00%
2	Zhongrong Fund Management Co., Ltd	Cost method	153,000,000.00		153,000,000.00	51.00%
3	Shenzhen Huarong Equity Investment Fund Management Co., Ltd	Equity method	10,954,091.15	-5,351,085.81	5,603,005.34	49.00%
4	Xinhu Wealth Investment Management Co., Ltd	Equity method	27,581,439.09	12,452,252.20	40,033,691.29	23.08%
	Total	--	291,535,530.24	907,101,166.39	1,198,636,696.63	

3.2. Investment to major associated enterprises

Items	December 31, 2014 or 2014		December 31, 2013or 2013	
	ShengzhenHuasheng Integrating Equity Investment Fund Management Co.,LTD	Xinhu Wealth Investment Management Co., LTD	ShengzhenHuasheng Integrating Equity Investment Fund Management Co.,LTD	Xinhu Wealth Investment Management Co., LTD
Current assets	1,477,955.53	319,972,684.81	16,240,749.18	174,248,428.92
Non-current assets	9,965,000.00	8,104,544.62	9,965,000.00	10,944,456.98
Total Assets	11,442,955.53	328,077,229.43	26,205,749.18	185,192,885.90
Current liabilities	8,250.76	154,621,028.02	3,850,460.95	66,141,281.73
Non-current liabilities				
Total liabilities	8,250.76	154,621,028.02	3,850,460.95	66,141,281.73
Net asset	11,434,704.77	173,456,201.41	22,355,288.23	119,051,604.17
Net asset calculated by shareholding proportion	5,603,005.34	40,033,691.29	10,954,091.23	27,477,110.24
Adjusting Events				
The book value of the equity investment to associated enterprises	5,603,005.34	40,033,691.29	10,954,091.15	27,581,439.09
The fair value of the equity investment with public offer price				
Operating income		1,043,562,589.17	13,180,978.20	656,226,616.34
Net profit	79,416.71	100,265,603.27	9,342,197.54	61,387,926.08
Other comprehensive income				
The total amount of comprehensive income				

Items	December 31, 2014 or 2014		December 31, 2013or 2013	
	ShengzhenHuasheng Integrating Equity Investment Fund Management Co.,LTD	Xinhu Wealth Investment Management Co., LTD	ShengzhenHuasheng Integrating Equity Investment Fund Management Co.,LTD	Xinhu Wealth Investment Management Co., LTD
Dividends received from the associated enterprises				
Net profit from termination of business				

4. Deferred tax assets/deferred tax liabilities

4.1.1 Recognized deferred tax assets and deferred tax liabilities

Item	Closing balance		Opening balance	
	Deferred tax assets or liabilities after offset	Deductible or taxable temporary differences after offset	Deferred tax assets or liabilities after offset	Deductible or taxable temporary differences after offset
Deferred tax assets:				
Provision impairment losses of long-term equity investment				
Accounted but not paid payroll	474,992,210.74	1,899,968,842.95	377,350,555.19	1,509,402,220.75
Fair value changes of Held-for-trading financial assets	-2,795,355.51	-11,181,422.03	25,480,285.96	101,921,143.82
Fair value changes of Available-for-sale financial assets	35,409,316.52	141,637,266.07	44,179,384.41	176,717,537.63
Subtotal	507,606,171.75	2,030,424,686.99	447,010,225.56	1,788,040,902.20
Deferred tax liabilities:				
Fair value changes of Held-for-trading financial assets				
Fair value changes of Available-for-sale financial assets				
Subtotal				
Total	507,606,171.75	2,030,424,686.99	447,010,225.56	1,788,040,902.20

5. Employee benefits payable

(1)Disclosure by categories

Item	Opening balance	Increase in the period	Decreasing the period	Closing balance
Short-term employee benefits	928,363,121.79	579,842,569.63	465,548,522.93	1,042,657,168.49
Liabilities of termination benefit provision	416,975.96	43,135,945.84	43,536,776.71	16,145.09
Parts that will pay within 12 months after balance sheet date of dismiss welfare				
Liabilities of other long-term employee welfareprovision				
Total	928,780,097.75	622,978,515.47	509,085,299.64	1,042,673,313.58

(2) Short-term employee benefits

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	923,727,039.43	501,152,240.67	386,865,927.48	1,038,013,352.62
II. Staff welfare		2,436,431.64	2,436,431.64	
III. Social insurance	103,702.71	22,537,895.47	22,636,142.04	5,456.14
Including: Medical Insurance	68,730.93	20,160,670.29	20,224,617.77	4,783.45
WorkInjury Insurance	29,218.48	756,091.13	784,979.09	330.52
MaternityInsurance	5,753.30	1,621,134.05	1,626,545.18	342.17
IV. HousingAccumulationFunds	269,112.74	24,300,458.94	24,544,506.80	25,064.88
V. The union funds and employee education funds	4,263,266.91	27,792,355.88	27,442,327.94	4,613,294.85
VI. Short-term compensated absences				
VII. Short-term profit-sharing plan				
VIII. Others		1,623,187.03	1,623,187.03	
Total	928,363,121.79	579,842,569.63	465,548,522.93	1,042,657,168.49

6. Taxes payable

Item	Opening balance	Payable in current period	Amount paid in current period	Closing balance
Corporate income tax	288,988,284.52	849,667,644.15	829,118,201.50	309,537,727.17
Business tax	93,614,159.40	239,136,351.71	263,344,226.55	69,406,284.56
City construction and maintenance tax	6,552,991.16	16,739,544.61	18,434,095.86	4,858,439.91
local education surcharge	2,090,994.92	4,782,727.03	5,485,596.26	1,388,125.69
Individual income tax	62,581,020.11	270,018,752.13	311,901,131.30	20,698,640.94
Additionaleducation fees	3,136,492.39	7,174,090.55	8,228,394.40	2,082,188.54
Value added tax		9,642.08		9,642.08
Others	2,102,018.31	2,940,913.23	5,026,394.21	16,537.33
Total	459,065,960.81	1,390,469,665.49	1,441,538,040.08	407,997,586.22

7. Other payables/liability

Aging	Closing balance	Opening balance
Other account payable	28,231,287.47	27,326,636.08
Includes: early stage project expenses payable	13,340,000.00	9,399,393.87
Total	28,231,287.47	27,326,636.08

Note: Early stage project expenses are early stage investigation fees received in advance from proposed financing clients.

8.Long-term employee benefitspayable

Item	Openingbalance	Increase in the period	Decreasein the period	Closingbalance
Merit bonus	585,675,181.32	861,955,490.33	585,675,181.32	861,955,490.33
Total	585,675,181.32	861,955,490.33	585,675,181.32	861,955,490.33

9. Provision for general risk

Item	Closingbalance	Openingbalance
General risk reserves	113,747,542.90	14,587,179.94
Trust compensation reserve	440,654,096.16	320,000,000.00
Total	554,401,639.06	334,587,179.94

Note 1:According to the Finance (2012) document No.20,by comparing the difference between the estimated potential risk and asset impairment loss to the 1.5% of closing balance of the risk asset, which value is higher would be the provision in the net profit after tax.

Note 2: Based on the article 49 of “Management Regulation on Trust Investment Company", trust compensation reserve should be extracted 5% of the net profit. It is no longer extracted when the accumulated amount reaches to 20% of the Company registered capital. The trust compensation reserve extracted is mainly used to make up the loss of trust property caused by poor operation and management.

10. Un-appropriated profits

Item	Amount for the current period	Amount for the prior period
Un-appropriated profits at beginning of year	3,764,949,515.03	2,262,372,995.88
Addfor theperiod:	2,413,081,923.18	2,091,516,145.06
Including: Net profit attributable to owners of the Company for theperiod	2,413,081,923.18	2,091,516,145.06

Item	Amount for the current period	Amount for the prior period
Cover the deficit of surplus reserve		
Others		
Lessfor theperiod:	3,987,422,651.43	588,939,625.91
Including: Withdrawal legal surplus	241,308,192.31	209,151,614.50
Withdrawalof discretionary surplus reserves		
Cash dividends distributed in the current period	300,000,000.00	250,000,000.00
Stock dividends distributed in the current period		
Transfer to paid-in capital	3,226,300,000.00	
Withdrawal of general risk reserves	99,160,362.96	-1,185,956.43
Withdrawal of trust compensation reserves in the current period	120,654,096.16	130,973,967.84
Others		
Un-appropriated profits at the end of the period	2,190,608,786.78	3,764,949,515.03

11.Net interest income

Item	Amount of the current period	Amount of the prior period
Interest income	423,593,115.31	337,848,791.68
—Interest income from Intercourse with financial institutions	423,593,115.31	337,848,791.68
—Interest income on loan		
—Interest on buying back the sale of financial assets		
Interest expense		
Net interest income	423,593,115.31	337,848,791.68

12. Net income of commission charge

Item	Amount of the current period	Amount of the prior period
Net commission income on trust	4,390,316,936.81	4,540,657,245.93
Net income	4,390,316,936.81	4,540,657,245.93

13. Investment income

Details of investment income

Item	Amount recognized in the current period	Amount recognized in the prior period
Investment income onheld-for-tradingfinancial assets	167,954,700.89	-31,043,106.93
Investment income from holding available-for-sale financial assets	8,520,442.81	-36,480,807.96
Investment income from long-term equity investments	29,404,564.65	30,955,367.95
Investment income from holding held-to-maturity investments		
Total	205,879,708.35	-36,568,546.94

14.Gains on changes in fair values

Sources of gains on changes in fair values	Amount recognized in the current period	Amount recognized in the prior period
Held-for-trading financial assets	113,102,565.85	-10,108,433.46
Total	113,102,565.85	-10,108,433.46

15. Non-operating profit

Item	Amount recognized in the current period	Amount recognized in the prior period
Non-operating income	276,540,332.83	64,095,504.74
Including: lease income		
Gains on disposal of investment properties		
Other	276,540,332.83	64,095,504.74
Non-operating expenses		
Including: Depreciation of investment properties		
Losses on disposal of investment properties		
Non-operating profit	276,540,332.83	64,095,504.74

16. Business tax and levies

Item	Amount incurred in the current period	Amount incurred in the prior period
Business tax	239,136,351.71	229,944,678.81
City construction and maintenance tax	16,739,544.61	16,096,127.52
Education surplus	7,174,090.55	6,898,340.37
Local education surplus	4,782,727.03	4,598,893.57
Water conservancy construction	1,150,326.74	4,598,893.57
Total	268,983,040.64	262,136,933.84

17. Operation and administrative expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Operation and administrative expenses	1,949,330,202.102	1,851,834,254.02
Including: Staff expenses	1,484,923,100.57	1,282,203,617.16
Consulting fee	190,191,450.02	323,076,921.50
Rental expenses	93,826,174.80	67,124,564.13
Travel expenses	33,967,568.71	36,053,007.90
Conference expenses	3,805,492.5	11,067,258.60
Entertainment expenses	34,259,023.25	35,809,749.87
Stationary	2,215,346.30	4,917,055.04
Depreciation expenses	12,471,080.8	13,560,963.02

18. Non-operating income

Item	Amount recognized inthe current period	Amount recognized inthe prior period
Gains on disposal of fixed assets	291,720.86	7,450.48
Others	3,089,285.76	2,779,699.01
Total	3,381,006.62	2,787,149.49

Note1: The non-operating income mainly contained individual tax withholding fee and Etc.

19. Non-operating expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Losses on disposal of fixed assets		26,116.11
Donations to third parties	1,000,000.00	1,711,900.00

Item	Amount incurred in the current period	Amount incurred in the prior period
Compensation	128,490.20	390,000.00
Others	33,756.88	
Total	1,162,247.08	2,128,016.11

20. Income tax expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Income tax expenses	780,301,630.07	690,724,109.34
Including: Current income tax expenses	849,667,644.15	818,660,689.01
Deferred tax	-69,366,014.08	-127,936,579.67

21. Other comprehensive income

Item	Amount for the current period	Amount for the prior period
1. Gains (losses) arising from available-for-sale financial assets	35,080,271.56	-150,015,857.45
Tax effects arising from available-for-sale financial assets	8,770,067.89	-37,503,964.36
Total	26,310,203.67	-112,511,893.09

XVII. APPROVAL OF THE FINANCIAL STATEMENTS

The Company's financial statements have been approved by the Board of Directors.

Zhongrong International Trust Co., Ltd
Auditor's Report
Baker Tilly China [2014] No. 2589-2

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Auditor's Report

Baker Tilly China [2014] No. 2589-2

To the shareholder of Zhongrong International Trust Co., Ltd:

We have audited the accompanying financial statements of Zhongrong International Trust Co., Ltd (hereinafter referred to as "the Company"), which comprise the company's and the consolidated balance sheet as at 31 December 2013, the company's and the consolidated income statement, the company's and consolidated statements of changes in owner's equity, the company's and consolidated cash flow statement for the year then ended, and the notes to the financial statements.

I. Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements; (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

II. Auditor's Responsibility

Our responsibility is to express an audit opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. China Standards on Auditing require that we comply with the Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, Certified Public Accountants consider the internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Opinion

In our opinion, the financial statements of the Company present fairly, in all material respects, the company's and the consolidated financial position as of 31 December 2013, the company's and the consolidated result of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Baker Tilly China

天职国际会计师事务所（特殊普通合伙）

1101080212351

Beijing, China

February 18, 2014

Chinese Certified Public Accountant:

中国注册会计师
王清峰
370400010019

Chinese Certified Public Accountant:

中国注册会计师
迟文洲
370200310031

Consolidated Balance Sheet

Company:Zhongrong International Trust Co.Ltd　　　31 December 2013　　　Unit: RMB

Item	No.	Consolidated		Parent Company		Note	
		Closing balance	Opening balance	Closing balance	Opening balance	Consolidated	Parent Firm
Assets;	1						
Cash and bank balances	2	8,431,528,471.74	4,936,999,730.05	8,102,684,486.03	4,822,553,334.22	VIII.（1）	XV.（1）
Balances with clearing agencies	3						
Placements with banks and other financial institutions	4						
Held-for-trading financial assets	5	239,097,846.44	276,665,724.16	239,097,846.44	276,665,724.16	VIII.(2)	XV.（2）
Buying back the sale of financial assets	6						
Accounts receivable	7	436,252.30				VIII.(3)	
Interest receivable	8	64,114.99					
Loans and advances	9						
Guarantee Deposit	10						
Inventories	11						
Available-for-sale financial assets	12	376,788,993.41	570,852,379.82	374,788,993.41	570,852,379.82	VIII.（4）	
Long-term equity investments	13	75,108,024.37	49,357,636.42	320,208,930.24	148,377,636.42	VIII.（5）	XV.（3）
Goodwill	14						
Investment properties	15						
Fixed assets	16	33,900,861.94	33,766,441.72	27,422,115.04	32,204,449.33	VIII.（6）	
Intangible assets	17	25,374,571.55	7,348,500.76	20,357,927.63	7,334,197.05	VIII.（7）	
Deferred tax assets	18	447,010,225.56	281,569,681.53	447,010,225.56	281,569,681.53	VIII.(8)	XV.（4）
Other assets	19	58,197,129.96	69,626,866.75	51,438,930.97	69,044,522.87	VIII.（9）	
Other receivables	20	37,473,699.52	44,408,888.37	33,721,418.35	43,826,544.49		
Long-term prepaid expenses	21	20,723,430.44	25,217,978.38	17,717,512.62	25,217,978.38		
	22						
	23						
	24						
Total Assets	25	**9,687,506,492.26**	**6,226,186,961.21**	**9,583,009,455.32**	**6,208,601,925.40**		

Legal representative：Liu Yang　　　Chief accountant：Lian Jinhua　　　Person in charge of accounting body：Dai

Consolidated Balance Sheet (Continued)

Company:Zhongrong International Trust Co.Ltd | 31 December 2013 | Unit: RMB

Item	No.	Consolidated		Parent Company		Note	
		Closing balance	Opening balance	Closing balance	Opening balance	Consolidated	Parent Firm
Liabilities and Owners' Equity	26						
Short-term borrowings	27						
Loans from the other bank	28						
Financial assets sold under repurchase agreements	29						
Acting sale of securities	30						
Acting underwriting securities	31						
Accounts payable	32	316,466.21				VIII.(11)	
Receipts in advance	33	23,921,136.53	29,745,346.54	23,886,172.03	29,745,346.54	VIII.(12)	
Employee benefits payable	34	1,527,249,852.24	1,005,886,550.66	1,514,455,279.07	1,005,491,398.78	VIII.(13)	XV.(5)
Taxes payable	35	460,371,082.11	319,614,756.19	459,065,960.81	316,545,385.18	VIII.(14)	XV.(6)
Interest payable	36						
Long-term borrowings	37						
Deferred tax liabilities	38						
Other liabilities	39	30,163,399.90	27,548,639.54	27,326,636.08	27,548,639.54	VIII.(15)	XV.(7)
Total Liabilities	40	**2,042,021,936.99**	**1,382,795,292.93**	**2,024,734,047.99**	**1,379,330,770.04**		
Paid-in capital (share capital)	41	1,600,000,000.00	1,475,000,000.00	1,600,000,000.00	1,475,000,000.00	VIII.(16)	
Capital reserves	42	1,273,699,094.95	511,210,988.04	1,273,699,094.95	511,210,988.04	VIII.(17)	
Surplus reserves	43	585,039,617.41	375,888,002.91	585,039,617.41	375,888,002.91	VIII.(18)	
General risk reserves	44	334,587,179.94	204,799,168.53	334,587,179.94	204,799,168.53	VIII.(19)	XV.(8)
Unappropriated profits	45	3,736,867,334.02	2,276,493,508.80	3,764,949,515.03	2,262,372,995.88	VIII.(20)	XV.(9)
Translation difference arising on translation of financial statements	46						
Total Owners' Equity Attributable To the Company	47	7,530,193,226.32	4,843,391,668.28	7,558,275,407.33	4,829,271,155.36		
Minority interests	48	115,291,328.95					
Total Owners' Equity	49	**7,645,484,555.27**	**4,843,391,668.28**	**7,558,275,407.33**	**4,829,271,155.36**		
Total Liabilities and Owners' Equity	50	**9,687,506,492.26**	**6,226,186,961.21**	**9,583,009,455.32**	**6,208,601,925.40**		

Legal representative: Liu Yang | Chief accountant: Lian Jinhua | Person in charge of accounting body: Dai Baoxiang

Consolidated Income Statement

Company:Zhongrong International Trust Co.Ltd

Year2013

Unit: RMB

Item	No.	Consolidated		Parent Firm		Note	
		Amount for the current	Amount for the prior period	Amount for the current	Amount for the prior period	Consolidated	Parent Firm
I. Total operating income	1	**4,898,115,721.11**	**3,808,931,196.53**	**4,895,552,308.88**	**3,755,491,782.12**		
Interest net income	2	340,742,194.17	80,833,253.62	337,848,791.68	80,833,253.62	VIII.(21)	XV.(10)
Interest income	3	340,742,194.17	81,660,031.30	337,848,791.68	81,660,031.30		
Interest expenses	4		826,777.68		826,777.68		
Net income of fee and commission	5	4,542,050,100.01	3,533,810,991.94	4,540,657,245.93	3,533,810,991.94	VIII.(22)	XV.(11)
Fee and commission income	6	4,542,050,100.01	3,533,810,991.94	4,540,657,245.93	3,533,810,991.94		
Fee and commission expenses	7						
Operating income	8		53,439,414.41			VIII.(23)	
Investment income	9	-36,589,452.81	-6,437,885.02	-36,568,546.94	-6,437,885.02	VIII.(24)	XV.(12)
Gains from changes in fair values (Losses are indicated by "-")	10	-10,108,433.46	43,053,026.34	-10,108,433.46	43,053,026.34	VIII.(25)	XV.(13)
Foreign exchange gains (Losses are indicated by "-")	11	-2,074,191.54	-30,297.13	-372,253.07	-30,297.13	VIII.(26)	
Other operating income	12	64,095,504.74	104,262,692.37	64,095,504.74	104,262,692.37	VIII.(27)	XV.(14)
II. Total operating costs	13	**2,191,126,688.50**	**1,781,517,496.43**	**2,113,971,187.86**	**1,740,094,687.56**		
Operating Cost	14						
Business tax and surcharges	15	262,216,891.70	210,896,900.40	262,136,933.84	207,904,293.20	VIII.(28)	XV.(15)
Operation and administrative expenses	16	1,928,909,796.80	1,570,620,596.03	1,851,834,254.02	1,532,190,394.36	VIII.(29)	XV.(16)
Losses of assets impairment	17						
Other operating Cost	18	-	-				
III. Operating profit	19	**2,706,989,032.61**	**2,027,413,700.10**	**2,781,581,121.02**	**2,015,397,094.56**		
Add: Non-operating income	20	3,549,149.49	12,138,449.92	2,787,149.49	12,138,449.92	VIII.(30)	XV.(17)
Less: Non-operating expenses	21	2,128,016.11	4,637,746.23	2,128,016.11	4,624,404.27	VIII.(31)	XV.(18)
IV. Total profit	22	**2,708,410,165.99**	**2,034,914,403.79**	**2,782,240,254.40**	**2,022,911,140.21**		
Less: Income tax expenses	23	690,805,385.91	510,602,541.11	690,724,109.34	507,585,265.57	VIII.(32)	XV.(19)
V. Net profit	24	**2,017,604,780.08**	**1,524,311,862.68**	**2,091,516,145.06**	**1,515,325,874.64**		
Net profit attributable to owners of the Company	25	2,049,313,451.13	1,524,311,862.68	2,091,516,145.06	1,515,325,874.64		
Profit or loss attributable to minority interests	26	-31,708,671.05	-	-	-		
VI. Other comprehensive income	27	**-112,511,893.09**	**-2,022,758.37**	**-112,511,893.09**	**-2,022,758.37**	VIII.(33)	XV.(20)
VII. Total comprehensive income	28	**1,905,092,886.99**	**1,522,289,104.31**	**1,979,004,251.97**	**1,513,303,116.27**		
Total comprehensive income attributable to owners of the Company	29	1,936,801,558.04	1,522,289,104.31	1,979,004,251.97	1,513,303,116.27		
Total comprehensive income attributable to minority	30	-31,708,671.05	-	-	-		

Legal representative: Liu Yang　　Chief accountant: Lian Jinhua　　Person in charge of accounting body: Dai Baoxiang

Consolidated Cash Flow Statement

Company:Zhongrong International Trust Co.Ltd | Year 2013 | Unit: RMB

Item	NO.	Consolidated		Parent Company		Note
		Amount for the current period	Amount for the prior period	Amount for the current period	Amount for the prior period	
I. Cash Flows from Operating Activities:	1					
Cash receipts from the sale of goods and the rendering of services	2		54,294,738.21			
Net increase in customer deposits and deposits from banks and other financial institutions	3					
Net increase in loans from the central bank	4					
Net increase in taking from banks and other financial institutions	5					
Cash receipts from interest, fees and commissions	6	4,941,858,117.65	3,727,025,301.70	4,936,742,367.84	3,727,025,301.70	
Net increase in repurchasing	7					
Other cash receipts relating to operating activities	8	23,818,301.85	2,497,350.69	21,735,067.22	2,497,350.69	
Sub-total of cash inflows from operating activities	9	4,965,676,419.50	3,783,817,390.60	4,958,477,435.06	3,729,522,652.39	
Cash payments for goods purchased and services received	10					
Net increase in loans and advances to customers	11					
Net increase in deposites in the central bank and due from banks and other financial institutions	12					
Cash payments for interest, fees and commissions	13		826,777.68		826,777.68	
Cash payments to and on behalf of employees	14	795,282,974.73	586,156,811.44	755,533,305.80	575,332,990.18	
Payments of various types of taxes	15	957,082,438.47	776,996,966.80	953,722,260.77	771,728,567.67	
Other cash payments relating to operating activities	16	576,895,916.60	521,505,090.85	552,360,667.54	492,871,380.48	
Sub-total of cash outflows from operating activities	17	2,329,261,329.80	1,885,485,646.77	2,261,616,234.11	1,840,759,716.01	
Net Cash Flow from Operating Activities	18	2,636,415,089.70	1,898,331,743.83	2,696,861,200.95	1,888,762,936.38	VIII. (1)
II. Cash Flows from Investing Activities:	19					
Cash receipts from disposals and recovery of investments	20	273,292,975.56	781,258,463.34	273,292,975.56	781,258,463.34	
Cash receipts from investment income	21	13,199,511.14	52,221,659.28	13,199,511.14	52,221,659.28	
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	22	110,000.00	1,077,236.10	110,000.00	1,076,736.10	
Net cash receipts from disposals of subsidiaries and other business units	23					
Other cash receipts relating to investing activities	24					
Sub-total of cash inflows from investing activities	25	286,602,486.70	834,557,358.72	286,602,486.70	834,556,858.72	
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	26	46,089,288.93	50,849,500.04	31,574,928.53	820,765,727.10	
Cash payments to acquire investments	27	277,325,354.24	821,745,727.10	268,385,354.24	49,029,365.04	
Net cash payments for acquisitions of subsidiaries and other business units	28			153,000,000.00		
Other cash payments relating to investing activities	29					
Sub-total of cash outflows from investing activities	30	323,414,643.17	872,595,227.14	452,960,282.77	869,795,092.14	
Net Cash Flow from Investing Activities	31	-36,812,156.47	-38,037,868.42	-166,357,796.07	-35,238,233.42	
III. Cash Flows from Financing Activities:	32					
Cash receipts from capital contributions	33	1,147,000,000.00		1,000,000,000.00		
Including: cash receipts from capital contributions from minority owners of subsidiaries	34	147,000,000.00				
Cash receipts from borrowings	35					
Cash receipts from issue of bonds	36					
Other cash receipts relating to financing activities	37					
Sub-total of cash inflows from financing activities	38	1,147,000,000.00	-	1,000,000,000.00	-	
Cash repayments of borrowings	39					
Cash payments for distribution of dividends or profits or settlement of interest expenses	40	250,000,000.00		250,000,000.00		
Including: payments for distribution of dividends or profits to minority owners of subsidiaries	41					
Other cash payments relating to financing activities	42					
Sub-total of cash outflows from financing activities	43	250,000,000.00	-	250,000,000.00	-	
Net Cash Flow from Financing Activities	44	897,000,000.00	-	750,000,000.00	-	
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	45	-2,074,191.54	-30,297.13	-372,253.07	-30,297.13	
V. Net Increase in Cash and Cash Equivalents	46	3,494,528,741.69	1,860,263,578.28	3,280,131,151.81	1,853,494,405.83	VIIII. (2)
Add: Opening balance of cash and cash equivalents	47	4,936,999,730.05	3,076,736,151.77	4,822,553,334.22	2,969,058,928.39	
VI. Closing Balance of Cash and Cash Equivalents	48	8,431,528,471.74	4,936,999,730.05	8,102,684,486.03	4,822,553,334.22	

Legal representative: Liu Yang   Chief accountant: Lian Jinhua   Person in charge of accounting body: Dai Baoxiang

Consolidated Statement of Changes in Owners' Equity

Company:Zhongrong International Trust Co.Ltd

Year2013

Unit: RMB

Amount for the current period

Item	No.	Attributable to owners of the Company: Paid-in capital/ Share capital	Capital reserves	Less: Treas	Spec	Surplus reserves	General risk reserves	Unappropriate profits	Others	Subtoatl	Minority interests	Total owners' equity
I. Closing balance of the preceding year	1	1,475,000,000.00	511,210,988.04	-	-	375,888,002.91	204,799,168.53	2,276,493,508.80	-	4,843,391,668.28		4,843,391,668.28
Add: Changes in accounting policies	2									-		-
Corrections of prior period errors	3									-		-
II. Opening balance of the current year	4	1,475,000,000.00	511,210,988.04	-	-	375,888,002.91	204,799,168.53	2,276,493,508.80	-	4,843,391,668.28	-	4,843,391,668.28
III. Changes for the year (Decrease is indicated by "-")	5	125,000,000.00	762,488,106.91	-	-	209,151,614.50	129,788,011.41	1,460,373,825.22	-	2,686,801,558.04	115,291,328.95	2,802,092,886.99
(I) Net profit	6							2,049,313,451.13		2,049,313,451.13	-31,708,671.05	2,017,604,780.08
(II) Other comprehensive income	7		-112,511,893.09							-112,511,893.09		-112,511,893.09
(III) Owners' contributions and reduction in capital	8	-	-112,511,893.09	-	-	-	-	2,049,313,451.13	-	1,936,801,558.04	-31,708,671.05	1,905,092,886.99
(Iv) Owners' contributions and reduction in capital	9	125,000,000.00	875,000,000.00	-	-	-	-	-	-	1,000,000,000.00	147,000,000.00	1,147,000,000.00
1. Capital contribution from owners	10	125,000,000.00	875,000,000.00							1,000,000,000.00	147,000,000.00	1,147,000,000.00
2. Share-based payment recognised in owners' equity	11									-		-
3. Others	12									-		-
（Ⅳ） Provision and use of special reserves	13	-	-	-	-	-	-	-	-	-		-
1.Provision of special reserves	14									-		-
2.Use of special reserves	15									-		-
(V) Profit distribution	16					209,151,614.50	129,788,011.41	-588,939,625.91		-250,000,000.00		-250,000,000.00
1. Transfer to surplus reserves	17					209,151,614.50		-209,151,614.50		-		-
Including: Legal reserves	18					209,151,614.50		-209,151,614.50		-		-
Free reserves	19									-		-
#Fund reserves	20									-		-
#Fund of development	21									-		-
#Return of investment	22									-		-
2. Transfer to general risk reserves	23						129,788,011.41	-129,788,011.41		-		-
3. Distributions to [owners/shareholders]	24							-250,000,000.00		-250,000,000.00		-250,000,000.00
4. Others	25									-		-
(Vi) Transfers within owners' equity	26	-	-	-	-	-	-	-	-	-	-	-
1. Capitalisation of capital reserves	27									-		-
2. Capitalisation of surplus reserves	28									-		-
3. Loss offset by surplus reserves	29									-		-
4. Others	30									-		-
VII. Closing balance of the current year	31	1,600,000,000.00	1,273,699,094.95	-	-	585,039,617.41	334,587,179.94	3,736,867,334.02	-	7,530,193,226.32	115,291,328.95	7,645,484,555.27

Amount for the prior period

Item	No.	Attributable to owners of the Company: Paid-in capital/ Share capital	Capital reserves	Less: Treasury	Special reserve	Surplus reserves	General risk reserves	Unappropriate profits	Others	Subtoatl	Minority interests	Total owners' equity
I. Closing balance of the preceding year	1	1,475,000,000.00	513,233,746.41	-	-	224,355,415.45	122,287,259.20	986,226,142.91	-	3,321,102,563.97		3,321,102,563.97
Add: Changes in accounting policies	2									-		-
Corrections of prior period errors	3									-		-
II. Opening balance of the current year	4	1,475,000,000.00	513,233,746.41	-	-	224,355,415.45	122,287,259.20	986,226,142.91	-	3,321,102,563.97	-	3,321,102,563.97
III. Changes for the year (Decrease is indicated by "-")	5	-	-2,022,758.37	-	-	151,532,587.46	82,511,909.33	1,290,267,365.89	-	1,522,289,104.31	-	1,522,289,104.31
(I) Net profit	6							1,524,311,862.68		1,524,311,862.68		1,524,311,862.68
(II) Other comprehensive income	7		-2,022,758.37							-2,022,758.37		-2,022,758.37
(III) Owners' contributions and reduction in capital	8	-	-2,022,758.37	-	-	-	-	1,524,311,862.68	-	1,522,289,104.31	-	1,522,289,104.31
(Iv) Owners' contributions and reduction in capital	9	-	-	-	-	-	-	-	-	-	-	-
1. Capital contribution from owners	10									-		-
2. Share-based payment recognised in owners' equity	11									-		-
3. Others	12									-		-
（Ⅳ） Provision and use of special reserves	13	-	-	-	-	-	-	-	-	-	-	-
1.Provision of special reserves	14									-		-
2.Use of special reserves	15									-		-
(V) Profit distribution	16					151,532,587.46	82,511,909.33	-234,044,496.79	-	-	-	-
1. Transfer to surplus reserves	17					151,532,587.46		-151,532,587.46		-		-
Including: Legal reserves	18					151,532,587.46		-151,532,587.46		-		-
Free reserves	19									-		-
#Fund reserves	20									-		-
#Fund of development	21									-		-
#Return of investment	22									-		-
2. Transfer to general risk reserves	23						82,511,909.33	-82,511,909.33		-		-
3. Distributions to [owners/shareholders]	24									-		-
4. Others	25									-		-
(Vi) Transfers within owners' equity	26	-	-	-	-	-	-	-	-	-	-	-
1. Capitalisation of capital reserves	27									-		-
2. Capitalisation of surplus reserves	28									-		-
3. Loss offset by surplus reserves	29									-		-
4. Others	30							-		-		-
VII. Closing balance of the current year	31	1,475,000,000.00	511,210,988.04	-	-	375,888,002.91	204,799,168.53	2,276,493,508.80	-	4,843,391,668.28	-	4,843,391,668.28

Legal representative：Liu Yang

Chief accountant：Lian Jinhua

Statement of Changes in Owners' Equity

Company:Zhongrong International Trust Co.Ltd   Year2013   Unit: RMB

Item	No.	Amount for the current period							Amount for the prior period						
		Paid-in capital/ Share capital	Capital reserves	Less: Treasury shares	Surplus reserves	General risk reserves	Unappropriate profits	Total owners' equity	Paid-in capital/ Share capital	Capital reserves	Less: Treasury shares	Surplus reserves	General risk reserves	Unappropriate profits	Total owners' equity
I. Closing balance of the preceding year	1	1,475,000,000.00	511,210,988.04		375,888,002.91	204,799,168.53	2,262,372,995.88		1,475,000,000.00	513,233,746.41		224,355,415.45	122,287,259.20	981,091,618.03	3,315,968,039.09
Add: Changes in accounting policies	2							-							-
Corrections of prior period errors	3							-							-
Other	4														
II. Opening balance of the current year	5	1,475,000,000.00	511,210,988.04	-	375,888,002.91	204,799,168.53	2,262,372,995.88	4,829,271,155.36	1,475,000,000.00	513,233,746.41	-	224,355,415.45	122,287,259.20	981,091,618.03	3,315,968,039.09
III. Changes for the year (Decrease is indicated by "-")	6	125,000,000.00	762,488,106.91	-	209,151,614.50	129,788,011.41	1,502,576,519.14	2,729,004,251.97	-	-2,022,758.37	-	151,532,587.46	82,511,909.33	1,281,281,377.85	1,513,303,116.27
(I) Net profit	7						2,091,516,145.06	2,091,516,145.06						1,515,325,874.64	1,515,325,874.64
(II) Other comprehensive income	8		-112,511,893.09					-112,511,893.09		-2,022,758.37					-2,022,758.37
Subtotal of (I) and (II)	9	-	-112,511,893.09	-	-	-	2,091,516,145.06	1,979,004,251.97	-	-2,022,758.37	-	-	-	1,515,325,874.64	1,513,303,116.27
(III) Owners' contributions and reduction in capital	10	125,000,000.00	875,000,000.00	-	-	-	-	1,000,000,000.00	-	-	-	-	-	-	-
1. Capital contribution from owners	11	125,000,000.00	875,000,000.00					1,000,000,000.00							-
2. Share-based payment recognised in owners' equity	12							-							-
3. Others	13							-							-
(IV) Profit distribution	14	-	-	-	209,151,614.50	129,788,011.41	-588,939,625.91	-250,000,000.00	-	-	-	151,532,587.46	82,511,909.33	-234,044,496.79	-
1. Transfer to surplus reserves	15				209,151,614.50		-209,151,614.50	-				151,532,587.46		-151,532,587.46	-
2. Transfer to general risk reserves	16					129,788,011.41	-129,788,011.41	-					82,511,909.33	-82,511,909.33	-
3. Distributions to shareholders	17						-250,000,000.00	-250,000,000.00							-
4. Others	18							-							-
(V) Transfers within owners' equity	19	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalisation of capital reserves	20							-							-
2. Capitalisation of surplus reserves	21							-							-
3. Loss offset by surplus reserves	22							-							-
4. Others	23						-	-						-	-
(VI) Special reserves	24	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer to special reserves in the period	25							-							-
2. Amount utilised in the period	26							-							-
(VII) Others	27							-							-
IV. Closing balance of the current year	28	1,600,000,000.00	1,273,699,094.95	-	585,039,617.41	334,587,179.94	3,764,949,515.02	7,558,275,407.33	1,475,000,000.00	511,210,988.04	-	375,888,002.91	204,799,168.53	2,262,372,995.88	4,829,271,155.36

Legal representative: Liu Yang   Chief accountant: Lian Jinhua   Person in charge of accounting

Consolidated Statement of Provision for Impairment of Assets

Company:Zhongrong International Trust Co.Ltd | 31 December 2013 | Unit: RMB

Item	No.	Opening balance	Increase for current year				Decrease for current year					Closing balance	Item	No.	Amount
			Provision for current year	Increase for consolidated	Increase for others	Toatl	Reversal	Cancellation	Decrease for consolidated	Decrease for others	Toatl				
1、Bad debt reserves	1	468,542.06				-					-	468,542.06	Additional Information	18	———
2、Inventory falling price reserves	2					-			-		-	-	1、Net loss of assets in suspense	19	
3、Financial assets available for sale depreciation reserves	3					-		-	-	-	-	-	(1) Net loss of current assets	20	
4、Holding to maturity investment depreciation reserves	4					-		-	-	-	-	-	including: bad debts loss	21	
5、Long-term investments depreciation reserves	5	3,390,947.82				-	——	3,390,947.82	-		3,390,947.82	-	inventory loss	22	
6、Investment property depreciation reserves	6					-	——	-	-	-	-	-	short-term investment loss	23	
7、Liquidation of fixed assets	7					-	——		-		-	-	(2) Net loss of fixed assets	24	
8、Project goods and material depreciation reserves	8					-	——	-	-	-	-	-	including: Fixed assets losses	25	
9、Construction-in-process depreciation reserves	9					-	——	-	-	-	-	-	Fixed assets scrap and damage	26	
10、Productive biological assets depreciation reserves	10					-	——	-	-	-	-	-	Fixed assets profit	27	
11、Oil and gas asserts depreciation reserves	11					-	——	-	-	-	-	-	(3) long-term loss	28	
12、Intangible Assets depreciation reserves	12					-	——	-	-	-	-	-	(4)intangible assets loss	29	
13、Goodwill depreciation reserves	13					-	——	-	-	-	-	-	(5) Construction-in-process Loss	30	
14、Other depreciation reserves	14					-	——	-	-	-	-	-	(6) Entrusted loans losses	31	
	15					-					-	-	2、Credit of policy	32	
	16					-					-	-	3、Processing previous losses and credit	33	
Total	17	3,859,489.88	-	-	-	-	-	3,390,947.82	-	-	3,390,947.82	468,542.06	including: Processing previous losses and credit in current profit and loss	34	

Legal representative: Liu Yang　　　　Chief

Statement of Provision for Impairment of Assets

Company:Zhongrong International Trust Co.Ltd | 31 December 2013 | Unit: RMB

Item	No.	Opening balance	Increase for current year				Decrease for current year					Closing balance	Item	No.	Amount
			Provision for current year	Increase for consolidated	Increase for others	Toatl	Reversal	Cancellation	Decrease for consolidated	Decrease for others	Toatl				
1、Bad debt reserves	1	468,542.06				-					-	468,542.06	Additional Information	18	——
2、Inventory falling price reserves	2					-			-		-	-	1、Net loss of assets in suspense	19	
3、Financial assets available for sale depreciation reserves	3					-		-	-	-	-	-	(1) Net loss of current assets	20	
4、Holding to maturity investment depreciation reserves	4					-		-	-	-	-	-	including: bad debts loss	21	
5、Long-term investments depreciation reserves	5	3,390,947.82				-	——	3,390,947.82	-		3,390,947.82	-	inventory loss	22	
6、Investment property depreciation reserves	6					-	——	-	-	-	-	-	short-term investment loss	23	
7、Liquidation of fixed assets	7					-	——		-		-	-	(2) Net loss of fixed assets	24	
8、Project goods and material depreciation reserves	8					-	——	-	-	-	-	-	including: Fixed assets losses	25	
9、Construction-in-process depreciation reserves	9					-	——	-	-	-	-	-	Fixed assets scrap and damage	26	
10、Productive biological assets depreciation reserves	10					-	——	-	-	-	-	-	Fixed assets profit	27	
11、Oil and gas asserts depreciation reserves	11					-	——	-	-	-	-	-	(3) long-term loss	28	
12、Intangible Assets depreciation reserves	12					-	——	-	-	-	-	-	(4)intangible assets loss	29	
13、Goodwill depreciation reserves	13					-	——	-	-	-	-	-	(5) Construction-in-process Loss	30	
14、Other depreciation reserves	14					-	——	-	-	-	-	-	(6) Entrusted loans losses	31	
	15					-					-	-	2、Credit of policy	32	
	16					-					-	-	3、Processing previous losses and credit	33	
Total	17	3,859,489.88	-	-	-	-	-	3,390,947.82	-	-	3,390,947.82	468,542.06	including: Processing previous losses and credit in current profit and loss	34	

Legal representative: Liu Yang Chief accountant:

Zhongrong International Trust Co., Ltd

Notes to the financial statements

For the Year Ended 31 December 2013

(All amounts denominated in RMB unless otherwise stated)

I. BASIC INFORMATION ABOUT THE COMPANY

Zhongrong International Trust Co., Ltd (herein after refer as "the Company") formerly known as Harbin International Trust Investment Co., Ltd. established in 1987. In March 2002, the Company was granted "The Approval of Capital Offering for Harbin International Trust Company" (Shen Yin Fu Zi [2002] No.270) by Shenyang branch of The People's bank of China, the shareholders of the Company are Harbin State-owned Assets Supervision and Administration Commission, Zhongzhi Enterprise Group Co., Ltd., Harbin Investment Group Company Limited, Harbin Hongda Consturction Co., Ltd., Heilongjiang Province Mudanjiang New Materials technology Co., Ltd. and Haci Company Limited. In April 2002, according to the requirement of "The notice of The Scheme of Reorganize Trust and Investment Companies issued by The People's Bank of China and forwarded by General Office of the State Council" (Guo Ban Fan [1999] No.12) and "The Scheme of Further Improvement of Reorganize Trust and Investment Companies" (Yin Fa [2000] No.389) issued by The People's Bank of China, the Company re-registered and renamed as Zhongrong International Trust and Investment Co., Ltd. In June 2000, the Company obtained The License of the Business Corporation issued by Harbin Administration of Industry and Commerce, with the registered capital of RMB 325 million. In July 2007, the Company renamed as Zhongrong International Trust Co., Ltd, approved by China Banking Regulatory Commission with a document release called "The Approval of Name and Business Scope change of Zhongrong International Trust and Investment Co., Ltd." (Yin Jian Fu [2007] No.295). In July 2010, the Company obtained "The approval of change in Registered Capital and Company Article of Zhongrong International Trust Co., Ltd" (Hei Yin Jian Fu [2010] No.339) from Heilongjiang Branch, China Banking Regulatory Commission, retained earnings transferred to paid-in-capital, registered capital changed from RMB 325 million to RMB 580 million.

In March 2011, the Company obtained "The approval of change in Registered Capital and Company Article of Zhongrong International Trust Co., Ltd" (Hei Yin Jian Fu [2011] No.75) from Heilongjiang Branch, China Banking Regulatory Commission. The registered capital increased RMB 820 million, including the monetary capital increase by RMB 300 million from Jingwei Textile Machinery Company Limited, Zhongzhi Enterprise Group Co., Ltd., Harbin Investment Group Company Limited and Dalian Xinxing Real Estate Development Group Co., Ltd.; the shareholders transferred RMB 520 million from undistributed profit to paid-in-capital according to their shareholding proportion. The new registered capital is RMB1.4 billion.

In October 2012, the Company obtained "The approval of change in Equity Stake and Registered Capital, adjustment of Equity Structure and amendment of the Company Article of Zhongrong International Trust Co., Ltd" (Hei Yin Jian Fu [2011] No.447) from Heilongjiang Branch, China Banking Regulatory Commission. The RMB 107.68million of the Company's equity hold by Dalian Xinxing Real Estate Development Group Co., Ltd. transferred to Shengyang An Tai Da Commercial Trading Ltd. Jingwei Textile Machinery Company Limited, Zhongzhi Enterprise Group Co., Ltd., Harbin Investment Group Company Limited and Shengyang An Tai Da Commercial Trading Ltd. increased the Company's registered capital by RMB 75 million according to their shareholding proportion, the new registered capital is 1.475 billion.

In August 2011, the Company obtained "The approval of change in Equity Stake and Registered Capital, adjustment of Equity Structure and amendment of the Company Article of Zhongrong International Trust Co., Ltd" (Hei Yin Jian Fu [2012] No.284) from Heilongjiang Branch, China Banking Regulatory Commission. The registered capital of the Company increased by RMB 12.5 million, including the monetary capital increase of RMB 12.5million from Jingwei Textile Machinery Company Limited, Zhongzhi Enterprise Group Co., Ltd. and Shengyang An Tai Da Commercial Trading Ltd. who put in RMB 59,697,537.50, RMB 52,550,412.50, RMB12,752,050.00 respectively. In January 2013, the Company completed the increase in registered capital, adjustment of equity structure, amendment of the company article and change in business registration. By December 31, 2013, the Company's registered capital is RMB1.6 billion, the legal representative is Liu Yang, and registered place is No.33 Songshan Road, Nangang District, Harbin, China, and obtained business license of No. 230100100002118.

The Company's main business scope includes: the trust funds; personal property trust; real estate trust; securities trust; other property or property rights trust; engaged in investment fund businesses serve as initiator of the investment fund or fund management company; enterprises' asset restructuring, merger and acquisition, project financing, corporate finance, financial advisory and other related services; entrusted underwriting business that is approved by the relevant departments under the State Council securities; deal with intermediary, credit investigation, and consulting business; safe deposit box service; utilize fixed assets by due from banks, loan at call, provide loan, lease and investment method; provide guarantee for others use fixed properties; engaged in the interbank lending; other business that is approved by the laws and regulations or the China banking regulatory commission.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated and the Company's financial statements have been prepared on going concern basis, in accordance with Accounting Standards for Business Enterprises ("ASBE") issued by the Ministry of Finance ("MOF"), On February 15, 2006, supplementary regulations and the significant accounting policies and accounting estimates as follows.

III.STATEMENT OF CPMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The consolidated and the Company's financial statement have been proposed in accordance with ASBE, and present truly and completely, the Company's and consolidated financial position as of December 31, 2013and the Company's and consolidated results of operation and cash flows for the year ended December 31, 2013.

IV.THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Accounting year

The accounting year of the Company is from 1 January to 31 December of each calendar year.

2. Functional currency

The reporting currency of the Companies is Renminbi ("RMB").

3. Principle of measurement

The Company has adopted the accrual basis of accounting. Other than financial instrument is measured at its fair value, the company uses the historical cost convention as the principle of measurement. Assets measured at its actual costs when acquired, and impairment shall be recognized according to related regulations if it is impaired later on.

4. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Company's short-term(usually due within 3 months from the acquisition date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

5. Translation of transactions and financial statements denominated in foreign currencies

On initial recognition, a foreign currency amount is translated into functional currency by applying the spot exchange rate on the date of the transaction announced by People's Bank of China. Exchange transactions between different currencies are calculated by the exchange rate, and the difference between actual exchange amount and initial book value shall be accounted for as financial cost (profit and loss on exchange).

At the balance sheet date, foreign currency non-monetary items shall be translated by applying the spot exchange rate on acquisition. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date the fair value is determined, the difference between the translated functional currency amount and the original functional currency amount is treated as changes in fair value (changes of exchange rate) and is recognized in profit and loss.

6. Financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settle, between knowledgeable, willing parties in an arm's length transaction. For a financial instrument which has an active market, the Company uses the quoted price in the active market to establish its fair value. For a financial instrument which has no active market, the Company establishes fair value by using a valuation technique. Valuation techniques include using resent arm's length market transaction between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing model.

6.1. Classification, recognition and measurement of financial instruments

On initial recognition, the Company's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivable, and available-for sale financial assets. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis

6.1.1Financail Assets at Fair Value through Profit or Loss ("FVTPL")

Financial assets at FVTPL include financial assets held for trading and those designated as at fair value through profit or loss. A financial asset is classified as held for trading if one of the following conditions is satisfied: (1) It has been acquired principally for the purpose of selling in the near term; or (2) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) It is a derivative that is not designated and effective as a hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

A financial asset may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognizing the gains or losses on them on different bases; or (2) The financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis.

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognized in profit or loss.

6.1.2 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group's management has the positive intention and ability to hold to maturity.

Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method.
Gain or loss arising from derecognition, impairment or amortization is recognized in profit or loss.

6.1.3. Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables by the Group include notes receivable, accounts receivable, interest receivable, dividends receivable, and other receivables.
Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortization is recognised in profit or loss.

6.1.4. Available-for-sale financial assets
Available-for-sale financial assets include non-derivative financial assets that are designated on initial recognition as available for sale [please specify the specific designated item, if any,], and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.
Available-for-sale financial assets are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognized as other comprehensive income and included in the capital reserve, except that impairment losses and exchange differences related to amortized cost of monetary financial assets denominated in foreign currencies are recognized in profit or loss, until the financial assets are derecognized, at which time the gains or losses are released and recognized in profit or loss.
Interests obtained and the dividends declared by the investee during the period in which the available-for-sale financial assets are held, are recognized in investment gains.

6.1.5Buying back the sale of financial assets
Buying back the sale of financial assets refers to the fund that is financing by purchase of financial assets and resale with a fixed amount according to the resale agreement.
Buying back the sale of financial assets recognizes the actual payment when the transaction incurred, which reflect in the balance sheet. The financial assets that have been purchased are not recognized in asset.
The bid-ask spread of buying back the sale of financial assets during the transaction period are amortized using effective interest method, and recognize as interest receivable and interest income.

6.2 Impairment of financial assets
The Group assesses at each balance sheet date the carrying amounts of financial assets other than those at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Group determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

Objective evidence that a financial asset is impaired includes the following observable events:

Significant financial difficulty of the issuer or obligor;

A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;

The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;

It becoming probable that the borrower will enter bankruptcy or other financial reorganizations;

The disappearance of an active market for that financial asset because of financial difficulties of the issuer;

Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes:

- Adverse changes in the payment status of borrower in the group of assets;
- Economic conditions in the country or region of the borrower which may lead to a failure to pay the group of assets;
-Significant adverse changes in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;
-A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost;
- Other objective evidence indicating there is an impairment of a financial asset.

6.2.1Impairment of held-to-maturity, loans and receivables

If financial assets carried at amortized cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognized as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortized cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For a financial asset that is individually significant, the Group assesses the asset individually for impairment.

For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively reassesses them for impairment. Assets for which an impairment loss is individually recognized are not included in a collective assessment of impairment.

6.2.2 Impairment of available-for-sale financial assets

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value previously recognized directly in capital reserve is reclassified from the capital reserve to profit or loss. The amount of the cumulative loss that is reclassified from capital reserve to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

If, subsequent to the recognition of an impairment loss on available-for-sale financial assets, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognized as other comprehensive income and included in the capital reserve, while the amount of reversal of impairment loss on available-for-sale debt instruments is recognized in profit or loss.

6.3 Derecognize financial assets

The Company derecognizes a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expired; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership for the financial assets is transferred to the transferee: or (3) although the financial asset has been transferred, the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

7. Long-term equity investments

For a long-term equity investment acquired through cash, the initial investment cost is the actually payment for the long-term equity investment.

For a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree at the date of combination. For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition. For a long-term equity investment acquired through business combination not involving enterprises under common control and achieved in stages, the investment cost of the long-term equity investment is the aggregate of the carrying amount of the equity interest held in the acquiree prior to the acquisition date and the cost of the additional investment at the acquisition date. The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost.

7.1Long-term equity investment accounted for using the cost method

Under the cost method, a long-term equity investment is measured at initial investment cost. Since January

1 2009, except for cash dividends or profits already declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee. Before January 1 2009, investment income is recognized only limited to the accumulated profit distributions that occurred after the investor made the investment to the investee, the attributable share of cash dividends or profit distributions declared by the investee that are exceed the above mentioned amount recognized as the regain of the initial investment cost, write down the carrying amount of the investment.

7.2 Long-term equity investment accounted for using the equity method

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group’s share of the fair value of the investee’s identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group’s share of the fair value of the investee’s identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its share of the net profit or loss of the investee for the period as investment income or loss for the period. The Group recognizes its share of the investee’s net profit or loss based on the fair value of the investee’s individual separately identifiable assets, etc at the acquisition date after making appropriate adjustments to conform with the Group's accounting policies and accounting period. Unrealized profits or losses resulting from the Group's transactions with its associates and joint ventures are recognized as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, according to “ASBE Article 8- Impairment of Assets” unrealized losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated. Changes in owners' equity of the investee other than net profit or loss are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized as other comprehensive income which is included in the capital reserve.

The Group discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

8. Fixed assets and construction in progress

8.1 Recognition criteria for fixed assets and deprecation

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. Fixed assets are initially measured at cost and recognized the depreciation from the next month since acquired.

The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Estimated useful life (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
Buildings	20.00	3.00	4.85
Transportation vehicles	5.00	3.00	19.4
Electronic equipments	3.00-5.00	3.00	19.4-32.3
Computer	3.00-5.00	3.00	19.4-32.3
Other	3.00-5.00	3.00	19.4-32.3

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably, meanwhile the carrying amount of the replaced part is derecognised. Other subsequent expenditures recognized in the profit and loss of the current period. The decoration expenses of the fix assets can be capitalized once it fulfilled the standards of capitalization.
The Group adopts a depreciation policy for a fixed asset held under a finance lease which is consistent with that for its owned fixed asset. If there is reasonable certainty that the Group will obtain ownership of the leased asset at the end of the lease term, the leased asset is depreciated over its useful life. If there is no reasonable certainty that the Group will obtain ownership of the leased asset at the end of the lease term, the leased asset is depreciated over the shorter of the lease term and its useful life.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

8.2 Construction in progress
Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

9. Intangible assets

An intangible asset is intangible but identifiable non-monetary asset that is controlled or own by the Company. An intangible asset is measured initially at cost. When the intangible asset purchased, the actual payment and the connecting expense will be used to recognize the cost.

When an intangible asset with a finite useful life is available for use, its original cost is amortized over its estimated useful life using the straight-line method. The company reexamined the useful life and amortization method of the intangible assets regularly, and account for any change as a change in an accounting estimate.

The Company assesses at each balance sheet date whether there is any indication that the intangible assets with a finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets, the difference between the carrying amount and recoverable amount should withdraw as provision. An intangible asset with an indefinite useful life or unavailable for used, no matter whether or not there is any indication that such assets may be impaired, the assets need to conduct the impairment test annually.

10. Investment properties

Investment property is property held to earn rentals or for capital appreciation or both.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Company and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

The Company uses the cost model for subsequent measurement of investment property, and adopts a depreciation or amortization policy like the fixed assets and intangible assets for the investment property which is consistent with that for buildings or land use rights.

The carrying amount of the owner-occupied housing or inventory convert to investment properties, vice versa, it will become the carrying amount after the conversion

When an investment property is sold, transferred, retired or damaged, the Group recognizes the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

11. Impairment loss of non-financial assets

The Group assesses at each balance sheet date whether there is any indication that the long-term equity investment, fixed asset, construction in progress and the intangible assets with definite useful life may be impaired.

If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognized in profit or loss for the period.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. An asset's fair value is the price in a sale agreement in an arm's length transaction. If there is no sale agreement but an asset is traded in an active market, fair value is the current bid price. If there is no sale agreement or active market for an asset, fair value is assessed based on the best information available. Costs of disposal include legal costs related to the disposal of the asset, related taxes, costs of removing the asset and direct costs to bring the asset into condition for its sale. The present value of expected future cash flows of an asset shall be determined by estimating the future cash flows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to those future cash flows.

Once the impairment loss of such assets is recognized, it is not be reversed in any subsequent period.

12. Financial liability

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. The Company’s financial liabilities are all classified as other financial liabilities.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with gains or losses arising from derecognition or amortization recognized in profit or loss.

The Company derecognises a financial liability when the contract’s underlying present obligation is discharged, cancelation and expiration of the contract.

13. Employee benefit payable

During the accounting period of an employee' providing services to the company, the company shall recognize the employment benefit payable as liabilities.

In accordance with the rules and regulations, the Company participated in the employee social security system that is established by the government. The system including: medical insurance, endowment insurance, housing accumulation fund and other related items shall be recorded as profit or loss for the current period.

When the Company has formulated a formal plan on the cancellation of labor relationship or has brought forward a proposal on voluntary layoff and will execute it soon, simultaneously the Company is unable to unilaterally withdraw the plan on the cancellation of labor relationship or the layoff proposal. The Company shall recognize the expected liabilities incurred due to the compensation for the cancellation of the labor relationship with the employee, and shall simultaneously record them into the profit or loss for the current period

14. Contingency

The obligation pertinent to a contingencies shall be recognized as an estimated debts when the following conditions are satisfied simultaneously:(1) that obligation is a current obligation of the enterprise, (2) It is likely to cause any economic benefit to flow out of the enterprise as a result of performance of the obligation, and (3) the amount of the obligation can be measured in a reliable way.

To determine the best estimate, an enterprise shall take into full consideration of the risks, uncertainty, time value of money, and other factors pertinent to the Contingencies.

When all or some of the expenses necessary for the liquidation of an estimated debts of an enterprise is expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the reimbursement will be obtained. The amount recognized for the reimbursement should not exceed the book value of the estimated debts.

15. Income

15.1 Net interest income

The amount of interest income measured and recognized in accordance with the length of time for which the Company's cash is used by others and the effective interest rate.

15.2 Net commission income

The major net commission income includes: the trust commission charge and consulting fee. The trust commission charge is recognized and measured in accordance with the period and method of charging as stipulated in the relevant contract or agreement as the payment to the trustee; the consulting fee is recognized when the services are completed.

16. Income tax

At the balance sheet date, current income tax is measured according to the requirements of tax laws.

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method. Deferred tax is generally recognized for all temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

17. Entrusted business

The main entrusted business of the Company is trust property management.

The trust property management is the Company trustee mange the settlers' trust properties according with the trust agreement. In comply with "The People's Republic of China Trust Law" and "The Accounting

Method of the Trust Business", the Company manage the inherent property and trust property separately and use different accounting method. The trust project the trustee manage, utilize and dispose the trust property alone or collective according to the agreement seen as a basic unit, each project is an independent accounting body, and independently accounting the mange, utilize and dispose the trust properties and prepared in the financial statement. The asset, liability and profit and loss do not include into the Company's financial statement.

18. Operating leases and finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

18.1 The Company as lessee under operating leases

Operating lease payments are recognized on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

18.2 The Company as lessor under operating leases

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with more than an insignificant amount are capitalized when incurred, and are recognized in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they actually arise.

19. The significant accounting judgment, estimation and assumption made in applying accounting policies

As the Company applies the accounting policies that are listed in Note four, uncertainty exist within the operation, the Company cannot make exact judgment, estimation and assumption on the carrying amount of each item that is included in the financial statements. The judgment, estimation and assumption are made base on the Company's management team experiences with other related considerations, the actual outcome may be different from what the Company has estimated.

The prospective application method shall be adopted by the Company for treating the changes in accounting estimates. If a change in accounting estimate affects only the current period of the change, the effect of the change shall be recognized in the period of the change. If any change in an accounting estimate affects both the period of the current change and future periods, the effects of the change shall be recognized in the period of the change and in future periods.

For a financial instrument which has an active market, the Group uses the quoted price in the active market to establish its fair value. For a financial instrument which has no active market, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

V.TAXES

1.1 Taxs and tax rates except for corporate income tax

Category of tax	Tax rate
Business tax	5%
City maintenance and construction tax	7%
Education fee affixture	3%
Local education surcharge	2%
Water conservancy build fund	0.1%

1.2. Corporate income tax rate

Calculated and paid 25% according to the taxable income.

VI. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES ANDACCOUNTING ESTIMATES

1. Changes in accounting policy

The Company didn't have changes in accounting policy.

2. Changes in accounting estimates

The Company didn't have changes in accounting estimates.

3. The significant corrections of prior period accounting error

The Company didn't have changes in accounting estimates.

VII. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

1. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

1.1 Business combinations involving enterprises under common control

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the share premium in capital reserves. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

1.2 Business combinations not involving enterprises under common control

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognized as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognizes the remaining difference immediately in profit or loss for the current period.

2. Impairment and goodwill

For the purpose of impairment testing, goodwill is considered together with the related assets group(s), i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognized if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the group.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. An asset's fair value is the price in a sale agreement in an arm's length transaction. If there is no sale agreement but an asset is traded in an active market, fair value is the current bid price. If there is no sale agreement or active market for an asset, fair value is assessed based on the best information available. Costs of disposal include legal costs related to the disposal of the asset, related taxes, costs of removing the asset and direct costs to bring the asset into condition for its sale. The present value of expected future cash flows of an asset shall be determined by estimating the future cash flows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to those future cash flows.

The impairment of goodwill is recognized in profit or loss for the period in which it is incurred and will not be reversed in any subsequent period

3. Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate, and no adjustment is made to the opening balances and comparative figures in the consolidated financial statements.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control are included in the Company's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

All significant intra-company balances and transactions are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "minority interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority interests is presented as "minority interests" in the consolidated income statement below the "net profit" line item.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount are still allocated against minority interests.

4. Information of subsidiaries

Subsidiaries established or acquired through investments

Full name of the subsidiary	Type	Place of incorporation	Nature of business	Registered capital	Business scope
Beijing Zhongrong Dingxin Investment Management Co., Ltd.	Domestic non-financial subsidiaries	Beijing	Equity investment and asset management	100,000,000.00	Private equity investment, asset management and investment consulting
SSGA Fund	Domestic financial subsidiaries	Beijing	Fund management	300,000,000.00	Fund placement and sale and asset management for special clients.

Continue：

Actual capital contribution at the end of the period	Balance of other items, that in substance, constitutes net investment in the subsidiary	Proportion of ownership interest (%)	Proportion of voting power (%)	Minority interests	Amount of the minority interests used to absorb profits or losses attributable of minority interests
100,000,000.00		100	100		
153,000,000.00		51	51	115,291,328.95	

5. New entities that have been consolidated in the current period

Name	Net assets at the end of the period	Net profit for the current period
SSGA Fund	235,288,426.42	-64,711,573.58

VIII. NOTES TO IMPORTANT ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

“The opening balance” refers to the balance on 1 January 2013 and “the closing balance” refers to the balance on 31 December 2013. “The prior period” is the year of 2012 and “the current period” is the year of 2013.

1. Cash and bank balances

Item	Closing balance Amount in RMB	Opening balance Amount in RMB
Cash	54,184.45	4,796.37
Bank balances	8,426,812,812.89	4,928,565,741.47
Incl. RMB	8,285,122,239.08	4,916,215,009.15
USD	12,088,205.41	12,350,732.32
HKD	129,602,368.40	
Other currency funds	4,661,474.40	8,429,192.21
Total	8,431,528,471.74	4,936,999,730.05

2. Held-for-trading financial assets

Items	Closing fair value	Opening fair value
1. Held-for-trading investments in equity instruments	239,097,846.44	276,665,724.16

Items	Closing fair value	Opening fair value
2. Held-for-trading investments in debt securities		
Total	239,097,846.44	276,665,724.16

Note1: At the end of 2013, the equity instruments that the Company held are the shares of listed companies.

3. Accounts receivable

Items	Closing balance	Opening balance
Management Fee	436,252.30	
Total	436,252.30	

4. Available-for-sale financial assets

Items	Closing carrying amount	Opening carrying amount
Trust financial products	45,892,402.91	56,554,081.82
Fund investment		
Securities investment	330,896,590.50	514,298,298.00
Other financial products		
Total	376,788,993.41	570,852,379.82

Note1: The trust financial product “Zhongrong-Huashenghengli NO.1 congrong investment securities assemble funds trust” issued on August 2009, The Company act as a secondary trustor bought the RMB 8.99 million trust product that is established and managed by the company. The beneficiaries meeting held in 2012 has rescheduled the maturity date from August 2011 to August 2013. On the August 23 2013, the maturity date changed again with a change of the structure of the original trust plan, the trust benefit of the priority beneficiaries had been fully allocated. The company has recognized the actual profit and loss as well as the cost of investment. Under the current trust plan, the trust fund is primarily invested in listed shares and fix incomes under the current trust plan.

Note 2: In August 2010, the Company purchased 15 million non-public shares of Anhui Liuguo Chemical Co.,Ltd.(“ Liuguo chemical”). According to the announcement made in 2010, the profit distribution and capital reserves of Liuguo chemical transferred into equity cause an increase of 6 shares by every 10 shares, result of the 9 million increase of capital stock of Liuguo Chemical hold by the Company. By the end of 2011, the Company holds 2.4 million shares of Liuguo chemical. The closing price of the secondary market was RMB6.5 per share on December 31, 2013.

Note 3: In November 2010, the Company purchased 9 million non-public shares of Anhui Hengyuan Coal Industry and Electricity Power Co.,Ltd. ("Hengyang Coal and Electricity "). According to the announcement made in 2010, the capital reserves of Hengyang Coal and Electricity transferred into equity cause an increase of 12.8065 shares by every 10 shares, result of the 11,525,850.00 increase of capital stock of Hengyang Coal and Electricity hold by the Company. By the end of 2011, the Company holds 20,525,850.00 shares of Hengyang Coal and Electricity. The closing price of the secondary market was RMB7.31 per share on December 31, 2013.

Note 4: In January 2012, the Company purchased the RMB 27,804,060.00 subordinated debt that is issue by Mianyang City Commercial Bank in 2009, with duration of 5 + 5 years, coupon rate of 6.1%, and the par value is RMB 30 million. The market price of inter-bank bond market on December 31, 2013 is RMB 0.951576.

5. Long-term equity investments

5.1 Disclosure by categories

Item	Closing balance	Opening balance
Investment in subsidiary		
Investment in joint ventures		
Investment in associated enterprises	45,454,624.37	19,704,236.42
Investment in other enterprises	29,653,400.00	33,044,347.82
Subtotal	75,108,024.37	52,748,584.24
Minus: Depreciation reserves		3,390,947.82
Total	75,108,024.37	49,357,636.42

5.2 Details of long-term equity investments

No.	Investee	Accounting method	Opening balance	Changes	Closing balance	Proportion of ownership interest in the investee
1	Wuxi Guochuang Cultural Investment Company	Cost method	980,000.00		980,000.00	0.49%
2	Shenzhen Huarong Equity Investment Fund Management Co., Ltd	Cost method	6,376,414.36	4,577,676.79	10,954,091.15	49.00%
3	Xinhu Wealth Investment Management Co., Ltd	Cost method	13,327,822.06	14,253,617.03	27,581,439.09	23.08%
4	Jianghai Securities Co., Ltd	Cost method	28,673,400.00		28,673,400.00	2.103%

No.	Investee	Accounting method	Opening balance	Changes	Closing balance	Proportion of ownership interest in the investee
5	AVIC Capital Co., Ltd	Cost method	3,390,947.82	-3,390,947.82		
6	Ruiyuan Baoxing Fund Management Co., Ltd.	Cost method		1,959,446.29	1,959,446.29	49.00%
7	Zhongrong Kangjian Capital Management (Beijing) Co., Ltd.	Cost method		959,647.84	959,647.84	49.00%
8	Shanghai Rongou Private Equity Fund Mnagement Co., Ltd	Cost method		4,000,000.00	4,000,000.00	40.00%
	Total	--	52,748,584.24	22,359,440.13	75,108,024.37	

Note 1: On September 12, 2013, the Company sold out all the investment of AVIC Capital Co., Ltd and write-off the impairment loss of long-term equity investment. The Company contributed an additional RMB1.96 million monetary capitals to Ruiyuan Baoxing Fund Management Co., Ltd. and the shareholding ration become 49%. The Company contributed an additional RMB0.96 million monetary capitals to Zhongrong Kangjian Capital Management (Beijing) Co., Ltd. and the shareholding ration become 49%. The Company contributed an additional RMB 4 million monetary capitals to Shanghai Rongou Private Equity Fund Mnagement Co., Ltd and the shareholding ration become 40%.

5.3. Investment to major associated enterprises

investee	Place of registry	Nature of business	Proportion of ownership interest in the investee	Percentage of voting rights in the investee	Closing total assets	Opening total liabilities	Closing total net assets	Total operating income Of current period	Net profit of current period
Shenzhen Huarong Equity Investment Fund Management Co., Ltd	Shenzhen	Equity investment	49.00%	49.00%	22,355,288.23	13,180,978.20	9,342,197.54	7,070,777,821.19	270,878,847.29
Xinhu Wealth Investment Management Co., Ltd	Beijing	Equity investment	23.08%	23.08%	146,909,510.62	656,226,616.34	61,750,092.96		
Ruiyuan Baoxing Fund Management Co., Ltd.	Shenzhen	Equity investment	49.00%	49.00%	3,998,869.97		-1,130.03		

investee	Place of registry	Nature of business	Proportion of ownership interest in the investee	Percentage of voting rights in the investee	Closing total assets	Opening total liabilities	Closing total net assets	Total operating income Of current period	Net profit of current period
Zhongrong Kangjian Capital Management (Beijing) Co., Ltd.	Beijing	Assets management	49.00%	49.00%	1,959,030.45		-40,969.55		
Shanghai Rongou Private Equity Fund Mnagement Co., Ltd	Shanghai	Equity investment	40.00%	40.00%	10,000,000.00				

6. Fixed assets

6.1 Disclosure by categories

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
I. Total original carrying amount	57,969,862.17	14,966,875.36	1,186,162.13	71,750,575.40
Including: Transportation vehicles	16,923,878.00		312,615.00	16,611,263.00
Computers	27,666,844.71	7,685,344.60	648,370.13	34,703,819.18
Electronic equipments	2,056,700.30	4,498,135.30	38,744.00	6,516,091.60
Others	11,322,439.16	2,783,395.46	186,433.00	13,919,401.62
II. Total accumulated depreciation	24,203,420.45	14,705,989.51	1,059,696.50	37,849,713.46
Including: Transportation vehicles	5,738,999.06	3,193,512.18	212,265.48	8,720,245.76
Computers	13,466,798.69	8,191,721.87	629,009.33	21,029,511.23
Electronic equipments	703,523.75	860,124.60	37,581.68	1,526,066.67
Others	4,294,098.95	2,460,630.86	180,840.01	6,573,889.80
III. Total provision for impairment losses				
Including: Transportation vehicles				
Computers				
Electronic equipments				
Others				
IV. Total carrying amount of fixed assets	33,766,441.72			33,900,861.94
Including: Transportation vehicles	11,184,878.94			7,891,017.24
Computers	14,200,046.02			13,674,307.95
Electronic equipments	1,353,176.55			4,990,024.93
Others	7,028,340.21			7,345,511.82

7. Intangible assets

7.1 Disclosure by categories

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
I. Total original carrying amount	10,844,496.00	22,060,531.00		32,905,027.00
II. Total accumulated amortization	3,495,995.24	4,034,460.21		7,530,455.45
III. Total provision for impairment				
IV. Total carrying amount of Intangible assets	7,348,500.76			25,374,571.55

Note 1: The intangible assets of the Company include management system software and the right to use a trademark. There is no impairment or restrictions on the use right.

8. Deferred tax assets/deferred tax liabilities

8.1 Recognized deferred tax assets and deferred tax liabilities

Item	Closing balance		Opening balance	
	Deferred tax assets or liabilities after offset	Deductible or taxable temporary differences after offset	Deferred tax assets or liabilities after offset	Deductible or taxable temporary differences after offset
1.Deferred tax assets:	447,010,225.56	1,788,040,902.20	281,569,681.53	1,126,278,726.07
Provision impairment losses of long-term equity investment			847,736.96	3,390,947.82
Accounted but not paid payroll	377,350,555.19	1,509,402,220.75	251,093,346.93	1,004,373,387.71
Fair value changes of Held-for-trading financial assets	25,480,285.96	101,921,143.82	22,953,177.59	91,812,710.36
Fair value changes of Available-for-sale financial assets	44,179,384.41	176,717,537.63	6,675,420.05	26,701,680.18

9. Other assets

Item	Closing balance	Opening balance
Other account receivable	37,473,699.52	44,408,888.37
Long-term unamortized expenses	20,723,430.44	25,217,978.38
Total	58,197,129.96	69,626,866.75

9.1 Accounts receivable portfolios has been assessed using the aging analysis approach

Aging	Closing balance Carrying amount		Opening balance Carrying amount	
	Amount	Proportion	Amount	Proportion
Within 1 year (inclusive)	37,473,699.52	98.78%	44,408,888.37	98.96%
More than 1 year but not exceeding 2 years				
More than 2 years but not exceeding 3years				
More than 3 years	468,542.06	1.22%	468,542.06	1.04%
Total of other receivable	37,942,241.58		44,877,430.43	
Provision of bad debt	468,542.06		468,542.06	
Carrying value of other receivable	37,473,699.52		44,408,888.37	

Note1: Other receivable of the Company is mainly the employee borrowing from reserve fund and rent deposit, no provision of bad debt.

9.2Long-term unamortized expenses

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Long-term unamortized expenses	25,217,978.38	10,101,121.33	14,595,669.27	20,723,430.44
Total	25,217,978.38	10,101,121.33	14,595,669.27	20,723,430.44

10. Details of provision for impairment losses of assets

Items	Opening carrying amount	Increase in the current period	Decrease in the current period		Closing carrying amount
			Reversals	Write-off	
1.Bad debts provision	468,542.06				468,542.06
2.Provision for impairment losses of long-term equity investments	3,390,947.82			3,390,947.82	
Total	3,859,489.88			3,390,947.82	468,542.06

11. Accounts payable

Items	Closing balance	Opening balance
Accounts payable	436,252.30	
Total	436,252.30	

Note1： Accounts payable included investment advisory fees and customer maintenance fees paid for the subsidiary company (SSGA Fund).

12. Receipts in advance

Items	Closing balance	Opening balance
Receipts in advance	23,921,136.53	29,745,346.54
Total	23,921,136.53	29,745,346.54

Note1: Receipts in advance included the commission fees income of the trust projects.

13. Employee benefits payable

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	1,004,373,387.71	1,244,263,722.71	726,755,233.67	1,521,881,876.75
II. Staff welfare		4,252,865.14	4,252,865.14	
III. Social security contributions	722,370.18	74,498,419.91	74,116,081.51	1,104,708.58
IV. The union funds and employee education funds	790,792.77	18,365,949.99	14,893,475.85	4,263,266.91
V. Compensation for the cancellation of labor relationship with the employees		370,547.98	370,547.98	
Total	1,005,886,550.66	1,341,751,505.73	820,388,204.15	1,527,249,852.24

14. Taxes payable

Item	Opening balance	Payable in current period	Amount paid in current period	Closing balance
Business tax	91,102,226.38	230,016,069.74	227,454,819.61	93,663,476.51
Corporate income tax	167,227,119.10	818,741,965.58	697,035,590.96	288,933,493.72
City construction and maintenance tax	6,447,155.85	16,101,124.89	15,991,837.38	6,556,443.36
Individual income tax	47,809,491.74	176,350,648.73	160,274,443.44	63,885,697.03
Education surplus	3,009,066.80	6,900,482.09	6,771,576.99	3,137,971.90
Local education surplus	2,006,044.52	4,600,321.41	4,514,384.65	2,091,981.28
Others	2,013,651.80	5,205,023.64	5,116,657.13	2,102,018.31
Total	319,614,756.19	1,257,915,636.08	1,117,159,310.16	460,371,082.11

15. Other payables/liability

Aging	Closing balance	Opening balance
Other account payable	30,163,399.90	27,548,639.54
Includes: early stage project expenses	9,399,393.87	11,580,933.19
Total	30,163,399.90	27,548,639.54

Note1: Early stage project expenses are early stage investigation fees received in advance from proposed financing clients.

16. Paid-in capital (share capital)

Name of the Investor	Opening balance		Increase in the current period	Decrease in the current period	Closing balance	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
Jingwei Textile Machinery Company Limited	539,818,500.00	36.60	59,697,537.50		599,516,037.50	37.47
Zhongzhi Enterprise Group Co., Ltd.	475,232,300.00	32.22	52,550,412.50		527,782,712.50	32.99
Harbin Investment Group Company Limited	344,610,000.00	23.36			344,610,000.00	21.54

Name of the Investor	Opening balance		Increase in the current period	Decrease in the current period	Closing balance	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
Shengyang An Tai Da Commercial Trading Ltd	115,339,200.00	7.82	12,752,050.00		128,091,250.00	8.01
Total	1,475,000,000.00	100.00	125,000,000.00		1,600,000,000.00	100.00%

17. Capital reserves

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
I. Capital (equity) at a premium	531,237,248.16	875,000,000.00		1,406,237,248.16
II. Other capital reserve	-20,026,260.12	-112,511,893.09		-132,538,153.21
Including: 1. Changes in fair value of available for sale financial assets	-26,701,680.17	-150,015,857.45		-176,717,537.62
2. With income tax impact the project included in the owner's equity	6,675,420.05	37,503,964.36		44,179,384.41
3.Others				
III. Original reserve recognized in old policy transferred in				
Total	511,210,988.04	762,488,106.91		1,273,699,094.95

18. Surplus reserves

Item	Opening balance	Closing balance
Statutory surplus reserves	585,039,617.41	375,888,002.91
Total	585,039,617.41	375,888,002.91

19. Provision for general risk

Item	Closing balance	Opening balance
General risk reserves	14,587,179.94	15,773,136.37
Trust compensation reserve	320,000,000.00	189,026,032.16
Total	334,587,179.94	204,799,168.53

Note 1: According to the Finance (2012) document No.20, compare the difference between the estimated potential risk and asset impairment loss to the 1.5% of closing balance of the risk asset, which value is higher would be the provision in the net profit after tax.

Note 2: Based on the article 49 of "Management Regulation on Trust Investment Company", trust compensation reserve should be extracted 5% of the net profit. It's no longer extracted when the accumulated amount reaches to 20% of the Company registered capital. The trust compensation reserve extracted is mainly used to make up the loss of trust property caused by poor operation and management.

20. Un-appropriated profits

Item	Amount for the current period	Amount for the prior period
Un-appropriated profits at beginning of year	2,276,493,508.80	986,226,142.91
Add for the period:	2,049,313,451.13	1,524,311,862.68
Including: Net profit attributable to owners of the Company for the period	2,049,313,451.13	1,524,311,862.68
Others		
Less for the period:	588,939,625.91	234,044,496.79
Including: Appropriation to statutory surplus reserves	209,151,614.50	151,532,587.46
Transfer to paid-in capital		
Appropriation to general risk reserves	-1,185,956.43	6,745,615.60
Declaration of dividends on ordinary shares transferred to capital	130,973,967.84	75,766,293.73
Others	250,000,000.00	
Un-appropriated profits at the end of the period	3,736,867,334.02	2,276,493,508.80

21. Net interest income

Item	Amount of the current period	Amount of the prior period
Interest income	340,742,194.17	81,660,031.30
Interest income from Intercourse with financial institutions	340,742,194.17	80,593,364.63
Interest income on loan		1,066,666.67
Others		
Interest expense		826,777.68
Loan from other banks		826,777.68
Net interest income	340,742,194.17	80,833,253.62

22. Net income of commission charge

Item	Amount of the current period	Amount of the prior period
Net commission income on trust	30,582,335.03	26,875,022.37
Fund management fee	801,110.26	814,721.70
Net income	29,781,224.77	26,060,300.67

23. Operating income and operating costs

Item	Amount recognized in the current period		Amount recognized in the prior period	
	Income	Cost	Income	Cost
Operating income			53,439,414.41	
total			53,439,414.41	

24. Investment income

Details of investment income

Item	Amount recognized in the current period	Amount recognized in the prior period
Investment income on held-for-trading financial assets	-31,043,106.93	-57,093,548.74
Investment income from holding available-for-sale financial assets	-36,480,807.96	50,179,614.89
Investment income from long-term equity investments	30,934,462.08	-163,074.46
Investment income from holding held-to-maturity investments		639,123.29
Total	-36,589,452.81	-6,437,885.02

25. Gains on changes in fair values

Sources of gains on changes in fair values	Amount recognized in the current period	Amount recognized in the prior period
Gains/losses on changes in fair values arising from Held-for-trading financial assets	-10,108,433.46	43,053,026.34
Total	-10,108,433.46	43,053,026.34

26. Exchange gains and losses

Items	Amount recognized in the current period	Amount recognized in the prior period
Exchange gains and losses	-2,074,191.54	-30,297.13
Total	-2,074,191.54	-30,297.13

27. Non-operating income and non-operating cost

Item	Amount recognized in the current period		Amount recognized in the prior period	
	Income	Cost	Income	Cost
Gains on disposal of investment properties				
Depreciation of investment properties				
Project issuance fee	63,533,429.74		97,623,070.00	
Other	562,075.00		6,639,622.37	
Total	64,095,504.74		104,262,692.37	

28. Business tax and levies

Item	Amount incurred in the current period	Amount incurred in the prior period
Business tax	230,016,069.74	185,044,157.75
City construction and maintenance tax	16,101,124.89	12,953,091.03
Education surplus	6,900,482.09	5,551,324.73
Local education surplus	4,600,321.41	3,700,883.15
Others	4,598,893.57	3,647,443.74
Total	262,216,891.70	210,896,900.40

29. Operation and administrative expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Operation and administrative expenses	1,928,909,796.80	1,570,620,596.03
Including: Staff expenses	1,332,245,307.50	1,048,000,390.07
Consulting fee	323,076,921.50	311,903,906.59
Rental expenses	76,322,957.69	55,894,036.80

Item	Amount incurred in the current period	Amount incurred in the prior period
Travel expenses	36,540,909.21	31,518,489.99
Conference expenses	12,123,578.60	14,620,480.57
Entertainment expenses	36,682,316.65	26,760,224.58
Stationary	4,917,455.04	6,668,354.64
Depreciation expenses	14,705,989.51	11,933,316.55

30. Non-operating income

Item	Amount recognized in the current period	Amount recognized in the prior period
Gains on disposal of fixed assets	7,450.48	6,506.13
Others	3,541,699.01	12,131,943.79
Total	3,549,149.49	12,138,449.92

31. Non-operating expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Losses on disposal of fixed assets	26,116.11	206,547.28
Donations to third parties	1,711,900.00	200,000.00
Compensation	390,000.00	4,231,198.95
Total	2,128,016.11	4,637,746.23

32. Income tax expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Current tax expenses	818,741,965.58	612,211,604.17
Deferred tax	-127,936,579.67	-101,609,063.06
Total	690,805,385.91	510,602,541.11

33. Other comprehensive income

Item	Amount for the current period	Amount for the prior period
1. Gains (losses) arising from available-for-sale financial assets	-150,015,857.45	-2,697,011.16
Tax effects arising from available-for-sale financial assets	37,503,964.36	674,252.79
Total	-112,511,893.09	-2,022,758.37

IX. CONSOLIDATED CASH FLOW STATEMENT

1. Net profit adjusted to operating activities cash flow using the indirect method

Supplementary information	Amount for the current period	Amount for the prior period
1. Reconciliation of net profit to cash flow from operating activities:	——	——
Net profit	2,017,604,780.08	1,524,311,862.68
Add: Provision for impairment losses of assets		
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of bearer biological assets	14,705,989.51	11,933,316.55
Amortization of intangible assets	4,034,460.21	1,483,697.45
Amortization of long-term prepaid expenses	14,595,669.27	12,707,075.75
Losses on disposal of fixed assets, intangible assets and other long-term asset (gains are indicated by "—")	18,665.63	200,041.15
Losses on write-off of fixed assets (gains are indicated by "—")		
Losses on changes in fair values (gains are indicated by "—")	10,108,433.46	-43,053,026.34
Financial expenses (income is indicated by "—")	2,074,191.54	30,297.13
Losses arising from investments (gains are indicated by "—")	36,589,452.81	6,437,885.02
Decrease in deferred tax assets (increase is indicated by "—")	-127,936,579.67	-101,609,063.06
Increase in deferred tax liabilities (decrease is indicated by "—")		
Decrease in inventories (increase is indicated by "—")		
Decrease in receivables from operating activities (increase is indicated by "—")	8,381,867.35	-23,001,482.27
Increase in payables from operating activities (decrease is indicated by "—")	656,238,159.51	508,891,139.77
Others		
Net cash flow from operating activities	2,636,415,089.70	1,898,331,743.83
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Conversion of debt into capital		

Supplementary information	Amount for the current period	Amount for the prior period
Convertible bonds due within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	8,431,528,471.74	4,936,999,730.05
Less: Opening balance of cash	4,936,999,730.05	3,076,736,151.77
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	3,494,528,741.69	1,860,263,578.28

2 Composition of cash and cash equivalents

Item	Closing balance	Opening balance
I. Cash	8,431,528,471.74	4,936,999,730.05
Including: Cash on hand	54,184.45	4,796.37
Bank deposits	8,426,812,812.89	4,928,565,741.47
Other monetary fund	4,661,474.40	8,429,192.21
II. Cash equivalents		
Including: Investments in debt securities due within three months		
III. Closing balance of cash and cash equivalents	8,431,528,471.74	4,936,999,730.05
Including: Cash and cash equivalents with restricted use of parent company or subsidiaries		

X.SIGNIFICANT EVENTS

None.

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent(s) of the Company

Name of the parent	Place of incorporation	Nature of business	Registered capital (RMB)	
			Closing balance	Opening balance
Jingwei Textile Machinery Company Limited	Beijing	Textile machinery manufacturing	603,800,000.00	603,800,000.00

Note 1: The ultimate parent holding company of company is China Hengtian Group Co., Ltd.

1. Proportion of the Company's ownership interest held by the parent (%)

Item	Opening proportion	Increase in the period	Decrease in the period	Closing proportion
Proportion of shareholding	36.60%	0.87%		37.47%

XII.CONTINGENCIES

None

XIII.COMMITMENTS

None

XIV. EVENTS AFTER THE BALANCE SHEET DATE

None

XV.NOTES TO IMPORTANT ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Cash and due from banks

Item	Closing balance Amount in RMB	Opening balance Amount in RMB
Cash	204.65	4,796.37
Bank balances	8,098,022,806.98	4,814,119,345.64
Other currency funds	4,661,474.40	8,429,192.21
Total	8,102,684,486.03	4,822,553,334.22

2. Held-for-trading financial assets

Items	Closing fair value	Opening fair value
1. Held-for-trading investments in equity instruments	239,097,846.44	276,665,724.16
2. Held-for-trading investments in debt securities		
Total	239,097,846.44	276,665,724.16

3. Long-term equity investments

3.1 Disclosure by categories

Item	Closing balance	Opening balance
Investment in subsidiary	253,000,000.00	100,000,000.00
Investment in joint ventures		
Investment in associated enterprises	38,535,530.24	19,704,236.42
Investment in other enterprises	28,673,400.00	32,064,347.82
Subtotal	320,208,930.24	151,768,584.24
Minus: Depreciation reserves		3,390,947.82
Total	320,208,930.24	148,377,636.42

3.2 Details of long-term equity investments

No.	Investee	Accounting method	Opening balance	Changes	Closing balance	Proportion of ownership interest in the investee
1	Zhongrong Kangjian Capital Management (Beijing) Co., Ltd.	Cost method	100,000,000.00		100,000,000.00	100.00%
2	Shenzhen Huarong Equity Investment Fund Management Co., Ltd	Equity method	6,376,414.36	4,577,676.79	10,954,091.15	49.00%
3	Xinhu Wealth Investment Management Co., Ltd	Equity method	13,327,822.06	14,253,617.03	27,581,439.09	23.08%
4	Jianghai Securities Co., Ltd	Cost method	28,673,400.00		28,673,400.00	2.103%
5	AVIC Capital Co., Ltd	Cost method	3,390,947.82	-3,390,947.82		
6	SSGA Fund	Cost method		153,000,000.00	153,000,000.00	51.00%
	Total		151,768,584.24	168,440,346.00	320,208,930.24	

Note 1: The investment cost of the Company's previous listed company Beiya Industrial (Group) Co., Ltd. is RMB 3,390,947.82 with a shareholding proportion of 0.44%. Beiya Industrial (Group) Co., Ltd. was suspended by Shanghai Stock Exchange in 2007 due to continuous loss and the Company made a full impairment loss of this investment on December 31, 2013. Beiya Industrial (Group) Co., Ltd. was relisted and renamed as AVIC Capital Co., Ltd. on August 30, 2012. On September 12, 2013, the Company sold all the investment of AVIC Capital Co., Ltd in the secondary market and withdraws the provision for the impairment of long-term equity investment. SSGA Fund is the new subsidiary of the Company, which the Company made an RMB1.53 million monetary contribution, with a shareholding proportion of 51%.

3.3. Investment to major associated enterprises

Investee	Place of registry	Nature of business	Proportion of ownership interest in the investee	Percentage of voting rights in the investee	Closing total assets	Opening total liabilities	Closing total net assets
Shenzhen Huarong Equity Investment Fund Management Co., Ltd	Shenzhen	Equity investment	49.00%	49.00%	22,355,288.23	13,180,978.20	9,342,197.54
Xinhu Wealth Investment Management Co., Ltd	Beijing	Equity investment	23.08%	23.08%	146,909,510.62	656,226,616.34	61,750,092.96

4. Deferred tax assets/deferred tax liabilities

4.1.1 Recognized deferred tax assets and deferred tax liabilities

Item	Closing balance		Opening balance	
	Deferred tax assets or liabilities after offset	Deductible or taxable temporary differences after offset	Deferred tax assets or liabilities after offset	Deductible or taxable temporary differences after offset
1.Deferred tax assets:	447,010,225.56	1,788,040,902.20	281,569,681.53	1,126,278,726.07
Provision impairment losses of long-term equity investment			847,736.96	3,390,947.82
Accounted but not paid payroll	377,350,555.19	1,509,402,220.75	251,093,346.93	1,004,373,387.71
Fair value changes of Held-for-trading financial assets	25,480,285.96	101,921,143.82	22,953,177.59	91,812,710.36
Fair value changes of Available-for-sale financial assets	44,179,384.41	176,717,537.63	6,675,420.05	26,701,680.18

5. Employee benefits payable

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	1,004,373,387.71	1,188,564,700.02	683,535,866.98	1,509,402,220.75
II. Staff welfare		3,974,864.44	3,974,864.44	
III. Social security contributions	672,946.01	70,655,193.83	70,538,348.43	789,791.41
IV. The union funds and employee education funds	445,065.06	18,638,310.89	14,820,109.04	4,263,266.91
V. Compensation for the		370,547.98	370,547.98	

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
cancellation of labor relationship with the employees				
Total	1,005,491,398.78	1,282,203,617.16	773,239,736.87	1,514,455,279.07

6. Taxes payable

Item	Opening balance	Payable in current period	Amount paid in current period	Closing balance
Business tax	91,102,226.38	229,944,678.81	227,432,745.79	93,614,159.40
Corporate income tax	164,226,303.20	818,660,689.01	693,898,707.69	288,988,284.52
City construction and maintenance tax	6,447,155.85	16,096,127.52	15,990,292.21	6,552,991.16
Individual income tax	47,740,936.63	167,463,176.37	152,623,092.89	62,581,020.11
Others	7,028,763.12	16,701,257.58	16,400,515.08	7,329,505.62
Total	316,545,385.18	1,248,865,929.29	1,106,345,353.66	459,065,960.81

7. Other payables/liability

Aging	Closing balance	Opening balance
Other account payable	27,326,636.08	27,548,639.54
Includes: early stage project expenses	9,399,393.87	11,580,933.19
Total	27,326,636.08	27,548,639.54

Note: Early stage project expenses are early stage investigation fees received in advance from proposed financing clients.

8. Provision for general risk

Item	Closing balance	Opening balance
General risk reserves	14,587,179.94	15,773,136.37
Trust compensation reserve	320,000,000.00	189,026,032.16
Total	334,587,179.94	204,799,168.53

Note 1: According to the Finance (2012) document No.20, compare the difference between the estimated potential risk and asset impairment loss to the 1.5% of closing balance of the risk asset, which value is higher would be the provision in the net profit after tax.

Note 2: Based on the article 49 of “Management Regulation on Trust Investment Company" ,trust compensation reserve should be extracted 5% of the net profit . It's no longer extracted when the accumulated amount reaches to 20% of the Company registered capital. The trust compensation reserve extracted is mainly used to make up the loss of trust property caused by poor operation and management.

9. Un-appropriated profits

Item	Amount for the current period	Amount for the prior period
Un-appropriated profits at beginning of year	2,262,372,995.88	981,091,618.03
Add for the period:	2,091,516,145.06	1,515,325,874.64
Including: Net profit attributable to owners of the Company for the period	2,091,516,145.06	1,515,325,874.64
Others		
Less for the period:	588,939,625.91	234,044,496.79
Including: Appropriation to statutory surplus reserves	209,151,614.50	151,532,587.46
Appropriation to discretionary surplus reserves		
Transfer to paid-in capital		
Appropriation to general risk reserves	-1,185,956.43	6,745,615.60
Declaration of dividends on ordinary shares transferred to capital	250,000,000.00	
Trust compensation reserves	130,973,967.84	75,766,293.73
Others	250,000,000.00	
Un-appropriated profits at the end of the period	3,736,867,334.02	2,276,493,508.80

10. Net interest income

Item	Amount of the current period	Amount of the prior period
Interest income	337,848,791.68	81,660,031.30
— Interest income from Intercourse with financial institutions	337,848,791.68	80,593,364.63
—Interest income on loan		1,066,666.67
—Interest on buying back the		

Item	Amount of the current period	Amount of the prior period
sale of financial assets		
Interest expense		826,777.68
—Loan from other banks	337,848,791.68	80,833,253.62
Net interest income	337,848,791.68	81,660,031.30

11. Net income of commission charge

Item	Amount of the current period	Amount of the prior period
Net commission income on trust	4,540,657,245.93	3,533,810,991.94
Net income	4,540,657,245.93	3,533,810,991.94

12. Investment income

Details of investment income

Item	Amount recognized in the current period	Amount recognized in the prior period
Investment income on held-for-trading financial assets	-31,043,106.93	-57,093,548.74
Investment income from holding available-for-sale financial assets	-36,480,807.96	50,179,614.89
Investment income from long-term equity investments	30,934,462.08	-163,074.46
Investment income from holding held-to-maturity investments		639,123.29
Total	-36,589,452.81	-6,437,885.02

13. Gains on changes in fair values

Sources of gains on changes in fair values	Amount recognized in the current period	Amount recognized in the prior period
Gains/losses on changes in fair values arising from Held-for-trading financial assets	-10,108,433.46	43,053,026.34
Total	-10,108,433.46	43,053,026.34

14. Non-operating profit

Item	Amount recognized in the current period	Amount recognized in the prior period
Non-operating income	64,095,504.74	104,262,692.37
Including: lease income		
Gains on disposal of investment properties		
Other	64,095,504.74	104,262,692.37
Non-operating expenses		
Including: Depreciation of investment properties		
Losses on disposal of investment properties		
Non-operating profit	64,095,504.74	104,262,692.37

15. Business tax and levies

Item	Amount incurred in the current period	Amount incurred in the prior period
Business tax	229,944,678.81	182,372,187.03
City construction and maintenance tax	16,096,127.52	12,766,053.08
Education surplus	6,898,340.37	5,471,165.61
Local education surplus	4,598,893.57	3,647,443.74
Others	4,598,893.57	3,647,443.74
Total	262,136,933.84	207,904,293.20

16. Operation and administrative expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Operation and administrative expenses	1,851,834,254.02	1,532,190,394.36
Including: Staff expenses	1,282,203,617.16	1,036,982,046.26
Consulting fee	323,076,921.50	287,098,406.59
Rental expenses	67,124,564.13	54,442,036.80
Travel expenses	36,053,007.90	30,786,747.68
Conference expenses	11,067,258.60	14,575,150.87
Entertainment expenses	35,809,749.87	26,647,181.78
Stationary	4,917,055.04	6,634,683.84
Depreciation expenses	13,560,963.02	11,689,015.90

17. Non-operating income

Item	Amount recognized in the current period	Amount recognized in the prior period
Gains on disposal of fixed assets	7,450.48	6,506.13
Others	2,779,699.01	12,131,943.79
Total	2,787,149.49	12,138,449.92

18. Non-operating expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Losses on disposal of fixed assets	26,116.11	193,205.32
Donations to third parties	1,711,900.00	200,000.00
Compensation	390,000.00	4,231,198.95
Total	2,128,016.11	4,624,404.27

19. Income tax expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Current tax expenses	818,660,689.01	609,194,328.63
Deferred tax	-127,936,579.67	-101,609,063.06
Total	690,724,109.34	507,585,265.57

20. Other comprehensive income

Item	Amount for the current period	Amount for the prior period
1. Gains (losses) arising from available-for-sale financial assets	-150,015,857.45	-2,697,011.16
Tax effects arising from available-for-sale financial assets	37,503,964.36	674,252.79
Total	-112,511,893.09	-2,022,758.37

XVI. APPROVAL OF THE FINANCIAL STATEMENTS

The Company's financial statements have been approved by the General Manager's office.

Zhongrong International Trust Co., Ltd
Auditor's Report
Baker Tilly China [2013] No. 390-2

Contents

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Financial Statements — 3

Notes to the Financial Statements — 11

Auditor’s Report

Baker Tilly China [2013] No.390-2

To the shareholder of Zhongrong International Trust Co., Ltd:

We have audited the accompanying financial statements of Zhongrong International Trust Co., Ltd (hereinafter referred to as "the Company"), which comprise the company’s and the consolidated balance sheet as at 31 December 2012, the company’s and the consolidated income statement, the company’s and consolidated statements of changes in owner’s equity, the company’s and consolidated cash flow statement for the year then ended, and the notes to the financial statements.

I. Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements; (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

II. Auditor’s Responsibility

Our responsibility is to express an audit opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. China Standards on Auditing require that we comply with the Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, Certified Public Accountants consider the internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Opinion

In our opinion, the financial statements of the Company present fairly, in all material respects, the company's and the consolidated financial position as of 31 December 2012, the company's and the consolidated result of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

天职国际会计师事务所(特殊普通合伙)
1101080212359

Baker Tilly China
Beijing, China
February 26, 2013

Chinese Certified Public Accountant:

中国注册会计师
王清峰
370400010019

Chinese Certified Public Accountant:

中国注册会计师
迟文洲
370200310031

Consolidated Balance Sheet

Company:Zhongrong International Trust Co.Ltd 31 December 2012 Unit: RMB

Item	No.	Consolidated		Parent Company		Note	
		Closing balance	Opening balance	Closing balance	Opening balance	Consolidated	Parent Company
Assets;	1						
Cash and bank balances	2	4,936,999,730.05	3,076,736,151.77	4,822,553,334.22	2,969,058,928.39	VIII.1	XV.1
Balances with clearing agencies	3						
Placements with banks and other financial institutions	4						
Held-for-trading financial assets	5	276,665,724.16	252,252,441.29	276,665,724.16	252,252,441.29	VIII.2	XV.2
Buying back the sale of financial assets	6						
Accounts receivable	7						
Interest receivable	8						
Loans and advances	9						
Guarantee Deposit	10						
Inventories	11						
Available-for-sale financial assets	12	570,852,379.82	589,545,330.98	570,852,379.82	589,545,330.98	VIII.3	XV.3
Long-term equity investments	13	49,357,636.42	35,140,710.88	148,377,636.42	135,140,710.88	VIII.4	XV.4
Goodwill	14						
Investment properties	15						
Fixed assets	16	33,766,441.72	29,732,684.23	32,204,449.33	29,732,684.23	VIII.5	XV.5
Intangible assets	17	7,348,500.76	4,763,084.21	7,334,197.05	4,745,128.54	VIII.6	XV.6
Deferred tax assets	18	281,569,681.53	179,286,365.68	281,569,681.53	179,286,365.68	VIII.7	XV.7
Other assets	19	69,626,866.75	44,399,458.85	69,044,522.87	44,399,458.85	VIII.8	XV.8
Other receivables	20	44,408,888.37	25,780,904.31	43,826,544.49	25,780,904.31		
Long-term prepaid expenses	21	25,217,978.38	18,618,554.54	25,217,978.38	18,618,554.54		
	22						
	23						
	24						
Total Assets	25	**6,226,186,961.21**	**4,211,856,227.89**	**6,208,601,925.40**	**4,204,161,048.84**		

Legal representative: Liu Yang Chief accountant: Lian Jinhua Person in charge of accounting body: Dai Baoxiang

Consolidated Balance Sheet(continued)

Company:Zhongrong International Trust Co.Ltd

31 December 2012

Unit: RMB

Item	No.	Consolidated		Parent Company		Note	
		Closing balance	Opening balance	Closing balance	Opening balance	Consolidated	Parent Company
Liabilities and Owners' Equity	26						
Short-term borrowings	27						
Loans from the other bank	28						
Financial assets sold under repurchase agreements	29						
Acting sale of securities	30						
Acting underwriting securities	31						
Accounts payable	32						
Receipts in advance	33	29, 745, 346. 54	19, 778, 486. 85	29, 745, 346. 54	19, 778, 486. 85	XIII. 10	XV. 10
Employee benefits payable	34	1, 005, 886, 550. 66	556, 058, 182. 56	1, 005, 491, 398. 78	555, 992, 344. 03	XIII. 11	XV. 11
Taxes payable	35	319, 614, 756. 19	261, 412, 077. 17	316, 545, 385. 18	258, 917, 261. 53	XIII. 12	XV. 12
Interest payable	36						
Long-term borrowings	37						
Deferred tax liabilities	38						
Other liabilities	39	27, 548, 639. 54	53, 504, 917. 34	27, 548, 639. 54	53, 504, 917. 34	XIII. 13	XV. 13
Total Liabilities	40	**1, 382, 795, 292. 93**	**890, 753, 663. 92**	**1, 379, 330, 770. 04**	**888, 193, 009. 75**		
Paid-in capital (share capital)	41	1, 475, 000, 000. 00	1, 475, 000, 000. 00	1, 475, 000, 000. 00	1, 475, 000, 000. 00	XIII. 14	XV. 16
Capital reserves	42	511, 210, 988. 04	513, 233, 746. 41	511, 210, 988. 04	513, 233, 746. 41	XIII. 15	XV. 17
Surplus reserves	43	375, 888, 002. 91	224, 355, 415. 45	375, 888, 002. 91	224, 355, 415. 45	XIII. 16	XV. 18
General risk reserves	44	204, 799, 168. 53	122, 287, 259. 20	204, 799, 168. 53	122, 287, 259. 20	XIII. 17	XV. 19
Unappropriated profits	45	2, 276, 493, 508. 80	986, 226, 142. 91	2, 262, 372, 995. 88	981, 091, 618. 03	XIII. 18	XV. 20
Translation difference arising on translation of financial	46						
Total Owners' Equity Attributable To the Company	47	4, 843, 391, 668. 28	3, 321, 102, 563. 97	4, 829, 271, 155. 36	3, 315, 968, 039. 09		
Minority interests	48						
Total Owners' Equity	49	**4, 843, 391, 668. 28**	**3, 321, 102, 563. 97**	**4, 829, 271, 155. 36**	**3, 315, 968, 039. 09**		
Total Liabilities and Owners' Equity	50	**6, 226, 186, 961. 21**	**4, 211, 856, 227. 89**	**6, 208, 601, 925. 40**	**4, 204, 161, 048. 84**		

Legal representative: Liu Yang Chief accountant: Lian Jinhua Person in charge of accounting body: Dai Baoxiang

Consolidated Income Statement

Company:Zhongrong International Trust Co.Ltd

Year2012

Unit: RMB

Item	No.	Consolidated		Parent Company		Note	
		Amount for the current	Amount for the prior period	Amount for the current	Amount for the prior period	Consolidated	Parent Company
I. Total operating income	1	**3,808,931,196.53**	**2,926,217,216.39**	**3,755,491,782.12**	**2,917,217,216.39**		
Interest net income	2	80,833,253.62	95,198,014.94	80,833,253.62	95,198,014.94	VIII.19	VX.21
Interest income	3	81,660,031.30	96,264,639.94	81,660,031.30	96,264,639.94		
Interest expenses	4	826,777.68	1,066,625.00	826,777.68	1,066,625.00		
Net income of fee and commission	5	3,533,810,991.94	2,882,013,985.75	3,533,810,991.94	2,882,013,985.75	VIII.20	VX.22
Fee and commission income	6	3,533,810,991.94	2,882,013,985.75	3,533,810,991.94	2,882,013,985.75		
Fee and commission expenses	7						
Operating income	8	53,439,414.41	9,000,000.00			VIII.21	
Investment income	9	-6,437,885.02	689,999.07	-6,437,885.02	689,999.07	VIII.22	VX.23
Gains from changes in fair values (Losses are indicated by "-")	10	43,053,026.34	-136,858,908.29	43,053,026.34	-136,858,908.29	VIII.23	VX.24
Foreign exchange gains (Losses are indicated by "-")	11	-30,297.13	-560,630.44	-30,297.13	-560,630.44	VIII.24	
Other operating income	12	104,262,692.37	76,734,755.36	104,262,692.37	76,734,755.36	VIII.25	VX.25
II. Total operating costs	13	**1,781,517,496.43**	**1,518,458,161.56**	**1,740,094,687.56**	**1,516,304,194.73**		
Operating Cost	14						
Business tax and surcharges	15	210,896,900.40	175,027,731.18	207,904,293.20	174,532,731.18	VIII.26	VX.26
Operation and administrative expenses	16	1,570,620,596.03	1,343,430,430.38	1,532,190,394.36	1,341,771,463.55	VIII.27	VX.27
Losses of assets impairment	17						
Other operating Cost	18	-	-				VX.25
III. Operating profit	19	**2,027,413,700.10**	**1,407,759,054.83**	**2,015,397,094.56**	**1,400,913,021.66**		
Add: Non-operating income	20	12,138,449.92	500,381.21	12,138,449.92	500,381.21	VIII.28	VX.28
Less: Non-operating expenses	21	4,637,746.23	2,426,993.66	4,624,404.27	2,426,993.66	VIII.29	VX.29
IV. Total profit	22	**2,034,914,403.79**	**1,405,832,442.38**	**2,022,911,140.21**	**1,398,986,409.21**		
Less: Income tax expenses	23	510,602,541.11	352,668,495.26	507,585,265.57	350,956,986.97	VIII.30	VX.30
V. Net profit	24	**1,524,311,862.68**	**1,053,163,947.12**	**1,515,325,874.64**	**1,048,029,422.24**		
Net profit attributable to owners of the Company	25	1,524,311,862.68	1,053,163,947.12	1,515,325,874.64	1,048,029,422.24		
Profit or loss attributable to minority interests	26	-	-	-	-		
VI. Other comprehensive income	27	**-2,022,758.37**	**-171,370,512.63**	**-2,022,758.37**	**-171,370,512.63**	VIII.31	VX.31
VII. Total comprehensive income	28	**1,522,289,104.31**	**881,793,434.49**	**1,513,303,116.27**	**876,658,909.61**		
Total comprehensive income attributable to owners of the Company	29	1,522,289,104.31	881,793,434.49	1,513,303,116.27	876,658,909.61		
Total comprehensive income attributable to minority	30	-	-	-	-		

Legal representative: Liu Yang　　Chief accountant: Lian Jinhua　　Person in charge of accounting body: Dai

Consolidated Cash Flow Statement

Company:Zhongrong International Trust Co.Ltd — Year 2012 — Unit: RMB

Item	NO.	Consolidated		Parent Fiem		Note
		Amount for the current period	Amount for the prior period	Amount for the current period	Amount for the prior period	
I. Cash Flows from Operating Activities:	1					
Cash receipts from the sale of goods and the rendering of services	2	54,294,738.21	9,000,000.00			
Net increase in customer deposits and deposits from banks and other financial institutions	3					
Net increase in loans from the central bank	4					
Net increase in taking from banks and other financial institutions	5					
Cash receipts from interest, fees and commissions	6	3,727,025,301.70	3,066,560,629.47	3,727,025,301.70	3,066,560,629.47	
Net increase in repurchasing	7					
Other cash receipts relating to operating activities	8	2,497,350.69	75,355,784.93	2,497,350.69	75,336,640.52	
Sub-total of cash inflows from operating activities	9	3,783,817,390.60	3,150,916,414.40	3,729,522,652.39	3,141,897,269.99	
Cash payments for goods purchased and services received	10					
Net increase in loans and advances to customers	11		-24,000,000.00		-24,000,000.00	
Net increase in deposites in the central bank and due from banks and other financial institutions	12					
Cash payments for interest, fees and commissions	13	826,777.68	1,066,625.00	826,777.68	1,066,625.00	
Cash payments to and on behalf of employees	14	586,156,811.44	620,418,885.64	575,332,990.18	619,194,114.61	
Payments of various types of taxes	15	776,996,966.80	585,161,929.31	771,728,567.67	585,161,929.31	
Other cash payments relating to operating activities	16	521,505,090.85	469,949,911.00	492,871,380.48	469,851,021.00	
Sub-total of cash outflows from operating activities	17	1,885,485,646.77	1,652,597,350.95	1,840,759,716.01	1,651,273,689.92	
Net Cash Flow from Operating Activities	18	1,898,331,743.83	1,498,319,063.45	1,888,762,936.38	1,490,623,580.07	VIII.（1）
II. Cash Flows from Investing Activities:	19					
Cash receipts from disposals and recovery of investments	20	781,258,463.34	1,615,133,087.49	781,258,463.34	1,615,133,087.49	
Cash receipts from investment income	21	52,221,659.28	27,562,684.89	52,221,659.28	27,562,684.89	
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	22	1,077,236.10	2,107,352.12	1,076,736.10	2,107,352.12	
Net cash receipts from disposals of subsidiaries and other business units	23					
Other cash receipts relating to investing activities	24					
Sub-total of cash inflows from investing activities	25	834,557,358.72	1,644,803,124.50	834,556,858.72	1,644,803,124.50	
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	26	50,849,500.04	36,120,260.34	49,029,365.04	36,102,000.34	
Cash payments to acquire investments	27	821,745,727.10	1,816,055,252.99	820,765,727.10	1,916,055,252.99	
Net cash payments for acquisitions of subsidiaries and other business units	28					
Other cash payments relating to investing activities	29					
Sub-total of cash outflows from investing activities	30	872,595,227.14	1,852,175,513.33	869,795,092.14	1,952,157,253.33	
Net Cash Flow from Investing Activities	31	-38,037,868.42	-207,372,388.83	-35,238,233.42	-307,354,128.83	
III. Cash Flows from Financing Activities:	32					
Cash receipts from capital contributions	33		900,000,000.00		900,000,000.00	
Including: cash receipts from capital contributions from minority owners of subsidiaries	34					
Cash receipts from borrowings	35					
Cash receipts from issue of bonds	36					
Other cash receipts relating to financing activities	37					
Sub-total of cash inflows from financing activities	38	-	900,000,000.00	-	900,000,000.00	
Cash repayments of borrowings	39					
Cash payments for distribution of dividends or profits or settlement of interest expenses	40					
Including: payments for distribution of dividends or profits to minority owners of subsidiaries	41					
Other cash payments relating to financing activities	42					
Sub-total of cash outflows from financing activities	43	-	-	-	-	
Net Cash Flow from Financing Activities	44	-	900,000,000.00	-	900,000,000.00	
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents	45	-30,297.13	-560,630.44	-30,297.13	-560,630.44	
V. Net Increase in Cash and Cash Equivalents	46	1,860,263,578.28	2,190,386,044.18	1,853,494,405.83	2,082,708,820.80	VIIII.（2）
Add: Opening balance of cash and cash equivalents	47	3,076,736,151.77	886,350,107.59	2,969,058,928.39	886,350,107.59	
VI. Closing Balance of Cash and Cash Equivalents	48	4,936,999,730.05	3,076,736,151.77	4,822,553,334.22	2,969,058,928.39	

Legal representative: Liu Yang　　Chief accountant: Lian Jinhua　　Person in charge of accounting body: Dai Baoxiang

Consolidated Statement of Changes in Owners' Equity

Company:Zhongrong International Trust Co.Ltd

Year2012

Unit: RMB

Amount for the current period

Item	No.	Attributable to owners of the Company: Paid-in capital/ Share capital	Capital reserves	Less: Treasury	Special reserve	Surplus reserves	General risk reserves	Unappropriate profits	Others	Subtoatl	Minority interests	Total owners' equity
I. Closing balance of the preceding year	1	1,475,000,000.00	513,233,746.41	-	-	224,355,415.45	122,287,259.20	986,226,142.91	-	3,321,102,563.97		3,321,102,563.97
Add: Changes in accounting policies	2									-		-
Corrections of prior period errors	3									-		-
II. Opening balance of the current year	4	1,475,000,000.00	513,233,746.41	-	-	224,355,415.45	122,287,259.20	986,226,142.91	-	3,321,102,563.97	-	3,321,102,563.97
III. Changes for the year (Decrease is indicated by "-")	5	-	-2,022,758.37	-	-	151,532,587.46	82,511,909.33	1,290,267,365.89	-	1,522,289,104.31	-	1,522,289,104.31
(I) Net profit	6							1,524,311,862.68		1,524,311,862.68		1,524,311,862.68
(II) Other comprehensive income	7		-2,022,758.37							-2,022,758.37		-2,022,758.37
(III) Owners' contributions and reduction in capital	8	-	-2,022,758.37	-	-	-	-	1,524,311,862.68	-	1,522,289,104.31	-	1,522,289,104.31
(Iv) Owners' contributions and reduction in capital	9	-	-	-	-	-	-	-	-	-	-	-
1. Capital contribution from owners	10									-		-
2. Share-based payment recognised in owners' equity	11									-		-
3. Others	12									-		-
（IV）Provision and use of special reserves	13	-	-	-	-	-	-	-	-	-		-
1.Provision of special reserves	14									-		-
2.Use of special reserves	15									-		-
(V) Profit distribution	16					151,532,587.46	82,511,909.33	-234,044,496.79		-		-
1. Transfer to surplus reserves	17					151,532,587.46		-151,532,587.46		-		-
Including：Legal reserves	18					151,532,587.46		-151,532,587.46		-		-
Free reserves	19									-		-
#Fund reserves	20									-		-
#Fund of development	21									-		-
#Return of investment	22									-		-
2. Transfer to general risk reserves	23						82,511,909.33	-82,511,909.33		-		-
3. Distributions to [owners/shareholders]	24									-		-
4. Others	25									-		-
(Vi) Transfers within owners' equity	26	-	-	-	-	-	-	-	-	-	-	-
1. Capitalisation of capital reserves	27									-		-
2. Capitalisation of surplus reserves	28									-		-
3. Loss offset by surplus reserves	29									-		-
4. Others	30									-		-
VII. Closing balance of the current year	31	1,475,000,000.00	511,210,988.04	-	-	375,888,002.91	204,799,168.53	2,276,493,508.80	-	4,843,391,668.28	-	4,843,391,668.28

Amount for the prior period

Item	No.	Attributable to owners of the Company: Paid-in capital/ Share capital	Capital reserves	Less: Treasury	Special reserve	Surplus reserves	General risk reserves	Unappropriate profits	Others	Subtoatl	Minority interests	Total owners' equity
I. Closing balance of the preceding year	1	580,000,000.00	159,604,259.04	-	-	119,552,473.22	70,927,094.80	609,225,302.42	-	1,539,309,129.48		1,539,309,129.48
Add: Changes in accounting policies	2									-		-
Corrections of prior period errors	3									-		-
II. Opening balance of the current year	4	580,000,000.00	159,604,259.04	-	-	119,552,473.22	70,927,094.80	609,225,302.42	-	1,539,309,129.48	-	1,539,309,129.48
III. Changes for the year (Decrease is indicated by "-")	5	895,000,000.00	353,629,487.37	-	-	104,802,942.23	51,360,164.40	377,000,840.49	-	1,781,793,434.49	-	1,781,793,434.49
(I) Net profit	6							1,053,163,947.12		1,053,163,947.12		1,053,163,947.12
(II) Other comprehensive income	7		-171,370,512.63							-171,370,512.63		-171,370,512.63
(III) Owners' contributions and reduction in capital	8	-	-171,370,512.63	-	-	-	-	1,053,163,947.12	-	881,793,434.49	-	881,793,434.49
(Iv) Owners' contributions and reduction in capital	9	375,000,000.00	525,000,000.00	-	-	-	-	-	-	900,000,000.00	-	900,000,000.00
1. Capital contribution from owners	10	375,000,000.00	525,000,000.00							900,000,000.00		900,000,000.00
2. Share-based payment recognised in owners' equity	11									-		-
3. Others	12									-		-
（IV）Provision and use of special reserves	13	-	-	-	-	-	-	-	-	-	-	-
1.Provision of special reserves	14									-		-
2.Use of special reserves	15									-		-
(V) Profit distribution	16					104,802,942.23	51,360,164.40	-156,163,106.63	-	-	-	-
1. Transfer to surplus reserves	17					104,802,942.23		-104,802,942.23		-		-
Including：Legal reserves	18					104,802,942.23		-104,802,942.23		-		-
Free reserves	19									-		-
#Fund reserves	20									-		-
#Fund of development	21									-		-
#Return of investment	22									-		-
2. Transfer to general risk reserves	23						51,360,164.40	-51,360,164.40		-		-
3. Distributions to [owners/shareholders]	24									-		-
4. Others	25									-		-
(Vi) Transfers within owners' equity	26	520,000,000.00	-	-	-	-	-	-520,000,000.00	-	-	-	-
1. Capitalisation of capital reserves	27									-		-
2. Capitalisation of surplus reserves	28									-		-
3. Loss offset by surplus reserves	29									-		-
4. Others	30	520,000,000.00						-520,000,000.00		-		-
VII. Closing balance of the current year	31	1,475,000,000.00	513,233,746.41	-	-	224,355,415.45	122,287,259.20	986,226,142.91	-	3,321,102,563.97	-	3,321,102,563.97

Legal representative：Liu Yang　　Chief accountant：Lian Jinhua　　Person in charge of accounting body：Dai Baoxiang

Statement of Changes in Owners' Equity

Company:Zhongrong International Trust Co.Ltd　　　　Year 2012　　　　Unit: RMB

Item	No.	Amount for the current period							Amount for the prior period						
		Paid-in capital/ Share capital	Capital reserves	Less: Treasury shares	Surplus reserves	General risk reserves	Unappropriate profits	所有者权益合计	Paid-in capital/ Share capital	Capital reserves	Less: Treasury	Surplus reserves	General risk reserves	Unappropriate profits	Total owners' equity
I. Closing balance of the preceding year	1	1,475,000,000.00	513,233,746.41	-	224,355,415.45	122,287,259.20	981,091,618.03	3,315,968,039.09	580,000,000.00	159,604,259.04		119,552,473.22	70,927,094.80	609,225,302.42	1,539,309,129.48
Add: Changes in accounting policies	2							-							-
Corrections of prior period errors	3							-							-
Other	4														
II. Opening balance of the current year	5	1,475,000,000.00	513,233,746.41	-	224,355,415.45	122,287,259.20	981,091,618.03	3,315,968,039.09	580,000,000.00	159,604,259.04	-	119,552,473.22	70,927,094.80	609,225,302.42	1,539,309,129.48
III. Changes for the year (Decrease is indicated by "-")	6	-	-2,022,758.37	-	151,532,587.46	82,511,909.33	1,281,281,377.85	1,513,303,116.27	895,000,000.00	353,629,487.37	-	104,802,942.23	51,360,164.40	371,866,315.61	1,776,658,909.61
(I) Net profit	7						1,515,325,874.64	1,515,325,874.64						1,048,029,422.24	1,048,029,422.24
(II) Other comprehensive income	8		-2,022,758.37					-2,022,758.37		-171,370,512.63					-171,370,512.63
Subtotal of (I) and (II)	9	-	-2,022,758.37	-	-	-	1,515,325,874.64	1,513,303,116.27	-	-171,370,512.63	-	-	-	1,048,029,422.24	876,658,909.61
(III) Owners' contributions and reduction in capital	10	-	-	-	-	-	-	-	375,000,000.00	525,000,000.00	-	-	-	-	900,000,000.00
1. Capital contribution from owners	11							-	375,000,000.00	525,000,000.00					900,000,000.00
2. Share-based payment recognised in owners' equity	12							-							-
3. Others	13							-							-
(IV) Profit distribution	14	-	-	-	151,532,587.46	82,511,909.33	-234,044,496.79	-	-	-	-	104,802,942.23	51,360,164.40	-156,163,106.63	-
1. Transfer to surplus reserves	15				151,532,587.46		-151,532,587.46	-				104,802,942.23		-104,802,942.23	-
2. Transfer to general risk reserves	16					82,511,909.33	-82,511,909.33	-					51,360,164.40	-51,360,164.40	-
3. Distributions to [owners/shareholders]	17							-							-
4. Others	18							-							-
(V) Transfers within owners' equity	19	-	-	-	-	-	-	-	520,000,000.00	-	-	-	-	-520,000,000.00	-
1. Capitalisation of capital reserves	20							-							-
2. Capitalisation of surplus reserves	21							-							-
3. Loss offset by surplus reserves	22							-							-
4. Others	23							-	520,000,000.00					-520,000,000.00	-
(VI) Special reserves	24	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer to special reserves in the period	25							-							-
2. Amount utilised in the period	26							-							-
(VII) Others	27							-							-
IV. Closing balance of the current year	28	1,475,000,000.00	511,210,988.04	-	375,888,002.91	204,799,168.53	2,262,372,995.88	4,829,271,155.36	1,475,000,000.00	513,233,746.41	-	224,355,415.45	122,287,259.20	981,091,618.03	3,315,968,039.09

Legal representative: Liu Yang　　　　Chief accountant: Lian Jinhua　　　　Person in charge of accounting body: Dai Baoxiang

Consolidated Statement of Provision for Impairment of Assets

Company:Zhongrong International Trust Co.Ltd

31 December 2012

Unit: RMB

Item	No.	Opening balance	Increase for current year				Decrease for current year					Closing balance	Item	No.	Amount
			Provision for current year	Increase for consolidated	Increase for others	Toatl	Reversal	Cancellation	Decrease for consolidated	Decrease for others	Toatl				
1.Bad debt reserves	1	468,542.06				-					-	468,542.06	Additional Information	18	———
2.Inventory falling price reserves	2					-			-		-	-	1.Net loss of assets in suspense	19	
3.Financial assets available for sale depreciation reserves	3					-		-	-	-	-	-	(1) Net loss of current assets	20	
4.Holding to maturity investment depreciation reserves	4					-		-	-	-	-	-	including: bad debts loss	21	
5.Long-term investments depreciation reserves	5	3,390,947.82				-	———		-		-	3,390,947.82	inventory loss	22	
6.Investment property depreciation reserves	6					-	———	-	-	-	-	-	short-term investment loss	23	
7.Liquidation of fixed assets	7					-	———		-		-	-	(2) Net loss of fixed assets	24	
8.Project goods and material depreciation reserves	8					-	———	-	-	-	-	-	including: Fixed assets losses	25	
9.Construction-in-process depreciation reserves	9					-	———	-	-	-	-	-	Fixed assets scrap and damag	26	
10.Productive biological assets depreciation reserves	10					-	———	-	-	-	-	-	Fixed assets profit	27	
11.Oil and gas asserts depreciation reserves	11					-	———	-	-	-	-	-	(3) long-term loss	28	
12.Intangible Assets depreciation reserves	12					-	———	-	-	-	-	-	(4)intangible assets loss	29	
13.Goodwill depreciation reserves	13					-	———	-	-	-	-	-	(5) Construction-in-process Loss	30	
14.Other depreciation reserves	14					-	———	-	-	-	-	-	(6) Entrusted loans losses	31	
	15					-					-	-	2.Credit of policy	32	
	16					-					-	-	3.Processing previous losses and credi	33	
Total	17	3,859,489.88	-	-	-	-	-	-	-	-	-	3,859,489.88	including: Processing previous losses	34	

Legal representative: Liu Yang　　Chief accountant: Lian Jinhua　　Person in charge of accounting body: Dai Baoxiang

Statement of Provision for Impairment of Assets

Company:Zhongrong International Trust Co.Ltd

31 December 2012

Unit: RMB

Item	No.	Opening balance	Increase for current year: Provision for current year	Increase for current year: Increase for consolidated	Increase for current year: Increase for others	Increase for current year: Toatl	Decrease for current year: Reversal	Decrease for current year: Cancellation	Decrease for current year: Decrease for consolidated	Decrease for current year: Decrease for others	Decrease for current year: Toatl	Closing balance	Item	No.	Amount
1.Bad debt reserves	1	468,542.06				-					-	468,542.06	Additional Information	18	——
2.Inventory falling price reserves	2					-			-		-	-	1.Net loss of assets in suspense	19	
3.Financial assets available for sale depreciation reserves	3					-		-	-	-	-	-	(1) Net loss of current assets	20	
4.Holding to maturity investment depreciation reserves	4					-		-	-	-	-	-	including: bad debts loss	21	
5.Long-term investments depreciation reserves	5	3,390,947.82				-	——		-		-	3,390,947.82	inventory loss	22	
6.Investment property depreciation reserves	6					-	——	-	-	-	-	-	short-term investment loss	23	
7.Liquidation of fixed assets	7					-	——		-		-	-	(2) Net loss of fixed assets	24	
8.Project goods and material depreciation reserves	8					-	——	-	-	-	-	-	including: Fixed assets losses	25	
9.Construction-in-process depreciation reserves	9					-	——	-	-	-	-	-	Fixed assets scrap and damag	26	
10.Productive biological assets depreciation reserves	10					-	——	-	-	-	-	-	Fixed assets profit	27	
11.Oil and gas asserts depreciation reserves	11					-	——	-	-	-	-	-	(3) long-term loss	28	
12.Intangible Assets depreciation reserves	12					-	——	-	-	-	-	-	(4)intangible assets loss	29	
13.Goodwill depreciation reserves	13					-	——	-	-	-	-	-	(5) Construction-in-process Loss	30	
14.Other depreciation reserves	14					-	——	-	-	-	-	-	(6) Entrusted loans losses	31	
	15					-					-	-	2.Credit of policy	32	
	16					-					-	-	3.Processing previous losses and credi	33	
Total	17	3,859,489.88	-	-	-	-	-	-	-	-	-	3,859,489.88	including: Processing previous losses a	34	

Legal representative: Liu Yang   Chief accountant: Lian Jinhua   Person in charge of accounting body: Dai Baoxiang

Zhongrong International Trust Co., Ltd

Notes to the financial statements

For the Year Ended 31 December 2012

(All amounts denominated in RMB unless otherwise stated)

I. BASIC INFORMATION ABOUT THE COMPANY

Zhongrong International Trust Co., Ltd (herein after refer as “the Company”) formerly known as Harbin International Trust Investment Co., Ltd. established in 1987. In March 2002, the Company was granted “The Approval of Capital Offering for Harbin International Trust Company” (Shen Yin Fu Zi [2002] No.270) by Shenyang branch of The People’s bank of China, the shareholders of the Company are Harbin State-owned Assets Supervision and Administration Commission, Zhongzhi Enterprise Group Co., Ltd., Harbin Investment Group Company Limited, Harbin Hongda Consturction Co., Ltd., Heilongjiang Province Mudanjiang New Materials technology Co., Ltd. and Haci Company Limited. In April 2002, according to the requirement of “The notice of The Scheme of Reorganize Trust and Investment Companies issued by The People’s Bank of China and forwarded by General Office of the State Council” (Guo Ban Fan [1999] No.12) and “The Scheme of Further Improvement of Reorganize Trust and Investment Companies” (Yin Fa [2000] No.389) issued by The People’s Bank of China, the Company re-registered and renamed as Zhongrong International Trust and Investment Co., Ltd. In June 2002, the Company obtained The License of the Business Corporation issued by Harbin Administration of Industry and Commerce, with the registered capital of RMB 325 million. In July 2007, the Company renamed as Zhongrong International Trust Co., Ltd, approved by China Banking Regulatory Commission with a document release called “The Approval of Name and Business Scope change of Zhongrong International Trust and Investment Co., Ltd.” (Yin Jian Fu [2007] No.295). In July 2010, the Company obtained “The approval of change in Registered Capital and Company Article of Zhongrong International Trust Co., Ltd” (Hei Yin Jian Fu [2010] No.339) from Heilongjiang Branch, China Banking Regulatory Commission, retained earnings transferred to paid-in-capital, registered capital changed from RMB 325 million to RMB 580 million.

In March 2011, the Company obtained “The approval of change in Registered Capital and Company Article of Zhongrong International Trust Co., Ltd” (Hei Yin Jian Fu [2011] No.75) from Heilongjiang Branch, China Banking Regulatory Commission. The registered capital increased RMB 820 million, including the monetary capital increase by RMB 300 million from Jingwei Textile Machinery Company Limited, Zhongzhi Enterprise Group Co., Ltd., Harbin Investment Group Company Limited and Dalian Xinxing Real Estate Development Group Co., Ltd.; the shareholders transferred RMB 520 million from undistributed profit to paid-in-capital according to their shareholding proportion. The new registered capital is RMB1.4 billion.

In October 2011, the Company obtained "The approval of change in Equity Stake and Registered Capital, adjustment of Equity Structure and amendment of the Company Article of Zhongrong International Trust Co., Ltd" (Hei Yin Jian Fu [2011] No.447) from Heilongjiang Branch, China Banking Regulatory Commission. The RMB 107.68million of the Company's equity hold by Dalian Xinxing Real Estate Development Group Co., Ltd. transferred to Shengyang An Tai Da Commercial Trading Ltd. Jingwei Textile Machinery Company Limited, Zhongzhi Enterprise Group Co., Ltd., Harbin Investment Group Company Limited and Shengyang An Tai Da Commercial Trading Ltd. increased the Company's registered capital by RMB 75 million according to their shareholding proportion, the new registered capital is 1.475 billion and obtained business license of No. 230100100002118.

The Company's main business scope includes: the trust funds; personal property trust; real estate trust; securities trust; other property or property rights trust; engaged in investment fund businesses serve as initiator of the investment fund or fund management company; enterprises' asset restructuring, merger and acquisition, project financing, corporate finance, financial advisory and other related services; entrusted underwriting business that is approved by the relevant departments under the State Council securities; deal with intermediary, credit investigation, and consulting business; safe deposit box service; utilize fixed assets by due from banks, loan at call, provide loan, lease and investment method; provide guarantee for others use fixed properties; engaged in the interbank lending; other business that is approved by the laws and regulations or the China banking regulatory commission.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated and the Company's financial statements have been prepared on going concern basis, in accordance with Accounting Standards for Business Enterprises ("ASBE") issued by the Ministry of Finance ("MOF"), On February 15, 2006, supplementary regulations and the significant accounting policies and accounting estimates as follows.

III.STATEMENT OF CPMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The consolidated and the Company's financial statement have been proposed in accordance with ASBE, and present truly and completely, the Company's and consolidated financial position as of December 31, 2013and the Company's and consolidated results of operation and cash flows for the year ended December 31, 2013.

IV.THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Accounting year

The accounting year of the Company is from 1 January to 31 December of each calendar year.

2. Functional currency

The reporting currency of the Companies is Renminbi ("RMB").

3. Principle of measurement

The Company has adopted the accrual basis of accounting. Other than financial instrument is measured at its fair value, the company uses the historical cost convention as the principle of measurement. Assets measured at its actual costs when acquired, and impairment shall be recognized according to related regulations if it is impaired later on.

4. **Cash and cash equivalents**

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Company's short-term(usually due within 3 months from the acquisition date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

5. Translation of transactions and financial statements denominated in foreign currencies

On initial recognition, a foreign currency amount is translated into functional currency by applying the spot exchange rate on the date of the transaction announced by People's Bank of China. Exchange transactions between different currencies are calculated by the exchange rate, and the difference between actual exchange amount and initial book value shall be accounted for as financial cost (profit and loss on exchange).

At the balance sheet date, foreign currency non-monetary items shall be translated by applying the spot exchange rate on acquisition. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date the fair value is determined, the difference between the translated functional currency amount and the original functional currency amount is treated as changes in fair value (changes of exchange rate) and is recognized in profit and loss.

6. Financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settle, between knowledgeable, willing parties in an arm's length transaction. For a financial instrument which has an active market, the Company uses the quoted price in the active market to establish its fair value. For a financial instrument which has no active market, the Company establishes fair value by using a valuation technique. Valuation techniques include using resent arm's length market transaction between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing model.

6.1. Classification, recognition and measurement of financial instruments

On initial recognition, the Company's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivable, and available-for sale financial assets. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis

6.1.1Financail Assets at Fair Value through Profit or Loss ("FVTPL")

Financial assets at FVTPL include financial assets held for trading and those designated as at fair value through profit or loss. A financial asset is classified as held for trading if one of the following conditions is satisfied: (1) It has been acquired principally for the purpose of selling in the near term; or (2) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) It is a derivative that is not designated and effective as a hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

A financial asset may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognizing the gains or losses on them on different bases; or (2) The financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis.

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognized in profit or loss.

6.1.2 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group's management has the positive intention and ability to hold to maturity.

Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method.

Gain or loss arising from derecognition, impairment or amortization is recognized in profit or loss.

6.1.3. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables by the Group include notes receivable, accounts receivable, interest receivable, dividends receivable, and other receivables.

Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortization is recognised in profit or loss.

6.1.4. Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated on initial recognition as available for sale [please specify the specific designated item, if any,], and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognized as other comprehensive income and included in the capital reserve, except that impairment losses and exchange differences related to amortized cost of monetary financial assets denominated in foreign currencies are recognized in profit or loss, until the financial assets are derecognized, at which time the gains or losses are released and recognized in profit or loss.

Interests obtained and the dividends declared by the investee during the period in which the available-for-sale financial assets are held, are recognized in investment gains.

6.1.5Buying back the sale of financial assets

Buying back the sale of financial assets refers to the fund that is financing by purchase of financial assets and resale with a fixed amount according to the resale agreement. Buying back the sale of financial assets recognizes the actual payment when the transaction incurred, which reflect in the balance sheet. The financial assets that have been purchased are not recognized in asset.

The bid-ask spread of buying back the sale of financial assets during the transaction period are amortized using effective interest method, and recognize as interest receivable and interest income.

6.2 Impairment of financial assets

The Group assesses at each balance sheet date the carrying amounts of financial assets other than those at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Group determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

Objective evidence that a financial asset is impaired includes the following observable events:

Significant financial difficulty of the issuer or obligor;

A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;

The Group, for economic or legal reasons relating to the borrower’s financial difficulty, granting a concession to the borrower;

It becoming probable that the borrower will enter bankruptcy or other financial reorganizations;

The disappearance of an active market for that financial asset because of financial difficulties of the issuer;

Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes:

- Adverse changes in the payment status of borrower in the group of assets;
- Economic conditions in the country or region of the borrower which may lead to a failure to pay the group of assets;
-Significant adverse changes in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;
-A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost;
- Other objective evidence indicating there is an impairment of a financial asset.

6.2.1Impairment of held-to-maturity, loans and receivables

If financial assets carried at amortized cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognized as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortized cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For a financial asset that is individually significant, the Group assesses the asset individually for impairment.

For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively reassesses them for impairment. Assets for which an impairment loss is individually recognized are not included in a collective assessment of impairment.

6.2.2 Impairment of available-for-sale financial assets

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value previously recognized directly in capital reserve is reclassified from the capital reserve to profit or loss. The amount of the cumulative loss that is reclassified from capital reserve to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

If, subsequent to the recognition of an impairment loss on available-for-sale financial assets, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognized impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognized as other comprehensive income and included in the capital reserve, while the amount of reversal of impairment loss on available-for-sale debt instruments is recognized in profit or loss.

6.3 Derecognize financial assets

The Company derecognizes a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expired; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership for the financial assets is transferred to the transferee: or (3) although the financial asset has been transferred, the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

7. Long-term equity investments

For a long-term equity investment acquired through cash, the initial investment cost is the actually payment for the long-term equity investment.

For a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree at the date of combination. For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition. For a long-term equity investment acquired through business combination not involving enterprises under common control and achieved in stages, the investment cost of the long-term equity investment is the aggregate of the carrying amount of the equity interest held in the acquiree prior to the acquisition date and the cost of the additional investment at the acquisition date. The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost.

9.1Long-term equity investment accounted for using the cost method

Under the cost method, a long-term equity investment is measured at initial investment cost. Since January 1 2009, except for cash dividends or profits already declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee. Before January 1 2009, investment income is recognized only limited to the accumulated profit distributions that occurred after the investor made the investment to the investee, the attributable share of cash dividends or profit distributions declared by the investee that are exceed the above mentioned amount recognized as the regain of the initial investment cost, write down the carrying amount of the investment.

9.2 Long-term equity investment accounted for using the equity method

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its share of the net profit or loss of the investee for the period as investment income or loss for the period. The Group recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets, etc at the acquisition date after making appropriate adjustments to conform with the Group's accounting policies and accounting period. Unrealized profits or losses resulting from the Group's transactions with its associates and joint ventures are recognized as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, according to "ASBE Article 8- Impairment of Assets" unrealized losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated. Changes in owners' equity of the investee other than net profit or loss are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized as other comprehensive income which is included in the capital reserve.

The Group discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

8. Fixed assets and construction in progress

8.1 Recognition criteria for fixed assets and deprecation

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year.

Fixed assets are initially measured at cost and recognized the depreciation from the next month since acquired.

The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Estimated useful life (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
Buildings	20.00	3.00	4.85
Transportation vehicles	5.00	3.00	19.4
Electronic equipments	3.00-5.00	3.00	19.4-32.3
Computer	3.00-5.00	3.00	19.4-32.3
Other	3.00-5.00	3.00	19.4-32.3

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably, meanwhile the carrying amount of the replaced part is derecognised. Other subsequent expenditures recognized in the profit and loss of the current period. The decoration expenses of the fix assets can be capitalized once it fulfilled the standards of capitalization.
The Group adopts a depreciation policy for a fixed asset held under a finance lease which is consistent with that for its owned fixed asset. If there is reasonable certainty that the Group will obtain ownership of the leased asset at the end of the lease term, the leased asset is depreciated over its useful life. If there is no reasonable certainty that the Group will obtain ownership of the leased asset at the end of the lease term, the leased asset is depreciated over the shorter of the lease term and its useful life.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

8.2 Construction in progress
Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

9. Intangible assets
An intangible asset is intangible but identifiable non-monetary asset that is controlled or own by the Company. An intangible asset is measured initially at cost. When the intangible asset purchased, the actual payment and the connecting expense will be used to recognize the cost.

When an intangible asset with a finite useful life is available for use, its original cost is amortized over its estimated useful life using the straight-line method. The company reexamined the useful life and amortization method of the intangible assets regularly, and account for any change as a change in an accounting estimate.

The Company assesses at each balance sheet date whether there is any indication that the intangible assets with a finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets, the difference between the carrying amount and recoverable amount should withdraw as provision. An intangible asset with an indefinite useful life or unavailable for used, no matter whether or not there is any indication that such assets may be impaired, the assets need to conduct the impairment test annually.

10. Investment properties

Investment property is property held to earn rentals or for capital appreciation or both.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Company and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

The Company uses the cost model for subsequent measurement of investment property, and adopts a depreciation or amortization policy like the fixed assets and intangible assets for the investment property which is consistent with that for buildings or land use rights.

The carrying amount of the owner-occupied housing or inventory convert to investment properties, vice versa, it will become the carrying amount after the conversion

When an investment property is sold, transferred, retired or damaged, the Group recognizes the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

11. Impairment loss of non-financial assets

The Group assesses at each balance sheet date whether there is any indication that the long-term equity investment, fixed asset, construction in progress and the intangible assets with definite useful life may be impaired.

If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognized in profit or loss for the period.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. An asset's fair value is the price in a sale agreement in an arm's length transaction. If there is no sale agreement but an asset is traded in an active market, fair value is the current bid price. If there is no sale agreement or active market for an asset, fair value is assessed based on the best information available. Costs of disposal include legal costs related to the disposal of the asset, related taxes, costs of removing the asset and direct costs to bring the asset into condition for its sale. The present value of expected future cash flows of an asset shall be determined by estimating the future cash flows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to those future cash flows.

Once the impairment loss of such assets is recognized, it is not be reversed in any subsequent period.

12. Financial liability

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. The Company's financial liabilities are all classified as other financial liabilities.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with gains or losses arising from derecognition or amortization recognized in profit or loss.

The Company derecognises a financial liability when the contract's underlying present obligation is discharged, cancelation and expiration of the contract.

13. Employee benefit payable

During the accounting period of an employee' providing services to the company, the company shall recognize the employment benefit payable as liabilities.

In accordance with the rules and regulations, the Company participated in the employee social security system that is established by the government. The system including: medical insurance, endowment insurance, housing accumulation fund and other related items shall be recorded as profit or loss for the current period.

When the Company has formulated a formal plan on the cancellation of labor relationship or has brought forward a proposal on voluntary layoff and will execute it soon, simultaneously the Company is unable to unilaterally withdraw the plan on the cancellation of labor relationship or the layoff proposal. The Company shall recognize the expected liabilities incurred due to the compensation for the cancellation of the labor relationship with the employee, and shall simultaneously record them into the profit or loss for the current period

14. Contingency

The obligation pertinent to a contingencies shall be recognized as an estimated debts when the following conditions are satisfied simultaneously:(1) that obligation is a current obligation of the enterprise, (2) It is likely to cause any economic benefit to flow out of the enterprise as a result of performance of the obligation, and (3) the amount of the obligation can be measured in a reliable way.

To determine the best estimate, an enterprise shall take into full consideration of the risks, uncertainty, time value of money, and other factors pertinent to the Contingencies.

When all or some of the expenses necessary for the liquidation of an estimated debts of an enterprise is expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the reimbursement will be obtained. The amount recognized for the reimbursement should not exceed the book value of the estimated debts.

15. Income

15.1 Net interest income

The amount of interest income measured and recognized in accordance with the length of time for which the Company's cash is used by others and the effective interest rate.

15.2 Net commission income

The major net commission income includes: the trust commission charge and consulting fee. The trust commission charge is recognized and measured in accordance with the period and method of charging as stipulated in the relevant contract or agreement as the payment to the trustee; the consulting fee is recognized when the services are completed.

16. Income tax

At the balance sheet date, current income tax is measured according to the requirements of tax laws.

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method. Deferred tax is generally recognized for all temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

17. Entrusted business

The main entrusted business of the Company is trust property management.

The trust property management is the Company trustee mange the settlers' trust properties according with the trust agreement. In comply with "The People's Republic of China Trust Law" and "The Accounting Method of the Trust Business", the Company manage the inherent property and trust property separately and use different accounting method. The trust project the trustee manage, utilize and dispose the trust property alone or collective according to the agreement seen as a basic unit, each project is an independent accounting body, and independently accounting the mange, utilize and dispose the trust properties and prepared in the financial statement. The asset, liability and profit and loss do not include into the Company's financial statement.

18. Operating leases and finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

18.1 The Company as lessee under operating leases

Operating lease payments are recognized on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

18.2 The Company as lessor under operating leases

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with more than an insignificant amount are capitalized when incurred, and are recognized in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they actually arise.

19. The significant accounting judgment, estimation and assumption made in applying accounting policies

As the Company applies the accounting policies that are listed in Note four, uncertainty exist within the operation, the Company cannot make exact judgment, estimation and assumption on the carrying amount of each item that is included in the financial statements. The judgment, estimation and assumption are made base on the Company's management team experiences with other related considerations, the actual outcome may be different from what the Company has estimated.

The prospective application method shall be adopted by the Company for treating the changes in accounting estimates. If a change in accounting estimate affects only the current period of the change, the effect of the change shall be recognized in the period of the change. If any change in an accounting estimate affects both the period of the current change and future periods, the effects of the change shall be recognized in the period of the change and in future periods.

For a financial instrument which has an active market, the Group uses the quoted price in the active market to establish its fair value. For a financial instrument which has no active market, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

V.TAXES

1.1 Taxs and tax rates except for corporate income tax

Category of tax	Tax rate
Business tax	5%
City maintenance and construction tax	7%
Education fee affixture	3%
Local education surcharge	2%
Water conservancy build fund	0.1%

1.2. Corporate income tax rate

Calculated and paid 25% according to the taxable income.

VI. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES ANDACCOUNTING ESTIMATES

1. Changes in accounting policy

The Company didn’t have changes in accounting policy.

2. Changes in accounting estimates

The Company didn’t have changes in accounting estimates.

3. The significant corrections of prior period accounting error

The Company didn’t have changes in accounting estimates.

VII. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

1. New entities that have been consolidated in the current period

Full name of the subsidiary	Type	Place of incorporation	Nature of business	Registered capital	Business scope
Beijing Zhongrong Dingxin Investment Management Co., Ltd.	Domestic non-financial subsidiaries	Beijing	Equity investment and asset management	100,000,000.00	Private equity investment, asset management and investment consulting

Continue：

Actual capital contribution at the end of the period	Balance of other items, that in substance, constitutes net investment in the subsidiary	Proportion of ownership interest (%)	Proportion of voting power (%)	Minority interests	Amount of the minority interests used to absorb profits or losses attributable of minority interests
100,000,000.00		100	100		

VIII. NOTES TO IMPORTANT ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

"The opening balance" refers to the balance on 1 January 2012 and "the closing balance" refers to the balance on 31 December 2012. "The prior period" is the year of 2011 and "the current period" is the year of 2012.

1. Cash and bank balances

Item	Closing balance	Opening balance
	Amount in RMB	Amount in RMB
Cash	4,796.37	5,893.91
Bank balances	4,928,565,741.47	3,029,299,608.70
Incl. RMB	4,916,215,009.15	3,017,036,547.04
USD	12,350,732.32	12,263,061.66
Other currency funds	8,429,192.21	47,430,649.16
Total	4,936,999,730.05	3,076,736,151.77

2. Trading financial assets

Items	Closing fair value	Opening fair value
1. Held-for-trading investments in equity instruments	276,665,724.16	252,252,441.29
2. Held-for-trading investments in debt securities		
3. Held-for-trading investments in fund securities		
Total	276,665,724.16	252,252,441.29

Note1: At the end of 2013, the equity instruments that the Company held are the shares of listed companies.

3. Available-for-sale financial assets

Items	Closing carrying amount	Opening carrying amount
Trust financial products	56,554,081.82	124,068,335.48
Fund investment		
Securities investment	514,298,298.00	465,476,995.50
Other financial products		
Total	570,852,379.82	589,545,330.98

Note1: The trust financial product “Zhongrong-Huashenghengli NO.1 congrong investment securities assemble funds trust” issued on August 2009, The Company act as a secondary trustor bought the RMB 8.99 million trust product that is established and managed by the company. The beneficiaries meeting held in 2012 has rescheduled the maturity date from August 2011 to August 2013. The trust fund is primarily invested in listed shares and fix incomes under the current trust plan.

Note 2: In August 2010, the Company purchased 15 million non-public shares of Anhui Liuguo Chemical Co.,Ltd.(“ Liuguo chemical”). According to the announcement made in 2010, the profit distribution and capital reserves of Liuguo chemical transferred into equity cause an increase of 6 shares by every 10 shares, result of the 9 million increase of capital stock of Liuguo Chemical hold by the Company. By the end of 2012, the Company holds 2.4 million shares of Liuguo chemical. The closing price of the secondary market was RMB9.18 per share on December 31, 2012.

Note 3: In November 2010, the Company purchased 9 million non-public shares of Anhui Hengyuan Coal Industry and Electricity Power Co.,Ltd. (“Hengyang Coal and Electricity ”). According to the announcement made in 2010, the capital reserves of Hengyang Coal and Electricity transferred into equity cause an increase of 12.8065 shares by every 10 shares, result of the 11,525,850.00 increase of capital stock of Hengyang Coal and Electricity hold by the Company. By the end of 2012, the Company holds 20,525,850.00 shares of Hengyang Coal and Electricity. The closing price of the secondary market was RMB12.88 per share on December 31, 2012.

Note 4: In January 2012, the Company purchased the RMB 27,804,060.00 subordinated debt that is issue by Mianyang City Commercial Bank in 2009, with duration of 5 + 5 years, coupon rate of 6.1%, and the par value is RMB 30 million. The market price of inter-bank bond market on December 31, 2013 is RMB 0.9868.

4. Long-term equity investments

5.1 Disclosure by categories

Item	Closing balance	Opening balance
Investment in subsidiary		
Investment in joint ventures		
Investment in associated enterprises	19,704,236.42	6,467,310.88
Investment in other enterprises	33,044,347.82	32,064,347.82
Subtotal	52,748,584.24	38,531,658.70
Minus: Depreciation reserves	3,390,947.82	3,390,947.82
Total	49,357,636.42	35,140,710.88

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Note: (1) Details of long-term equity investments

No.	Investee	Accounting method	Opening balance	Changes	Closing balance	Proportion of ownership interest in the investee
1	Wuxi Guochuang Cultural Investment Company	Cost method		980,000.00	980,000.00	0.49%
2	Shenzhen Huarong Equity Investment Fund Management Co., Ltd	Equity method	4,896,697.53	1,479,716.83	6,376,414.36	49.00%
3	Shanghai Rongou Private Equity Fund Mnagement Co., Ltd	Equity method	1,570,613.35	-1,570,613.35		
4	Xinhu Wealth Investment Management Co., Ltd	Equity method		13,327,822.06	13,327,822.06	23.08%
5	Jianghai Securities Co., Ltd	Cost method	28,673,400.00		28,673,400.00	2.103%
6	AVIC Capital Co., Ltd	Cost method	3,390,947.82		3,390,947.82	0.44%
	Total		38,531,658.70	14,216,925.54	52,748,584.24	

Note 1: The Company contributed RMB0.96 million monetary capitals to Jianghai Securities Co., Ltd and the shareholding ratio is 2.103%. The investment cost of the Company's previous listed company Beiya Industrial (Group) Co., Ltd. is RMB 3,390,947.82 with a shareholding proportion of 0.44%. Beiya Industrial (Group) Co., Ltd. was suspended by Shanghai Stock Exchange in 2007 due to continuous loss and the Company made a full impairment loss of this investment. Beiya Industrial (Group) Co., Ltd. was relisted and renamed as AVIC Capital Co., Ltd. on August 30, 2012; the Company's shareholding ratio is 0.44%.

(2). Investment to major associated enterprises

investee	Place of registry	Nature of business	Proportion of ownership interest in the investee	Percentage of voting rights in the investee	Closing total net assets	Total operating income Of current period	Net profit of current period
Shenzhen Huarong Equity Investment Fund Management Co., Ltd	Shenzhen	Equity investment	49.00%	49.00%	13,013,090.53	0	3,019,830.27
Xinhu Wealth Investment Management Co., Ltd	Beijing	Equity investment	23.08%	23.08%	85,241,935.67	0	20,092,115.71

Note1 : The Company invested into Xinhu Wealth Investment Management Co., Ltd since September 2012 . The net profit during the period from September to December 2012 is RMB -7,245138.39.

5. Fixed assets

5.1 Disclosure by categories

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
I. Total original carrying amount	46,093,241.26	17,244,351.29	5,367,730.38	57,969,862.17
Including: Transportation vehicles	14,757,748.00	3,763,794.00	1,597,664.00	16,923,878.00
Computers	22,340,717.57	8,660,534.52	3,334,407.38	27,666,844.71
Electronic equipments	1,498,120.30	811,110.00	252,530.00	2,056,700.30
Others	7,496,655.39	4,008,912.77	183,129.00	11,322,439.16
II. Total accumulated depreciation	16,360,557.03	11,933,316.55	4,090,453.13	24,203,420.45
Including: Transportation vehicles	3,095,529.49	3,084,802.89	441,333.32	5,738,999.06
Computers	9,908,622.58	6,792,019.78	3,233,843.67	13,466,798.69
Electronic equipments	694,281.05	259,353.80	250,111.10	703,523.75
Others	2,662,123.91	1,797,140.08	165,165.04	4,294,098.95
III. Total provision for impairment losses				
Including: Transportation vehicles				
Computers				
Electronic equipments				
Others				
IV. Total carrying amount of fixed assets	29,732,684.23			33,766,441.72
Including: Transportation vehicles	11,662,218.51			11,184,878.94
Computers	12,432,094.99			14,200,046.02
Electronic equipments	803,839.25			1,353,176.55
Others	4,834,531.48			7,028,340.21

6. Intangible assets

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
I. Total original carrying amount	6,775,382.00	4,069,114.00	-	10,844,496.00
II. Total accumulated amortization	2,012,297.79	1,483,697.45	-	3,495,995.24
III. Total provision for impairment	-	-	-	-
IV. Total carrying amount of Intangible assets	4,763,084.21	2,589,068.51		7,348,500.76

Note 1: The intangible assets of the Company include management system software and the right to use a trademark. There is no impairment or restrictions on the use right.

7. Deferred tax assets/deferred tax liabilities

Item	Closing balance		Opening balance	
	Deferred tax assets or liabilities after offset	Deductible or taxable temporary differences after offset	Deferred tax assets or liabilities after offset	Deductible or taxable temporary differences after offset
Deferred tax assets:	281,569,681.53	1,126,278,726.07	179,286,365.68	717,145,462.67
Provision impairment losses of long-term equity investment	847,736.96	3,390,947.82	847,736.96	3,390,947.82
Accounted but not paid payroll	251,093,346.93	1,004,373,387.71	138,721,027.28	554,884,109.13
Fair value changes of Held-for-trading financial assets	22,953,177.59	91,812,710.36	33,716,434.18	134,865,736.70
Fair value changes of Available-for-sale financial assets	6,675,420.05	26,701,680.18	6,001,167.26	24,004,669.02

8. Other assets

Item	Closing balance	Opening balance
Other account receivable	44,408,888.37	25,780,904.31
Long-term unamortized expenses	25,217,978.38	18,618,554.54
Total	69,626,866.75	44,399,458.85

8.1 Accounts receivable portfolios has been assessed using the aging analysis approach

Aging	Closing balance Carrying amount		Opening balance Carrying amount	
	Amount	Proportion	Amount	Proportion
Within 1 year (inclusive)	44,408,888.37	98.96%	25,780,904.31	98.22%
More than 1 year but not exceeding 2 years				
More than 2 years but not exceeding 3years			468,542.06	1.78%
More than 3 years	468,542.06	1.04%	-	
Total of other receivable	44,877,430.43	100.00%	26,249,446.37	100.00%
Provision of bad debt	468,542.06		468,542.06	
Carrying value of other receivable	44,408,888.37		25,780,904.31	

Note1: Other receivable of the Company is mainly the employee borrowing from reserve fund and rent deposit, no provision of bad debt.

8.2 Long-term unamortized expenses

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Long-term unamortized expenses	18,618,554.54	19,306,499.59	12,707,075.75	25,217,978.38
Total	18,618,554.54	19,306,499.59	12,707,075.75	25,217,978.38

9. Detials of provision for impairment losses of assets

Items	Opening carrying amount	Increase in the current period	Decrease in the current period		Closing carrying amount
			Reversals	Write-off	
1.Bad debts provision	468,542.06				468,542.06
2.Provision for impairment losses of long-term equity investments	3,390,947.82				3,390,947.82
Total	3,859,489.88				3,859,489.88

10. Receipts in advance

Items	Closing balance	Opening balance
Accounts payable	29,745,346.54	19,778,486.85
Total	29,745,346.54	19,778,486.85

Note1: Receipts in advance included the commission fees income of the trust projects.

11. Employee benefits payable

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	554,884,109.13	991,807,389.10	542,318,110.52	1,004,373,387.71
II. Staff welfare		2,741,654.36	2,741,654.36	
III. Social security contributions	1,009,677.41	48,355,888.74	48,643,195.97	722,370.18
IV. The union funds and employee education funds	164,396.02	4,644,101.24	4,017,704.49	790,792.77
V. Compensation for the cancellation of labor relationship with the employees		413,616.19	413,616.19	
Total	556,058,182.56	1,047,962,649.63	598,134,281.53	1,005,886,550.66

12. Taxes payable

Item	Opening balance	Payable in current period	Amount paid in current period	Closing balance
Business tax	77,966,493.74	185,044,157.75	171,908,425.11	91,102,226.38
Corporate income tax	136,413,828.09	612,211,604.17	581,398,313.16	167,227,119.10
City construction and maintenance tax	5,457,654.57	12,953,091.03	11,963,589.75	6,447,155.85
Individual income tax	35,930,579.14	136,164,504.91	124,285,592.31	47,809,491.74
Education surplus	2,338,994.82	5,551,324.73	4,881,252.75	3,009,066.80
Local education surplus	1,550,329.87	3,700,883.15	3,245,168.50	2,006,044.52
Others	1,754,196.94	3,872,672.39	3,613,217.53	2,013,651.80
Total	261,412,077.17	959,498,238.13	901,295,559.11	319,614,756.19

13. Other payables/liability

Aging	Closing balance	Opening balance
Other account payable	27,548,639.54	53,504,917.34
Includes: early stage project expenses	11,580,933.19	20,315,273.60
Total	27,548,639.54	53,504,917.34

Note1: Early stage project expenses are early stage investigation fees received in advance from proposed financing clients.

14. Paid-in capital (share capital)

Name of the Investor	Opening balance		Increase in the current period	Decrease in the current period	Closing balance	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
Shengyang An Tai Da Commercial Trading Ltd.	539,818,500.00	36.60%			539,818,500.00	36.60%
Zhongzhi Enterprise Group Co., Ltd.,	475,232,300.00	32.22%			475,232,300.00	32.22%
Harbin Investment Group Company Limited	344,610,000.00	23.36%			344,610,000.00	23.36%

Name of the Investor	Opening balance		Increase in the current period	Decrease in the current period	Closing balance	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
Shengyang An Tai Da Commercial Trading Ltd	115,339,200.00	7.82%			115,339,200.00	7.82%
Total	1,475,000,000.00	100.00%			1,475,000,000.00	100.00%

15. Capital reserves

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
I. Capital (equity) at a premium	531,237,248.16	-	-	531,237,248.16
II. Other capital reserve	-18,003,501.75	8,903,641.63	10,926,400.00	-20,026,260.12
Including: 1. Changes in fair value of available for sale financial assets	-24,004,669.01	8,229,388.84	10,926,400.00	-26,701,680.17
2. With income tax impact the project included in the owner's equity	6,001,167.26	674,252.79		6,675,420.05
3.Others	-		-	-
III. Original reserve recognized in old policy transferred in				-
Total	513,233,746.41	8,903,641.63	10,926,400.00	511,210,988.04

16. Surplus reserves

Item	Opening balance	Closing balance
Statutory surplus reserves	375,888,002.91	224,355,415.45
Total	375,888,002.91	224,355,415.45

17. Provision for general risk

Item	Closing balance	Opening balance
General risk reserves	15,773,136.37	9,027,520.77
Trust compensation reserve	189,026,032.16	113,259,738.43
Total	204,799,168.53	122,287,259.20

Note 1: According to the Finance (2012) document No.20, compare the difference between the estimated potential risk and asset impairment loss to the 1.5% of closing balance of the risk asset, which value is higher would be the provision in the net profit after tax.

Note 2: Based on the article 49 of "Management Regulation on Trust Investment Company", trust compensation reserve should be extracted 5% of the net profit. It's no longer extracted when the accumulated amount reaches to 20% of the Company registered capital. The trust compensation reserve extracted is mainly used to make up the loss of trust property caused by poor operation and management.

18. Un-appropriated profits

Item	Amount for the current period	Amount for the prior period
Un-appropriated profits at beginning of year	986,226,142.91	609,225,302.42
Add for the period:	1,524,311,862.68	1,053,163,947.12
Including: Net profit attributable to owners of the Company		
for the period	1,524,311,862.68	1,053,163,947.12
Others		
Less for the period:	234,044,496.79	676,163,106.63
Including: Appropriation to statutory surplus reserves	151,532,587.46	104,802,942.23
Transfer to paid-in capital		
Appropriation to general risk reserves	6,745,615.60	-1,041,306.71
Appropriation to trust compensation reserves	75,766,293.73	52,401,471.11
Others		
Un-appropriated profits at the end of the period	2,276,493,508.80	986,226,142.91

Note1: extraction of statutory surplus reserve

According to the company's articles of association, the statutory surplus reserve should be extracted 10% from the net profit. Once the accumulated amount of the statutory surplus reserve for the Company exceeds the 50% of the registered capital no extraction needed. The Company's statutory surplus reserve is used for making up the company's losses, expanding production and operation, or increasing the capital of the Company

Note 2: Extraction of statutory surplus reserve

According to the Finance (2012) document No.20, compare the difference between the estimated potential risk and asset impairment loss to the 1.5% of closing balance of the risk asset, which value is higher would be the provision in the net profit after tax.

Note 3: Extraction of trust compensation reserves

Based on the article 49 of "Management Regulation on Trust Investment Company", trust compensation reserve should be extracted 5% of the net profit. It's no longer extracted when the accumulated amount reaches to 20% of the Company registered capital. The trust compensation reserve extracted is mainly used to make up the loss of trust property caused by poor operation and management.

19. Net interest income

Item	Amount of the current period	Amount of the prior period
Interest income	81,660,031.30	96,264,639.94
—Interest income from Intercourse with financial institutions	80,593,364,.63	39,506,983.05
—Interest income on loan	1,066,666.67	56,695,156.89
—Buying back the sale of financial assets	-	62,500.00
Interest expense	826,777.68	1,066,625.00
—Loan from other banks	826,777.68	1,066,625.00
Net interest income	80,833,253.62	95,198,014.94

Note 1: The current interest expense is due to the loan from Mianyang City Commercial Bank.

20. Net income of commission charge

Item	Amount of the current period	Amount of the prior period
Net commission income on trust fees	3,533,810,991.94	2,882,013,985.75
Net income	3,533,810,991.94	2,882,013,985.75

21. Operating income and operating costs

Item	Amount recognized in the current period		Amount recognized in the prior period	
	Income	Cost	Income	Cost
Operating income	53,439,414.41		9,000,000.00	
total	53,439,414.41		9,000,000.00	

22. Investment income

Details of investment income

Item	Amount recognized in the current period	Amount recognized in the prior period
Investment income on held-for-trading financial assets	-57,093,548.74	-23,861,363.62
Investment income from holding available-for-sale financial assets	50,179,614.89	24,584,051.81
Investment income from long-term equity investments	-163,074.46	-32,689.12
Investment income from holding held-to-maturity investments	639,123.29	
Total	-6,437,885.02	689,999.07

23. Gains on changes in fair values

Sources of gains on changes in fair values	Amount recognized in the current period	Amount recognized in the prior period
Gains/losses on changes in fair values arising from trading financial assets	43,053,026.34	-136,858,908.29
Total	43,053,026.34	-136,858,908.29

24. Exchange gains and losses

Items	Amount recognized in the current period	Amount recognized in the prior period
Exchange gains and losses	-30,297.13	-560,630.44
Total	-30,297.13	-560,630.44

25. Other operating income and operating cost

Item	Amount recognized in the current period		Amount recognized in the prior period	
	Income	Cost	Income	Cost
Gains on disposal of investment properties				
Depreciation of investment properties				
Project issuance fee	97,623,070.00		70,167,650.00	
other	6,639,622.37		6,567,105.36	
total	104,262,692.37		76,734,755.36	

26. Business tax and levies

Item	Amount incurred in the current period	Amount incurred in the prior period
Business tax	185,044,157.75	153,621,862.07
City construction and maintenance tax	12,953,091.03	10,753,530.38
Education surplus	5,551,324.73	4,608,655.89
Local education surplus	3,700,883.15	2,980,245.60
Others	3,647,443.74	3,063,437.24
Total	210,896,900.40	175,027,731.18

27. Operation and administrative expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Operation and administrative expenses	1,570,620,596.03	1,343,430,430.38
Including: Staff expenses	1,048,000,390.07	969,515,010.45
Consulting fee	311,903,906.59	188,983,918.50
Rental expenses	55,894,036.80	44,508,986.54
Travel expenses	31,518,489.99	28,375,672.33
Conference expenses	14,620,480.57	18,154,766.66
Entertainment expenses	26,760,224.58	21,219,488.84
Stationary	6,668,354.64	8,384,878.64
Depreciation expenses	11,933,316.55	8,782,015.63

28. Non-operating income

Item	Amount recognized in the current period	Amount recognized in the prior period
Gains on disposal of fixed assets	6,506.13	32,009.99
Others	12,131,943.79	468,371.22
Total	12,138,449.92	500,381.21

Note 1： The trust project Harbin Investment Group Company Limited is in the process of liquidation, out of RMB 64,363,969.91 liability of the a trust project the RMB 12,131,943.79 in the Other item is the anticipated loss. The anticipated loss did not occur caused the non-operating income.

29. Non-operating expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Losses on disposal of fixed assets	206,547.28	626,993.66
Donations to third parties	200,000.00	1,800,000.00
Compensation	4,231,198.95	-
Total	4,637,746.23	2,426,993.66

30. Income tax expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Deferred tax	-101,609,063.06	-108,049,824.01
Current tax expenses	612,211,604.17	460,718,319.27
Total	510,602,541.11	352,668,495.26

31. Other comprehensive income

Item	Amount for the current period	Amount for the prior period
Gains (losses) arising from available-for-sale financial assets	-2,697,011.16	-228,494,016.85
Tax effects arising from available-for-sale financial assets	674,252.79	57,123,504.22
Total	-2,022,758.37	-171,370,512.63

IX. Consolidated Cash Flow Statement

1.Net profit adjusted to operating activities cash flow using the indirect method

Supplementary information	Amount for the current period	Amount for the prior period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	1,524,311,862.68	1,053,163,947.12
Add: Provision for impairment losses of assets		
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of bearer biological assets	11,933,316.55	8,782,015.63
Amortization of intangible assets	1,483,697.45	1,206,115.37
Amortization of long-term prepaid expenses	12,707,075.75	5,031,655.38
Losses on disposal of fixed assets, intangible assets and other long-term asset (gains are indicated by "－")	200,041.15	594,983.67
Losses on write-off of fixed assets (gains are indicated by "－")		
Losses on changes in fair values (gains are indicated by "－")	-43,053,026.34	136,858,908.29
Financial expenses (income is indicated by "－")	30,297.13	560,630.44
Losses arising from investments (gains are indicated by "－")	6,437,885.02	-689,999.07
Decrease in deferred tax assets (increase is indicated by "－")	-101,609,063.06	-108,049,824.01
Increase in deferred tax liabilities (decrease is indicated by "－")		
Decrease in inventories (increase is indicated by "－")		
Decrease in receivables from operating activities (increase is indicated by "－")	-23,001,482.27	16,478,312.41

Supplementary information	Amount for the current period	Amount for the prior period
Increase in payables from operating activities (decrease is indicated by "—")	508,891,139.77	384,382,318.22
Others		
Net cash flow from operating activities	1,898,331,743.83	1,498,319,063.45
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	4,936,999,730.05	3,076,736,151.77
Less: Opening balance of cash	3,076,736,151.77	886,350,107.59
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	1,860,263,578.28	2,190,386,044.18

2. Composition of cash and cash equivalents

Item	Closing balance	Opening balance
I. Cash	4,936,999,730.05	3,076,736,151.77
Including: Cash on hand	4,796.37	5,893.91
Bank deposits	4,928,565,741.47	3,029,299,608.70
Other monetary fund	8,429,192.21	47,430,649.16
II. Cash equivalents		-
Including: Investments in debt securities due within three months		-
III. Closing balance of cash and cash equivalents	4,936,999,730.05	3,076,736,151.77
Including: Cash and cash equivalents with restricted use of parent company or subsidiaries		

X. SIGNIFICANT EVENTS

None.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent(s) of the Company

Name of the parent	Place of incorporation	Nature of business	Registered capital (RMB)	
			Closing balance	Opening balance
Jingwei Textile Machinery Company Limited	Beijing	Textile machinery manufacturing	603,800,000.00	603,800,000.00

Note 1: The ultimate parent holding company of company is China Hengtian Group Co., Ltd.

2. Proportion of the Company's ownership interest held by the parent (%)

Item	Opening proportion	Increase in the period	Decrease in the period	Closing proportion
shareholding	36.60%		-	36.60%

XII.CONTINGENCIES

None

XIII. COMMITMENTS

None

VIIII. EVENTS AFTER THE BALANCE SHEET DATE

None

XV. NOTES TO IMPORTANT ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Cash and due from banks

Item	Closing balance	Opening balance
	Amount in RMB	Amount in RMB
Cash	4,796.37	5,893.91
Bank balances	4,814,119,345.64	2,921,622,385.32
Other currency funds	8,429,192.21	47,430,649.16
Total	4,822,553,334.22	2,969,058,928.39

2. trading financial assets

Items	Closing fair value	Opening fair value
Held-for-trading investments in equity instruments	276,665,724.16	252,252,441.29
Held-for-trading investments in debt securities		
Total	276,665,724.16	252,252,441.29

3. held-for-sale financial assets

Items	Closing fair value	Opening fair value
Trust financial product	56,554,081.82	124,068,335.48
investment securities	514,298,298.00	465,476,995.50
Total	570,852,379.82	589,545,330.98

Note1: The trust financial product "Zhongrong-Huashenghengli NO.1 congrong investment securities assemble funds trust" issued on August 2009, The Company act as a secondary trustor bought the RMB 89.9 million trust product that is established and managed by the company. The beneficiaries meeting held in 2012 has rescheduled the maturity date from August 2011 to August 2013. The trust fund is primarily invested in listed shares and fix incomes under the current trust plan.

Note 2: In August 2010, the Company purchased 15 million non-public shares of Anhui Liuguo Chemical Co.,Ltd.(" Liuguo chemical"). According to the announcement made in 2010, the profit distribution and capital reserves of Liuguo chemical transferred into equity cause an increase of 6 shares by every 10 shares, result of the 9 million increase of capital stock of Liuguo Chemical hold by the Company. By the end of 2011, the Company holds 24 million shares of Liuguo chemical. The closing price of the secondary market was RMB9.18 per share on December 31, 2012.

Note 3: In November 2010, the Company purchased 9 million non-public shares of Anhui Hengyuan Coal Industry and Electricity Power Co.,Ltd. ("Hengyang Coal and Electricity "). According to the announcement made in 2010, the capital reserves of Hengyang Coal and Electricity transferred into equity cause an increase of 12.8065 shares by every 10 shares, result of the 11,525,850.00 increase of capital stock of Hengyang Coal and Electricity hold by the Company. By the end of 2012, the Company holds 20,525,850.00 shares of Hengyang Coal and Electricity. The closing price of the secondary market was RMB12.88 per share on December 31, 2012.

Note 4: In January 2012, the Company purchased the RMB 27,804,060.00 subordinated debt that is issue by Mianyang City Commercial Bank in 2009, with duration of 5 + 5 years, coupon rate of 6.1%, and the par value is RMB 30 million. The market price of inter-bank bond market on December 31, 2013 is RMB 0.9868.

4. Long-term equity investments

4.1 Disclosure by categories

Item	Closing balance	Opening balance
Investment in subsidiary	100,000,000.00	100,000,000.00
Investment in joint ventures	-	-
Investment in associated enterprises	19,704,236.42	6,467,310.88
Investment in other enterprises	32,064,347.82	32,064,347.82
Subtotal	151,768,584.24	138,531,658.70
Minus: Depreciation reserves	3,390,947.82	3,390,947.82
Total	148,377,636.42	135,140,710.88

4.2 Details of long-term equity investments

No.	Investee	Accounting method	Opening balance	Changes	Closing balance	Proportion of ownership interest in the investee
1	Beijing Zhongrong Dingxin Investment Management Co., Ltd	Cost method	100,000,000.00		100,000,000.00	100.00%
2	Shenzhen Huarong Equity Investment Fund Management Co., Ltd	Equity method	4,896,697.53	1,479,716.83	6,376,414.36	49.00%
3	Shanghai Rongling Private Equity Fund Management (Limited Partnership)	Equity method	1,570,613.35	-1,570,613.35	-	
4	Xinhu Wealth Investment Management Co., Ltd	Equity method		13,327,822.06	13,327,822.06	23.08%
5	Jianghai Securities Co., Ltd	Cost method	28,673,400.00		28,673,400.00	2.10%
6	AVIC Capital Co., Ltd.	Cost method	3,390,947.82		3,390,947.82	0.44%
	Total	--	138,531,658.70	13,236,925.54	151,768,584.24	

Note 1: The Company contributed RMB28,673,400.00 monetary capitals to Jianghai Securities Co., Ltd and the shareholding ratio is 2.103%. The investment cost of the Company's previous listed company Beiya Industrial (Group) Co., Ltd. is RMB 3,390,947.82 with a shareholding proportion of 0.44%. Beiya Industrial

(Group) Co., Ltd. was suspended by Shanghai Stock Exchange in 2007 due to continuous loss and the Company made a full impairment loss of this investment. Beiya Industrial (Group) Co., Ltd. was relisted and renamed as AVIC Capital Co., Ltd. on August 30, 2012; the Company's shareholding ratio is 0.44%.

5. Fixed assets

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
I. Total original carrying amount	46,093,241.26	15,424,216.29	5,352,931.38	56,164,526.17
Including: Transportation vehicles	14,757,748.00	3,763,794.00	1,597,664.00	16,923,878.00
Computers	22,340,717.57	8,512,158.52	3,334,407.38	27,518,468.71
Electronic equipments	1,498,120.30	807,071.00	252,530.00	2,052,661.30
Others	7,496,655.39	2,341,192.77	168,330.00	9,669,518.16
II. Total accumulated depreciation	16,360,557.03	11,689,015.90	4,089,496.09	23,960,076.84
Including: Transportation vehicles	3,095,529.49	3,084,802.89	441,333.32	5,738,999.06
Computers	9,908,622.58	6,761,188.00	3,233,843.67	13,435,966.91
Electronic equipments	694,281.05	258,510.10	250,111.10	702,680.05
Others	2,662,123.91	1,584,514.91	164,208.00	4,082,430.82
III. Total provision for impairment losses	-	-	-	-
Including: Transportation vehicles	-	-	-	-
Computers	-	-	-	-
Electronic equipments	-	-	-	-
Others	-	-	-	-
IV. Total carrying amount of fixed assets	29,732,684.23			32,204,449.33
Including: Transportation vehicles	11,662,218.51			11,184,878.94
Computers	12,432,094.99			14,082,501.80
Electronic equipments	803,839.25			1,349,981.25
Others	4,834,531.48			5,587,087.34

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6. Intangible assets

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
I. Total original carrying amount	6,757,122.00	4,069,114.00		10,826,236.00
II. Total accumulated amortization	2,011,993.46	1,480,045.49		3,492,038.95
III. Total provision for impairment	-	-	-	-
IV. Total carrying amount of Intangible assets	4,745,128.54	2,589,068.51		7,334,197.05

Note 1: The intangible assets of the Company include management system software and the right to use a trademark. There is no impairment or restrictions on the use right.

7. Deferred tax assets/deferred tax liabilities

Item	Closing balance		Opening balance	
	Deferred tax assets or liabilities after offset	Deductible or taxable temporary differences after offset	Deferred tax assets or liabilities after offset	Deductible or taxable temporary differences after offset
Deferred tax assets:	281,569,681.53	1,126,278,726.07	179,286,365.68	717,145,462.67
Provision impairment losses of long-term equity investment	847,736.96	3,390,947.82	847,736.96	3,390,947.82
Accounted but not paid payroll	251,093,346.93	1,004,373,387.71	138,721,027.28	554,884,109.13
Fair value changes of Held-for-trading financial assets	22,953,177.59	91,812,710.36	33,716,434.18	134,865,736.70
Fair value changes of Available-for-sale financial assets	6,675,420.05	26,701,680.18	6,001,167.26	24,004,669.02

8. Other assets

Item	Closing balance	Opening balance
Other account receivable	43,826,544.49	25,780,904.31
Long-term unamortized expenses	25,217,978.38	18,618,554.54
Total	69,044,522.87	44,399,458.85

8.1 Accounts receivable portfolios has been assessed using the aging analysis approach

Aging	Closing balance Carrying amount		Opening balance Carrying amount	
	Amount	Proportion	Amount	Proportion
Within 1 year (inclusive)	43,826,544.49	98.94%	25,780,904.31	98.22%
More than 1 year but not exceeding 2 years				
More than 2 years but not exceeding 3years			468,542.06	1.78%
More than 3 years	468,542.06	1.06%	-	
Total of other receivable	44,295,086.55	100.00%	26,249,446.37	100.00%
Provision of bad debt	468,542.06		468,542.06	
Carrying value of other receivable	43,826,544.49		25,780,904.31	

Note1: Other receivable of the Company is mainly the employee borrowing from reserve fund and rent deposit, no provision of bad debt.

8.2 Long-term unamortized expenses

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Long-term unamortized expenses	18,618,554.54	19,306,499.59	12,707,075.75	25,217,978.38
Total	18,618,554.54	19,306,499.59	12,707,075.75	25,217,978.38

9. Detials of provision for impairment losses of assets

Items	Opening carrying amount	Increase in the current period	Decrease in the current period		Closing carrying amount
			Reversals	Write-off	
1.Bad debts provision	468,542.06	-	-	-	468,542.06
2.Provision for impairment losses of long-term equity investments	3,390,947.82	-	-	-	3,390,947.82
Total	3,859,489.88				3,859,489.88

10. Receipts in advance

Items	Closing balance	Opening balance
Accounts paybale	29,745,346.54	19,778,486.85
Total	29,745,346.54	19,778,486.85

Note1: Receipts in advance included the commission fees income of the trust projects.

11. Employee benefits payable

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	554,884,109.13	982,359,146.99	532,869,868.41	1,004,373,387.71
II. Staff welfare		2,741,654.36	2,741,654.36	
III. Social security contributions	1,009,677.41	47,100,637.66	47,437,369.06	672,946.01
IV. The union funds and employee education funds	98,557.49	4,364,212.06	4,017,704.49	445,065.06
V. Compensation for the cancellation of labor relationship with the employees		413,616.19	413,616.19	
Total	555,992,344.03	1,036,979,267.26	587,480,212.51	1,005,491,398.78

12. Taxes payable

Item	Opening balance	Payable in current period	Amount paid in current period	Closing balance
Business tax	77,516,493.74	182,372,187.03	168,786,454.39	91,102,226.38
Corporate income tax	134,702,319.80	609,194,328.63	579,670,345.23	164,226,303.20
City construction and maintenance tax	5,426,154.57	12,766,053.08	11,745,051.80	6,447,155.85
Individual income tax	35,692,271.79	134,337,206.20	122,288,541.36	47,740,936.63
Others	5,580,021.63	12,988,457.74	11,539,716.25	7,028,763.12
Total	258,917,261.53	951,658,232.68	894,030,109.03	316,545,385.18

13. Other payables/liability

Aging	Closing balance	Opening balance
Other account payable	27,548,639.54	53,504,917.34
Includes: early stage project expenses	11,580,933.19	20,315,273.60
Total	27,548,639.54	53,504,917.34

Note1: Revenue received in advance is the trust project commission fee that received in advance

Note2: Early stage project expenses are early stage investigation fees received in advance from proposed financing clients.

14. Paid-in capital (share capital)

Name of the Investor	Opening balance		Increase in the current period	Decrease in the current period	Closing balance	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
Shengyang An Tai Da Commercial Trading Ltd.	539,818,500.00	36.60%			539,818,500.00	36.60%
Zhongzhi Enterprise Group Co., Ltd.,	475,232,300.00	32.22%			475,232,300.00	32.22%
Harbin Investment Group Company Limited	344,610,000.00	23.36			344,610,000.00	23.36
Shengyang An Tai Da Commercial Trading Ltd	115,339,200.00	7.82			115,339,200.00	7.82
Total	1,475,000,000.00	100.00			1,475,000,000.00	100.00

15. Capital reserves

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
I. Capital (equity) at a premium	531,237,248.16	-	-	531,237,248.16
II. Other capital reserve	-18,003,501.75	8,903,641.63	10,926,400.00	-20,026,260.12
Including: 1. Changes in fair value of available for sale financial assets	-24,004,669.01	8,229,388.84	10,926,400.00	-26,701,680.17
2. With income tax impact the project included in the owner's equity	6,001,167.26	674,252.79		6,675,420.05
3.Others	-		-	-
III. Original reserve recognized in old policy transferred in				-
Total	513,233,746.41	8,903,641.63	10,926,400.00	511,210,988.04

16. Surplus reserves

Item	Opening balance	Closing balance
Statutory surplus reserves	375,888,002.91	224,355,415.45
Total	375,888,002.91	224,355,415.45

17. Provision for general risk

Item	Closing balance	Opening balance
General risk reserves	15,773,136.37	9,027,520.77
Trust compensation reserve	189,026,032.16	113,259,738.43
Total	204,799,168.53	122,287,259.20

Note 1: According to the Finance (2012) document No.20, compare the difference between the estimated potential risk and asset impairment loss to the 1.5% of closing balance of the risk asset, which value is higher would be the provision in the net profit after tax.

Note 2: Based on the article 49 of “Management Regulation on Trust Investment Company”, trust compensation reserve should be extracted 5% of the net profit. It’s no longer extracted when the accumulated amount reaches to 20% of the Company registered capital. The trust compensation reserve extracted is mainly used to make up the loss of trust property caused by poor operation and management.

18. Un-appropriated profits

Item	Amount for the current period	Amount for the prior period
Un-appropriated profits at beginning of year	981,091,618.03	609,225,302.42
Add for the period:	1,515,325,874.64	1,048,029,422.24
Including: Net profit attributable to owners of the Company for the period	1,515,325,874.64	1,048,029,422.24
Others		
Less for the period:	234,044,496.79	676,163,106.63
Including: Appropriation to statutory surplus reserves	151,532,587.46	104,802,942.23
Transfer to paid-in capital		520,000,000.00
Appropriation to general risk reserves	6,745,615.60	-1,041,306.71
Appropriation to trust compensation reserves	75,766,293.73	52,401,471.11
Others		
Un-appropriated profits at the end of the period	2,262,372,995.88	981,091,618.03

Note1: extraction of statutory surplus reserve

According to the company's articles of association, the statutory surplus reserve should be extracted 10% from the net profit. Once the accumulated amount of the statutory surplus reserve for the Company exceeds the 50% of the registered capital no extraction needed. The Company's statutory surplus reserve is used for making up the company's losses, expanding production and operation, or increasing the capital of the Company

Note 2: Extraction of statutory surplus reserve

According to the Finance (2012) document No.20, compare the difference between the estimated potential risk and asset impairment loss to the 1.5% of closing balance of the risk asset, which value is higher would be the provision in the net profit after tax.

Note 3: Extraction of trust compensation reserves

Based on the article 49 of “Management Regulation on Trust Investment Company”, trust compensation reserve should be extracted 5% of the net profit. It’s no longer extracted when the accumulated amount reaches to 20% of the Company registered capital. The trust compensation reserve extracted is mainly used to make up the loss of trust property caused by poor operation and management.

19. Net interest income

Item	Amount of the current period	Amount of the prior period
Interest income	81,660,031.30	96,264,639.94
—Interest income from Intercourse with financial institutions	80,593,364,.63	39,506,983.05
—Interest income on loan	1,066,666.67	56,695,156.89
—Buying back the sale of financial assets		62,500.00
Interest expense	826,777.68	1,066,625.00
—Loan from other banks	826,777.68	1,066,625.00
Net interest income	80,833,253.62	95,198,014.94

Note 1: The current interest expense is due to the loan from Mianyang City Commercial Bank.

20. Net income of commission charge

Item	Amount of the current period	Amount of the prior period
Net commission income on trust fees	3,533,810,991.94	2,882,013,985.75
Net income	3,533,810,991.94	2,882,013,985.75

21. Investment income

Details of investment income

Item	Amount recognized in the current period	Amount recognized in the prior period
Investment income on held-for-trading financial assets	-57,093,548.74	-23,861,363.62
Investment income from holding available-for-sale financial assets	50,179,614.89	24,584,051.81
Investment income from long-term equity investments	-163,074.46	-32,689.12
Investment income from holding held-to-maturity investments	639,123.29	
Total	-6,437,885.02	689,999.07

22. Gains on changes in fair values

Sources of gains on changes in fair values	Amount recognized in the current period	Amount recognized in the prior period
Gains/losses on changes in fair values arising from trading financial assets	43,053,026.34	-136,858,908.29
Total	43,053,026.34	-136,858,908.29

23. Other operating income and operating cost

Item	Amount recognized in the current period		Amount recognized in the prior period	
	Income	Cost	Income	Cost
Gains on disposal of investment properties				
Depreciation of investment properties				
Project issuance fee				
other	104,262,692.37		76,734,755.36	
total	104,262,692.37		76,734,755.36	

24. Business tax and levies

Item	Amount incurred in the current period	Amount incurred in the prior period
Business tax	182,372,187.03	153,171,862.07
City construction and maintenance tax	12,766,053.08	10,722,030.38
Education surplus	5,471,165.61	4,595,155.89
Local education surplus	3,647,443.74	2,980,245.60
Others	3,647,443.74	3,063,437.24
Total	207,904,293.20	174,532,731.18

25. Operation and administrative expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Operation and administrative expenses	1,532,190,394.36	1,341,771,463.55
Including: Staff expenses	1,036,982,046.26	967,986,093.54
Consulting fee	287,098,406.59	188,983,918.50
Rental expenses	54,442,036.80	44,508,986.54
Travel expenses	30,786,747.68	28,375,672.33
Conference expenses	14,575,150.87	18,154,766.66

Item	Amount incurred in the current period	Amount incurred in the prior period
Entertainment expenses	26,647,181.78	21,219,488.84
Stationary	6,634,683.84	8,384,878.64
Depreciation expenses	11,689,015.90	8,782,015.63

26. Non-operating income

Item	Amount recognized in the current period	Amount recognized in the prior period
Gains on disposal of fixed assets	6,506.13	32,009.99
Others	12,131,943.79	468,371.22
Total	12,138,449.92	500,381.21

Note 1： The trust project Harbin Investment Group Company Limited is in the process of liquidation, out of RMB 64,363,969.91 liability of the a trust project the RMB 12,131,943.79 in the Other item is the anticipated loss. The anticipated loss did not occur caused the non-operating income.

27. Non-operating expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Losses on disposal of fixed assets	193,205.32	626,993.66
Donations to third parties	200,000.00	1,800,000.00
Compensation	4,231,198.95	-
Total	4,624,404.27	2,426,993.66

30. Income tax expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Deferred tax	-101,609,063.06	-108,049,824.01
Current tax expenses	609,194,328.63	459,006,810.98
Total	507,585,265.57	350,956,986.97

31. Other comprehensive income

Item	Amount for the current period	Amount for the prior period
Gains (losses) arising from available-for-sale financial assets	-2,697,011.16	-228,494,016.85
Tax effects arising from available-for-sale financial assets	674,252.79	57,123,504.22
Total	-2,022,758.37	-171,370,512.63

XVI. APPROVAL OF THE FINANCIAL STATEMENTS

The Company's financial statements have been approved by the General Manager's office.

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