

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES. THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page (the “**Offering Circular**”), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

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

Confirmation of your Representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States. The Offering Circular is being sent at your request and by accepting the e-mail and accessing the Offering Circular, you shall be deemed to have represented to Zhongrong International Bond 2016 Limited (the “**Issuer**”), Zhongrong International Holdings Limited (the “**Guarantor**”), Zhongrong International Trust Co., Ltd. (the “**Company**”) and each of Citigroup Global Markets Limited, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, ICBC International Securities Limited, AMTD Asset Management Limited and Huatai Financial Holdings (Hong Kong) Limited (the “**Joint Lead Managers**”, each a “**Joint Lead Manager**”), Zhongrong International Securities Company Limited (the “**Co-Manager**”) and WealthIn Asset Management Company Limited (the “**Financial Advisor**”) that you and any customers you represent are not, and the electronic mail address that you gave the Joint Lead Managers to which this e-mail has been delivered is not, located in the United States and that you consent to delivery of such Offering Circular and any amendments or supplements thereto by electronic transmission.

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 Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached.

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 Co-Manager, the Financial Advisor 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, the Co-Manager, the Financial Advisor, 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.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Issuer, the Guarantor, the Company, the Joint Lead Managers, the Trustee, the Agents, nor any person who controls any of them, nor their respective directors, officers, employees, representatives nor agents, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

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

Actions that you may not take: If you receive this document by e-mail, you should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

ZHONGRONG INTERNATIONAL BOND 2016 LIMITED*(incorporated in the British Virgin Islands with limited liability)***U.S.\$500,000,000 6.95 PER CENT. GUARANTEED NOTES DUE 2019
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****ZHONGRONG INTERNATIONAL TRUST CO., LTD.***(incorporated in the People's Republic of China with limited liability)***ISSUE PRICE: 100 PER CENT.**

The 6.95 per cent. guaranteed notes due 2019 (the "Notes") will be issued in the aggregate principal amount of U.S.\$500,000,000 by Zhongrong International Bond 2016 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").

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) (the "NDRC Circular") issued by the National Development and Reform Commission of the PRC (as defined below) (the "NDRC") on 14 September 2015 which came into effect on the same day, the Company has registered the issuance of the Notes with the NDRC and obtained a certificate from the NDRC on 25 March 2016 evidencing such registration which, at the date of this Offering Circular, remains valid and in full force and effect. The Company intends to provide the requisite information on the issuance of the Notes to the NDRC within 10 PRC Business Days (as defined in the Terms and Conditions of the Notes (the "Terms and Conditions")) after the Issue Date (as defined in the Terms and Conditions).

The Issuer, the Guarantor and the Company will enter into a keepwell and liquidity support deed on or about 21 June 2016 (the "Keepwell and Liquidity Support Deed") with Bank of Communications Trustee 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 21 June 2016 (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 21 June 2016 at the rate of 6.95 per cent. per annum. Interest on the Notes is payable semi-annually in arrear on 21 June and 21 December in each year, commencing with the first Interest Payment Date (as defined in the Terms and Conditions) falling on 21 December 2016.

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 21 June 2016 (the "Account Bank Agreement") entered into between the Issuer, the Guarantor, the Trustee and Bank of Communications Co., Ltd. Hong Kong Branch (the "Account Bank"), 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, 21 June 2019 (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 and quotation of the Notes 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 17 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"). The Company has a credit rating of "BB+" from S&P. A security or credit 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 21 June 2016 (the "Issue Date") with a common depository for, Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking S.A. ("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 Global Coordinators, Joint Bookrunners and Joint Lead Managers

Citigroup	Guotai Junan International	Haitong International	ICBC International
------------------	-----------------------------------	------------------------------	---------------------------

Joint Bookrunners and Joint Lead Managers

AMTD	Huatai Financial Holdings (Hong Kong) Limited
-------------	--

*Co-Manager***Zhongrong International Securities***Financial Advisor***WEALTHIN AMC**

Offering Circular dated 16 June 2016

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, Citigroup Global Markets Limited, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, ICBC International Securities Limited, AMTD Asset Management Limited and Huatai Financial Holdings (Hong Kong) Limited (the “**Joint Lead Managers**”, each a “**Joint Lead Manager**”), Zhongrong International Securities Company Limited (the “**Co-Manager**”) and WealthIn Asset Management Company Limited (the “**Financial Advisor**”), 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 Co-Manager, the Financial Advisor, 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 Co-Manager, the Financial Advisor, 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 Co-Manager, the Financial Advisor, 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 Co-Manager, the Financial Advisor, 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 Co-Manager, the Financial Advisor, the Trustee or the Agents or any of their respective affiliates, directors, employees, representatives, agents or advisers. The Joint Lead Managers, the Co-Manager, the Financial Advisor, 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 Co-Manager, the Financial Advisor, 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 Co-Manager, the Financial Advisor, the Trustee, the Agents and their respective affiliates, directors, employees, representatives, agents or advisers 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 Co-Manager, the Financial Advisor, the Trustee, the Agents or any of their respective affiliates, directors, employees, representatives, agents or advisers 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 Co-Manager, the Financial Advisor, 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 Co-Manager, the Financial Advisor, 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 and quotation of the Notes on 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, the Group, 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. 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 Co-Manager, the Financial Advisor, 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 Co-Manager, the Financial Advisor, 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 Co-Manager, the Financial Advisor, 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 Co-Manager, the Financial Advisor, 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 2013, 2014 and 2015 (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**”).

The audited consolidated financial statements of the Guarantor as at and for the period from 2 May 2014 to 31 December 2014 and the year ended 31 December 2015 (the “**Guarantor’s Financial Statements**”) has been audited by Baker Tilly Hong Kong Limited and are included elsewhere in this Offering Circular. The Guarantor’s Financial Statements have been prepared and presented in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRS**”).

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 participate or are 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.

CONTENTS

	<u>Page</u>
IMPORTANT NOTICE	ii
SUMMARY	1
OFFER STRUCTURE	3
THE OFFERING	6
SUMMARY FINANCIAL INFORMATION OF THE GROUP	11
SUMMARY FINANCIAL INFORMATION OF THE GUARANTOR	15
RISK FACTORS	17
TERMS AND CONDITIONS OF THE NOTES	41
SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM	60
USE OF PROCEEDS	61
EXCHANGE RATE	62
CAPITALISATION AND INDEBTEDNESS OF THE GROUP	64
CAPITALISATION AND INDEBTEDNESS OF THE GUARANTOR GROUP	65
INDUSTRY AND REGULATORY OVERVIEW OF TRUST COMPANIES IN THE PRC	66
DESCRIPTION OF THE ISSUER	69
DESCRIPTION OF THE GUARANTOR	70
DESCRIPTION OF THE GROUP	71
DIRECTORS AND SENIOR MANAGEMENT	97
DESCRIPTION OF THE KEEPWELL AND LIQUIDITY SUPPORT DEED	100
DESCRIPTION OF THE DEED OF EQUITY INTEREST PURCHASE UNDERTAKING	103
TAXATION	106
PRC CURRENCY CONTROL	110
SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN PRC GAAP AND IFRS	112
SUBSCRIPTION AND SALE	113
GENERAL INFORMATION	117
INDEX TO FINANCIAL STATEMENT	F-1

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. According to data from annual reports of PRC trust companies, the Company ranked third in terms of operating income and fifth in terms of net profit for the year ended 31 December 2015.

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, as required by CBRC's newly enacted regulatory measures, the Company was re-registered again and granted a new financial licence and renamed as Zhongrong International Trust Co., Ltd.

The Group's principal business is its trust business which includes the design of asset-specific trust products and investment of trust assets in such products. In recent years the Group has expanded into non-trust business, including asset management and wealth management. The Group offers a broad range of investments into diverse sectors and asset classes through innovative structures to a large client base. The Group's client base includes financial institutions, corporations, governments and high-net-worth individuals in the PRC.

The Group's business can be categorised into three main segments, namely private financing, asset management and wealth management.

Private Financing — The Group's private financing business primarily involves the investment of its trust assets into various credit-based products. It can be further divided into actively managed trust business and transaction management business in which the Group plays a more passive role. In the transaction management business, the Group simply acts as a channel for banks and other financial institutions to provide funding for their intended customers or projects. In the actively managed trust business, the Group plays an active role in identifying investment projects, designing trust products, and sales of the trust products to investors. The Group's actively managed trust business includes industrial and commercial enterprise financing, financial products investment, real estate financing and government-trust cooperation.

- *Industrial and Commercial Enterprise Financing* — mainly provides financing services to industrial commercial enterprises that either manufacture goods or provide services;
- *Financial Products Investment* — invests in securities, wealth management products and other financial products issued by banks, insurance companies, securities companies, fund management companies and other financial institutions;
- *Real Estate Financing* — invests in residential development projects which focus on first and second tier cities in the PRC and commercial properties with mature operations and high quality urban mixed-development projects; and
- *Government-Trust Cooperation* — cooperates with local governments to invest in local investment projects, including local government infrastructure projects.

The Group also invests non-trust assets into credit-based products through its subsidiaries.

Asset Management — The Group's asset management business was established in recent years, reflecting the Group's shift of focus from traditional private financing business into asset management. The asset management business is mainly focused on investments of both trust assets and third-party non-trust assets in money market funds, equity securities, mergers and acquisitions, private placements and mutual funds.

- *Money Market Funds* — offers investments in money market funds;

- *Private Equity and Mergers and Acquisitions* — offers investments in private equity investment and mergers and acquisitions opportunities;
- *Securities Market Investments* — offers a broad range of investment opportunities, including privately placed securities and investments through the Group's QDII scheme;
- *Mutual Funds* — conducts through Zhongrong Fund Management Co., Ltd. ("**Zhongrong Fund**"), which offers mutual fund services approved by CSRC; and
- *Others* — the Group has other businesses that provide related services and offer investments in other diverse fields, including real estate investments and investments in the film and cultural industry.

Wealth Management — The wealth management business provides a captive platform for the Group to directly distribute and sell its financial products and services. The wealth management business also includes the growing family assets management office 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; and
- *Family Assets Management Office* — the Group is entrusted by high net worth clients to manage family assets on their behalf and provide estate planning services.

For the years ended 31 December 2013, 2014 and 2015, the Group's total operating income was RMB4,898.1 million, RMB5,531.5 million and RMB6,587.8 million, and the Group's net profit was RMB2,017.6 million, RMB2,432.8 million and RMB2,605.4 million, respectively. As at 31 December 2013, 2014 and 2015, total assets of the Group were RMB9,687.5 million, RMB12,200.3 million and RMB18,851.8 million, respectively, and the Group's owners' equity was RMB7,645.5 million, RMB9,805.4 million and RMB11,884.7 million, respectively. As at 31 December 2015, the Company had a registered capital of RMB6 billion. As at 31 December 2015, the Group had RMB7,734.2 million in cash balance and RMB6,084.7 million invested in highly liquid money market funds.

Competitive Strengths

The Group believes the following strengths have contributed to the development of the Group as a leader in the PRC trust industry, and is expected to continue to propel its future development:

- A leading position in the fast growing PRC trust industry
- Diversified products with a focus on active management capabilities
- An expanding national network and diverse client base
- Strong support from the Company's shareholders
- Market-oriented culture, partnership model and high degree of autonomy of the management
- Sound risk management and strong liquid asset base
- Experienced management team, supported by high quality and motivated 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 ownership, acquisition or control of 100 per cent. of the voting rights of the issued share capital of the Issuer and the Guarantor, or the right to appoint and/or remove 100 per cent. of the members of the Issuer’s and the Guarantor’s board of directors or other governing body; 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 minimum net worth, shareholder’s equity and liquidity*— (i) requiring the Issuer to maintain a minimum net worth at all times; (ii) requiring the Guarantor to maintain minimum shareholders’ equity at the end of each Relevant Period; (iii) requiring each of the Issuer and 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; and (iv) requiring each of the Issuer and Guarantor to remain solvent and a going concern at all times; and
- (c) *Restriction on relevant indebtedness* — undertaking by the Company (i) to not create 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 and upon receipt of a trigger notice from the Trustee, 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).

The Deed of Equity Interest Purchase Undertaking

Following the occurrence of an event of default under the Notes and the receipt of a written notice from the Trustee, 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 complete 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) and (in the event that the vendor subsidiary is not the Issuer or the Guarantor) procure such vendor subsidiary to promptly on-lend or distribute the relevant portion of the purchase price (as provided in the Deed of Equity Interest Purchase Undertaking) to the Issuer prior to any other use, disposal or transfer of the proceeds received.

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. Subject to the provisions of the Terms and Conditions, 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 credited with an amount equal to the amounts drawn to maintain the Interest Reserve amount 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 (as defined in the Terms and Conditions) will be held solely to the order of the Trustee and in the event that the Trustee gives written notice to the Issuer declaring the Notes to be immediately due and payable following an Event of Default under condition 8 and any amount then due in respect of the Notes remains outstanding, 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 2016 Limited
Guarantor	Zhongrong International Holdings Limited
Company	Zhongrong International Trust Co., Ltd.
Notes	U.S.\$500,000,000 6.95 per cent. Guaranteed Notes due 2019
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 21 June 2016 at the rate of 6.95 per cent. per annum, payable semi-annually in arrear on 21 June and 21 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.\$17,375,000, 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.
Issue Date	21 June 2016.
Maturity Date.....	21 June 2019.
Status of the Notes	The Notes constitute direct, general, unsubordinated and unconditional obligations of the Issuer which will at all times rank <i>pari passu</i> among themselves and at least <i>pari passu</i> 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.

<p>Status of the Guarantee of the Notes</p>	<p>The Guarantee of the Notes constitutes direct, general and unconditional obligations of the Guarantor which will at all times rank at least <i>pari passu</i> 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.</p>
	<p>See “<i>Risk Factors — Risks relating to the Notes and the Guarantee of the Notes</i>”.</p>
<p>Negative Pledge</p>	<p>The Notes will contain a negative pledge provision as further described in Condition 3(a) of the Terms and Conditions.</p>
<p>Redemption at Maturity</p>	<p>Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount in U.S. dollars on the Maturity Date.</p>
<p>Taxation</p>	<p>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 in the PRC at the rate applicable on 16 June 2016 (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.</p>
	<p>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.</p>

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, 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 16 June 2016 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;

"**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.;

“SASAC” means the State-owned Assets Supervision and Administration of the State Council of PRC or its successor, including any municipal or provincial bureau of SASAC; 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: XS1432550694 Common Code: 143255069
Governing Law	English law
Trustee	Bank of Communications Trustee Limited
Principal Paying Agent	Bank of Communications Co., Ltd. Hong Kong Branch
Registrar and Transfer Agent	Bank of Communications Co., Ltd. Hong Kong Branch
Account Bank	Bank of Communications Co., Ltd. Hong Kong Branch

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	The proceeds from the offering of Notes will be used by the Guarantor, the Company or any member of the Group for general corporate purposes.
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 “ <i>Offer Structure — The Keepwell and Liquidity Support Deed</i> ” and “ <i>Description of the Keepwell and Liquidity Support Deed</i> ”.
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 “ <i>Offer Structure — The Deed of Equity Interest Purchase Undertaking</i> ” and “ <i>Description of the Deed of Equity Interest Purchase Undertaking</i> ”.
Account Bank Agreement	The Issuer and the Guarantor will enter into the Account Bank Agreement with the Trustee and the Account Bank in respect of the Interest Reserve Account.
Rating.....	<p>The Notes are expected to be rated “BB-” by S&P. The Company has a credit rating of “BB+” from S&P.</p> <p>Security or credit ratings are not recommendations to buy, sell or hold the Notes. A rating is not a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or may be withdrawn at any time.</p>

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 2013, 2014 and 2015 has been derived from the Group's audited consolidated financial statements for the three years ended 31 December 2013, 2014 and 2015, 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.

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		
	2015	2014	2013
	(audited)	(audited)	(audited)
	(RMB in thousands)		
Assets			
Cash and bank balances	7,734,154.2	4,111,623.6	8,431,528.5
Financial assets measured by fair value			
through profit or loss	6,152,546.9	6,039,319.0	239,097.8
Accounts receivable	72,867.5	10,986.8	436.3
Prepayments	3,268.4	399.0	—
Interest receivable	45,007.2	67.5	64.1
Dividends receivable	20,803.3	—	—
Available-for-sale financial assets	2,272,304.7	604,920.7	406,442.4
Long-term equity investments	1,647,720.0	53,160.9	45,454.6
Fixed assets	28,944.7	28,096.3	33,900.9
Intangible assets	32,914.0	27,122.5	25,374.6
Deferred tax assets	567,014.7	505,899.5	447,010.2
Other receivable	236,423.8	55,440.3	37,473.7
Long-term prepaid expenses	37,847.7	13,276.0	20,723.4
Other assets	—	750,000.0	—
Total Assets	18,851,817.2	12,200,312.1	9,687,506.5

	As at 31 December		
	2015	2014	2013
	(audited)	(audited) (RMB in thousands)	(audited)
Liabilities and Shareholders' Equity			
Liabilities			
Placements from banks and other financial institutions	1,700,000.0	—	—
Accounts payable	5,863.4	4,697.7	316.5
Receipts in advance	72,640.4	20,331.0	23,921.1
Payroll payable.....	1,567,883.6	1,061,349.8	941,574.7
Taxes payable.....	498,498.8	412,749.5	460,371.1
Interest payable	9,848.2	—	—
Dividend payable	600,000.0	—	—
Long-term payroll payable.....	1,010,911.0	861,955.5	585,675.2
Other payable	59,525.5	33,843.6	30,163.4
Bonds payable.....	1,441,923.0	—	—
Total Liabilities.....	6,967,094.0	2,394,927.1	2,042,021.9
Paid-in capital (share capital)	6,000,000.0	6,000,000.0	1,600,000.0
Additional Paid-in Capital	232,131.4	232,537.3	1,406,237.3
Other comprehensive income.....	43,779.1	-105,873.3	-132,538.2
Surplus reserve.....	1,068,059.6	826,347.8	585,039.6
General risk reserve	695,249.3	554,401.6	334,587.2
Retained Earnings	3,431,444.6	2,179,483.1	3,736,867.3
Total Owners' Equity Attributable To the Company	11,470,664.0	9,686,896.5	7,530,193.2
Minority interests	414,059.2	118,488.6	115,291.3
Total Owners' Equity	11,884,723.2	9,805,385.1	7,645,484.6
Total Liabilities and Owners' Equity	18,851,817.2	12,200,312.1	9,687,506.5

CONSOLIDATED STATEMENT OF INCOME OF THE GROUP

	Year ended 31 December		
	2015	2014	2013
	(audited)	(audited)	(audited)
	(RMB in thousands)		
I. Total operating income	6,587,819.0	5,531,491.7	4,898,115.7
Net interest income	123,721.3	428,368.5	340,742.2
Interest income	216,267.4	428,368.5	340,742.2
Interest expenses	92,546.1	—	—
Net fee and commission income	4,617,699.8	4,446,971.8	4,542,050.1
Fee and commission income	4,617,699.8	4,446,971.8	4,542,050.1
Operating income	201,771.8	20,398.3	—
Investment income	792,093.5	210,674.8	-36,589.5
Gains from changes in fair values	-33,067.3	118,727.1	-10,108.4
Foreign exchange gains.....	901.1	1,294.1	-2,074.2
Other operating income.....	884,698.8	305,057.1	64,095.5
II. Total operating costs	3,310,402.7	2,318,130.1	2,191,126.7
Business tax and surcharges.....	324,089.7	273,459.5	262,216.9
Operation and administrative expenses	2,790,958.7	2,044,670.6	1,928,909.8
Losses of assets impairment	194,892.4	—	—
Other operating Cost.....	461.9	—	—
III. Operating profit	3,277,416.3	3,213,361.6	2,706,989.0
Add: Non-operating income.....	98,929.1	3,534.9	3,549.2
Less: Non-operating expenses.....	4,771.4	1,215.0	2,128.0
IV. Total profit	3,371,574.0	3,215,681.5	2,708,410.2
Less: Income tax expenses.....	766,166.9	782,887.6	690,805.4
V. Net profit	2,605,407.1	2,432,793.9	2,017,604.8
Net profit attributable to owners of the Company	2,534,520.9	2,430,038.4	2,049,313.5
Profit or loss attributable to minority interests	70,886.2	2,755.5	-31,708.7
VI. Other comprehensive income	145,336.9	27,106.6	-112,511.9
Other comprehensive income classified into gains or losses.....	149,652.5	26,664.8	-112,511.9
Include:			
A. Gains or losses from change in fair value of available-for-sale financial assets	147,291.3	26,770.0	-112,511.9
B. Foreign currency translation difference	2,361.1	-105.2	—
Other comprehensive income attributable to minority interests	-4,315.6	441.8	—
VII. Total comprehensive income	2,750,744.0	2,459,900.5	1,905,092.9
Total comprehensive income attributable to owners of the Company	2,684,173.4	2,456,703.2	1,936,801.6
Total comprehensive income attributable to minority interests	66,570.6	3,197.3	-31,708.7

FINANCIAL RATIOS OF THE GROUP

	Year ended 31 December		
	2015	2014	2013
	(audited)	(audited)	(audited)
Leverage ratio ⁽¹⁾	27%	0%	0%
Return on average assets ⁽²⁾	17%	22%	25%
Return on average equity ⁽³⁾	24%	28%	33%

Notes:

- (1) Leverage ratio = interest-bearing borrowings / total owner's equity attributable to the Company. The Group had no debt in 2013 and 2014.
- (2) Return on average assets = net profit / average total assets.
- (3) Return on average equity = net profit attributable to owners of the Company / average total owner's equity attributable to the Company.

SUMMARY FINANCIAL INFORMATION OF THE GUARANTOR

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

The summary audited consolidated financial information as at 31 December 2014 and 2015, and also for the period from 12 May 2014 to 31 December 2014 and the year ended 31 December 2015 has been derived from the Guarantor's audited consolidated financial statements for the year ended 31 December 2015 and the period from 12 May 2014 to 31 December 2014, which have been audited by Baker Tilly Hong Kong Limited, 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 Guarantor and, including the notes thereto, included elsewhere in this Offering Circular. Historical results of the Guarantor are not necessarily indicative of results that may be achieved for any future period.

The Guarantor's financial statements have been prepared and presented in accordance with Hong Kong Financial Reporting Standards.

Consolidated statement of profit or loss and other comprehensive income

	Year ended 31 December 2015	2 May 2014 (date of incorporation) to 31 December 2014
	(audited)	(audited)
	(RMB in thousands)	
Turnover	5,885.5	—
Other income	15,544.0	1.6
Loss on change in fair value of financial assets at fair value through profit or loss	(15,564.1)	—
Administrative expenses	(15,242.1)	(340.8)
Finance costs	(49,987.0)	—
Loss before taxation	(59,363.7)	(339.2)
Income tax expense	(192.2)	—
Loss for the year/period	(59,555.8)	(339.2)
Other comprehensive income/(expense), net of tax		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	2,361.1	(105.2)
Change in fair value of available-for-sale financial assets	1,662.8	—
Other comprehensive income/(expense) for the year/period	4,024.0	(105.2)
Total comprehensive expense for the year/period	<u>(55,531.9)</u>	<u>(444.4)</u>

Consolidated statement of financial position

	As at 31 December	
	2015	2014
	(audited)	(audited)
	(RMB in thousands)	
Non-current assets		
Property, plant and equipment	428.7	—
Available-for-sale financial assets	1,042,970.0	—
	<u>1,043,398.7</u>	<u>—</u>
Current assets		
Other receivables	220,691.2	831.2
Financial assets at fair value through profit or loss	35,621.5	—
Amounts due from fellow subsidiaries	45,184.3	—
Cash and cash equivalents	120,757.8	14,724.9
	<u>422,255.0</u>	<u>15,556.1</u>
Current liabilities		
Accrued expense and other payables	3,854.6	166.0
Tax payable	192.2	—
	<u>4,046.8</u>	<u>166.0</u>
Net current assets	<u>418,208.2</u>	<u>15,390.1</u>
Total assets less current liabilities	1,461,606.9	15,390.1
Non-current liability		
Debentures	1,441,923.0	—
Net assets	<u>19,683.9</u>	<u>15,390.1</u>
Capital and reserves		
Share capital	61,235.2	15,834.5
Reserves	(41,551.3)	(444.4)
Total equity	<u>19,683.9</u>	<u>15,390.1</u>

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 them, 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.

None of the Issuer, the Guarantor or the Company represents 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 exposures in certain 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's business and results of operation is dependent on the economic and market conditions. 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 addition, changes in the economic and market conditions may materially and adversely affect the Group's business, results of operations, financial conditions and prospects.

The real estate industry has experienced a downward cycle in recent times with the general slowdown of the PRC economy, rising financing costs and oversupply. As a result, real estate trusts are facing higher costs and increased difficulties in raising funds which has adversely impacted the growth in volume of such trusts and may cause a decline in the growth of the Group's trust business in real estate. In addition, the expansion of business by other financial institutions in the PRC such as insurance firms and fund management companies in to real estate financing has intensified the competitive environment. This has put further pressure on the profit margin of the Group's real estate trusts. For the above reasons, the Group has intentionally reduced its exposure to the real estate industry. The AUM of the Group's real estate financing business has reduced from RMB74,517.2 million as at 31 December 2014 to RMB46,302.6 million as at 31 December 2015, a year-on-year reduction of 37.9 per cent. As a result, the Group's fee revenue relating to real estate business will reduce significantly in 2016 as compared to 2015. This reduction may materially and adversely affect the Group's financial performance.

The Group also operates in other industry sectors that are susceptible to changes in economic and market conditions and the general slowdown of the economy, including public infrastructure, financial services and other commercial and industrial enterprises.

In addition, the Group's private financing business includes cooperation with local governments to offer investments in local projects. In September 2014, the State Council published the Opinions on Strengthening the Administration of Local Government Debts ([2014] No. 43) (the "**Opinions**") which clarified the responsibilities of debtors and creditors in local government projects. One of the implications of the Opinions is that because the current cooperative projects with local governments are undertaken pursuant to the public-private partnership model, after 31 December 2014, it would be difficult for new indebtedness taken on by local governments to be counted as government debt which would be supported by the national budget. This in turn adversely impacts the confidence of investors in such projects and consequently the development of new government cooperation projects.

The Group's 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 conditions.

Volatility in the PRC securities markets and the related Government policy or regulatory response may affect investor confidence, impose new regulatory requirements and adversely affect the Group's financial performance and business.

Investor confidence in trust plans in the PRC is highly dependent on the market and economic conditions of the PRC. As the PRC capital markets continue to develop, market conditions have experienced and may continue to experience sudden and dramatic changes. Unfavourable global economic and market conditions may also have an adverse effect on the PRC capital markets. Unfavourable or uncertain market and economic conditions could adversely affect investor confidence, resulting in a decline in investors who are willing to invest in trust plans, which could adversely affect the Group's business.

Adverse changes in the PRC's market conditions could adversely affect the Group's business, results of operations, financial condition and prospects. In 2015, the equity markets in the PRC experienced great volatility, with a significant surge from the second half of 2014 to mid-June 2015, which was followed by a sharp decline. The PRC government has taken monetary and regulatory measures to stabilise the A share stock market, including but not limited to dismantling of the so-called "umbrella investment trusts". In July 2015, CSRC promulgated the Opinions on Rectification of Illegal Securities Business Activities (CSRC Announcement No. 19 [2015])《關於清理整頓違法從事證券業務活動的意見》(證監會公告[2015]19號) which clarified that so-called "umbrella investment trusts" are not allowed. This has led to a gradual dismantling of all "umbrella investment trusts" set up by PRC trust companies, including many set up by the Group, in the second half of 2015. Such dismantling would lead to a significant decrease in revenue from the Group's securities investment business in 2016 as compared to that of 2015, which may materially and adversely affect the Group's financial performance.

The Group expects the market uncertainties in the PRC to remain. During periods of poor economic or market conditions, the Group may experience a decline in the value of its managed assets, reduced opportunities to exit and realise value from its private equity investments and increased client redemptions, which could have an adverse effect on the fee income from the Group's trust business and investment gains from its proprietary investments. In addition, the Group's private financing business may not be able to identify and consummate suitable investments during periods of unfavourable or uncertain economic and market conditions, which could have an adverse effect on the Group's ability to raise new funds. Any of the foregoing occurrences could adversely affect the Group's business, results of operations, financial condition and prospects.

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-owned 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 Hacı Company Limited. 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, under the Measures for the Administration of Net Capital of Trust Companies, 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 part of its risk management measures. For example, the Company has six functional departments with risk management responsibilities responsible for research, investigation, analysis and monitoring 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, the 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 and the Group may adjust its portfolio position from time to time.

The Group, including the Guarantor, invests and trades in equity and fixed income securities both within and outside the PRC, 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, which may not be correct as market condition changes quickly, and 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, including those of the Guarantor, 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 business prospects, credit worthiness and other factors. The decline in the value of such assets can result in the recognition of impairment losses of the Group. In addition, in accordance with its risk management policies, the Group may adjust its portfolio position, including divestment and disposal of investment assets, as and when opportunities arise, which could result in investment losses.

Therefore, volatility in securities markets may have an adverse affect on the Group's business, results of operation, financial condition and prospects, including those of the Guarantor 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 is proved 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 systems 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.

In July 2015, the Shanghai Stock Exchange took disciplinary action against the Company by suspending the trading account of the Company from 31 July 2015 to 30 October 2015. The cause of the disciplinary action was the failure of the Group's quantitative hedging programme to execute sell orders due to the fall in price of a large number of stocks on the Shanghai Stock Exchange on 8 July 2015. The system tried to execute sell orders on stocks in accordance with the investment advisor's strategy but because the stock in question had reached the daily volatility limit imposed by the stock exchange, the sell orders could not be executed. The system repeatedly tried to execute sell orders by cancelling existing orders and placing new orders. The frequent cancelling of orders was deemed by the Shanghai Stock Exchange as abnormal trading behaviour. Hence, the Shanghai Stock Exchange imposed the disciplinary action against the Company. The particular investment product in question has been redeemed, with money returned to investors. The Shanghai Stock Exchange also took disciplinary action against the investment advisory firm. After the event, the Company has taken steps to mitigate the risk of similar errors with each of its investment advisors.

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, or disruption to its risk management systems, 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 if suitable investment opportunities arise. 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 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. Noncompliance 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 expanding its business into markets outside the PRC.

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.

In addition, the Group intends to continue to expand its operations beyond the PRC. During the course of this expansion, the Group plans to continue to explore markets where it has limited or no experience. The Group's inexperience in such markets could affect its ability to attract clients. Additionally, it may fail to address adequately competitive conditions in new markets that differ from those in the Group's existing markets. International expansion also exposes the Group to the risks inherent in conducting business internationally, including but not limited to:

- economic instability and recession;

- political instability;
- failure to comply with approval or licence requirements;
- failure to comply with foreign laws and regulatory requirements;
- inability to effectively mitigate contractual or legal risk;
- adverse tax consequences;
- fluctuations in currency exchange rates;
- changes in tariffs;
- increased risk of exposure to terrorist activities;
- difficulties in providing products, services and support in these overseas markets;
- difficulties in managing its sales channels and overseas distribution network effectively;
- differences in accounting treatment in different jurisdictions;
- limited protection for intellectual property rights;
- difficulties in recruiting, training and retaining qualified personnel; and
- general difficulties in administering foreign operations.

In particular, despite the Group's efforts to comply with all applicable regulatory requirements, it may fail to do so. In the event of non-compliance with the applicable local law and regulations, the Group may be subject to regulatory and administrative investigation or penalties, which will increase the cost of compliance and integration of the Group's internal control system to any business outside the PRC.

The Group relies heavily on information technology systems to process and record its transactions and offer online products and services, the failure of which may adversely affect the Group's reputation and business.

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. The Group is also reliant on third-party service providers to provide such information technology services that it needs to operate its business from time to time. Disruption to any such information technology system could harm the Group's business and reputation.

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.

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 hire and retain 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 noncompliance or suspicious transactions in a timely manner if at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Group takes to prevent and detect such activities may not be effective.

There is no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity 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 high staff turnover, departures from its senior management or have difficulties in retaining and recruiting personnel.

The success of the Group's business is to a large extent dependent on its senior management and staff. For the year ended 31 December 2015, the Company experienced a turnover of 24 per cent. of its staff members. There are two main reasons for the turnover of staff. First, because the Group has decided to focus on actively managed private financing business, asset management and wealth management, some staff members who prefer to work within the transaction management business have decided to go to other trust companies, banks and asset management departments of securities brokers who have not yet transformed their business model. Second, the Group has a set of strict performance criteria for its product sales staff, resulting in those not meeting the required performance criteria to leave the Group.

The Group may from time to time experience departures from staff members and senior management. The Group may also have difficulties in attracting and retaining key personnel who possess in-depth knowledge and understanding of the 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 or board 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.

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 6.9 per cent. in 2015. The growth rate in 2015 is the lowest the PRC economy has experienced in the last 25 years, which indicates that there is significant pressure on PRC economic growth. For the year ended 31 December 2015, PRC's fixed asset investment grew by only 10 per cent., a record low in 16 years, PRC's real estate development and investment grew by only 1 per cent., a record low in 17 years; and consumer retail sales grew by only 10.7 per cent., a record low in 17 years. These growth figures indicate that certain traditional industries are likely to be facing difficulties while the PRC economy is entering a phase of reducing production capacity and structural adjustments.

The PRC financial conditions remain unstable following, among others, the global credit and liquidity crisis, the ongoing Greek debt crisis, currency movements in the Renminbi and recent volatility in the PRC stock markets. In 2015, in particular, the PRC stock markets have experienced significant turmoil and disruption, with the Shanghai Composite Index experiencing significant declines. The PBOC surprised the market in August 2015 by thrice devaluing the Renminbi, lowering its daily mid-point trading price significantly against the U.S. dollar. The currency devaluation of Renminbi was intended to bring it more in line with the market by taking market signals into account, and also boost the competitiveness of PRC's exports. In the summer months of 2015, there has been significant volatility in the PRC stock markets, with the Shanghai Composite Index falling more than 30 per cent. since June 2015 and the PRC government taking unprecedented steps to support the market. Any recurrence of a global financial crisis, which could potentially be sparked by the recent market volatility attributed to concerns over the foregoing, may cause a further slowdown in the PRC economy, and there can be no assurance that any measures or actions taken by the PRC government with an aim to increasing investors' confidence in the PRC economy and elsewhere in the world will be effective.

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.

As at the date of this Offering Circular, both the Issuer and the Guarantor confirm that they have not been treated as a PRC resident enterprise by the PRC tax authorities. There is however no assurance that the Issuer, the Guarantor or other 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.

Due to uncertainties in the interpretation of certain provisions of the new VAT regime, the issuance of the Notes may be treated as provision of loans within the PRC that is subject to VAT, and Issuer or the Guarantor may be required to withhold VAT and local levies from the payment of interest income to Noteholders who are located outside of the PRC.

On 23 March 2016, the PRC Ministry of Finance and the PRC State Administration of Taxation jointly issued the Circular of Full Implementation of Business Tax to Value-added Tax Reform (Cai Shui [2016] No. 36) (關於全面推開營業稅改征增值稅試點的通知(財稅[2016]36號)) (“Circular 36”) which confirms that business tax will be completely replaced by VAT from 1 May 2016. With effect from 1 May 2016, the income derived from the provision of financial services which previously attracted business tax will be entirely replaced by, and subject to, VAT.

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

It is not clear from the interpretation of Circular 36, if the provision of loans to the Issuer or the Guarantor could be considered as financial services provided within the PRC, which thus could be subject to VAT. Furthermore, there is no assurance that the Issuer, the Guarantor or both will not be treated as PRC tax residents. PRC tax authorities could take the view that the holders of the Notes are providing loans within the PRC because the Issuer or the Guarantor or both are treated as PRC tax residents. In which case, the issuance of the Notes could be regarded as the provision of financial services within the PRC that is subject to VAT.

If the Issuer, the Guarantor or both are treated as PRC tax residents and if PRC tax authorities could take the view that the holders of the Notes are providing loans within the PRC, then the holders of the Notes could be regarded as providing financial services within PRC and consequently, the holders of the Notes shall be subject to VAT at the rate of 6 per cent. when receiving the interest payments under the Notes. In addition, the holders of the Notes shall be subject to the local levies at approximately 12 per cent. of the VAT payment and consequently, the combined rate of VAT and local levies would be around 6.7 per cent.. Given that the Issuer or the Guarantor pays interest income to Noteholders who are located outside of the PRC, the Issuer or the Guarantor, acting as the obligatory withholder in accordance with applicable law, shall withhold VAT and local levies from the payment of interest income to Noteholders who are located outside of the PRC.

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

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

As at the date of this Offering Circular, both the Issuer and the Guarantor confirm that they have not been treated as a PRC resident enterprise by the PRC tax authorities. As a result, it is expected that, in practice they will not be required to withhold VAT or local levies from interest payments to Noteholders.

However, there is no assurance that the Issuer or the Guarantor will not be treated as a PRC tax resident enterprise by the PRC tax authorities in the future. Pursuant to the EIT Law, Individual Income Tax Law of the PRC, the Business Tax Laws and the VAT reform detailed above, the Issuer or the Guarantor may need to withhold EIT or individual income tax, (should such tax apply) from the payments of interest in respect of the Notes for any non-PRC-resident Noteholder and the Issuer or the Guarantor may need to withhold business tax or VAT (should such tax apply) from the payments of interest in respect of the Notes for any Noteholders located outside of the PRC.

For more information, see “*Terms and Conditions of the Notes — Condition 7 (Taxation)*”. No PRC stamp duty will be imposed on non-PRC Noteholders either upon issuance of the Notes or upon a subsequent transfer of Notes to the extent that the register of holders of the Notes is maintained outside the PRC and the issuance and the sale of the Notes is made outside of 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, in 2015, after severe fluctuations in the PRC share market, the CSRC promulgated a series of regulatory policy adjustments affecting the Group’s operation in the traditional securities investment business. In another 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.

For example, the NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issues outside the PRC with the NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 working days after the completion of the issue of

the securities. The NDRC Circular is silent on the legal consequences of non-compliance with the pre-issue registration requirement. In the worst case scenario, it might become unlawful for the Company to perform or comply with any of its obligations under the Notes and the Notes might be subject to enforcement as provided in Condition 8 (*Events of Default*) of the Terms and Conditions. Potential investors of the Notes are advised to exercise due caution when making their investment decisions. Similarly, there is no clarity on the legal consequences of noncompliance with the post-issue notification requirement under the NDRC Circular. The Company has undertaken to notify the NDRC of the particulars of the issue of the Notes within the prescribed period under the NDRC Circular.

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 Guarantor, the Company, the Joint Lead Managers, the Co-Manager, the Financial Advisor, the Trustee, the Agents or their respective advisors and therefore none of the Issuer, the Guarantor, the Company, the Joint Lead Managers, the Co-Manager, the Financial Advisor, 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.

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 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 no turnover and incurred a net loss of RMB0.4 million. For the year ended 31 December 2015, the Guarantor Group incurred a net loss of RMB55.5 million. Compared with the Group, the Guarantor Group has a relatively small amount of net assets. As at 31 December 2015, the Guarantor Group had only RMB19.68 million of net assets.

The net asset position of the Guarantor Group would not be sufficient to meet the claims under the Guarantee of the Notes. 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 the Co-Manager and the Financial Advisor 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 or 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 the 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 depository 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 and 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. Modifications and waivers may be made in respect of the Terms and Conditions, the Account Bank Agreement, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking or the Trust Deed by the Trustee or less than all of the 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 Terms and Conditions provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of the Terms and Conditions, the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking or the Account Bank Agreement (except as mentioned in the Trust Deed) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and (ii) any modification (except as mentioned in the Trust Deed) 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 and any authorisation or waiver of any proposed breach or breach (except as mentioned in the Trust Deed) of the Notes, the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking or the Account Bank Agreement if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

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.

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 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.

According to Circular 36, with effect from 1 May 2016, VAT is applicable where the entities or individuals provide services within the PRC. VAT is unlikely to be applicable to any transfer of Notes between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Notes, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Notes is located inside the PRC. Circular 36 and laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

If a Noteholder, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax or VAT 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 the applicable rate on 16 June 2016, 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 16 June 2016.

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 change in English law which governs the Notes may adversely affect the Noteholders.

The Terms and Conditions of the Notes are governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Notes.

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

The Terms and Conditions of the Notes and the transaction documents are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law-governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. Under the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the “**Arrangement**”), judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts.

However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or meets other circumstances specified by the Arrangement. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts in respect of a dispute governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Notes will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holder’s ability to initiate a claim outside of Hong Kong will be limited.

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 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 fulfil 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 or 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, the Keepwell and Liquidity Support Deed or the Deed of Equity Interest Purchase Undertaking, 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.\$500,000,000 6.95 per cent. Guaranteed Notes due 2019 (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 2016 Limited (the “Issuer”) are constituted by, are subject to, and have the benefit of, a trust deed dated on or about 21 June 2016 (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 Bank of Communications Trustee 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 or about 21 June 2016 (as amended, restated, replaced or supplemented from time to time, the “Agency Agreement”) between the Issuer, the Guarantor, the Company, Bank of Communications Co., Ltd. Hong Kong Branch as registrar (the “Registrar”, which expression includes any successor registrar appointed from time to time in connection with the Notes) and 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 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), 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 21 June 2016 (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 21 June 2016 (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 on or about 21 June 2016 (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 1/F, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong 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 depository for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”), 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. No person shall have any right to enforce any term or condition of the Notes or the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking under the Contracts (Rights of Third Parties) Act 1999.
- (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 Note remains 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 of at least RMB10,000,000 at the end of any Relevant Period. 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 at least 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 at any time falls below U.S.\$1.00 or the Equity attributable to owners of the Guarantor at the end of the Relevant Period falls below RMB10,000,000 (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) *Notification to NDRC*: The Company undertakes to file or cause to be filed with the NDRC the requisite information and documents within 10 PRC Business Days after the Issue Date (as defined below) in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資 [2015] 2044 號)) issued by the NDRC and which came into effect on 14 September 2015, and any applicable implementation rules as issued by the NDRC from time to time (the “**NDRC Post-issue Filing**”).

The Company shall complete the NDRC Post-issue Filing and provide such document(s) evidencing due filing with the NDRC within the prescribed timeframe and, shall comply with all applicable PRC laws and regulations in connection with the Notes. The Company shall within 15 PRC Business Days after submission of such NDRC Post-issue Filing provide the Trustee with a certificate signed by any director or duly authorised officer of the Company confirming the submission of the NDRC Post-issue Filing.

The Trustee shall have no obligation or duty to monitor or ensure the completion of the NDRC Post-issue Filing on or before the deadline referred to above or to verify the accuracy, validity and/or genuineness of any certificate, confirmation, or other documents in relation to or in connection with the NDRC Post-issue Filing or to give notice to the Noteholders confirming the completion of the NDRC Post-Issue Filing, and shall not be liable to Noteholders or any other person for not doing so.

- (k) *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’ 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;

“**Consolidated Net Worth**” means the excess of the consolidated total assets of the Issuer over the consolidated total liabilities of the Issuer, each of “consolidated total assets” and “consolidated total liabilities” to be determined in accordance with HKFRS consistently applied;

“**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’ 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 2016 Limited as specified in the Account Bank Agreement;

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

“**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 Business Day**” means a day on which commercial banks are open for business in the PRC;

“**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 each of 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.\$17,375,000; 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 21 June 2016 (the “**Issue Date**”) at the rate of 6.95 per cent. per annum, (the “**Rate of Interest**”) payable semi annually in arrear on 21 June and 21 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 Note Certificates 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.\$34.75 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 21 June 2019 (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 16 June 2016; 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 16 June 2016; 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.
- (g) *No Duty to Monitor*: Neither the Trustee nor any of the Agents shall be obliged to take any steps to ascertain whether a Change of Control or Event of Default has occurred or to monitor the occurrence of any Change of Control or Event of Default, and shall not be liable to the Noteholders or any other person for not doing so.

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 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 Hong Kong and New York City and the place in which the specified office of the Principal Paying Agent is located 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 in the PRC at the rate applicable on 16 June 2016 (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 (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 seven 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/or 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 RMB100,000,000 (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 except for (A) where the cessation is for the purpose of a reconstruction, amalgamation, reorganisation, merger or consolidation (x) on terms approved by an Extraordinary Resolution of the Noteholders, or (y) in the case of a Subsidiary, whereby the undertaking and assets of such Subsidiary are transferred to or otherwise vested in the Company, the Guarantor or any of their respective Subsidiaries; or (B) in the case of a Subsidiary, where the cessation is as a result of a disposal on arm's length terms; 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 principal paying agent and a registrar.

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 by the Issuer 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 (to the extent applicable) on the Issuer, the Guarantor, the Company, 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 entirety on behalf of Euroclear and Clearstream any notice to the Noteholders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

16. Governing Law and Jurisdiction

- (a) *Governing law:* The Notes, the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking, the Agency Agreement, the Account Bank Agreement and any non-contractual obligations arising out of or in connection therewith, are governed by English law.
- (b) *Jurisdiction:* Each of the Issuer, the Guarantor and the Company has in the Trust Deed, the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase Undertaking and the Agency Agreement and each of the Issuer and the Guarantor has in the Account Bank 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 (including any non-contractual obligation arising out of or in connection therewith); 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 of 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 a nominee for, and deposited with, a common depository 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 Trust Deed, 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.\$500,000,000, 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

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi with reference to a basket of currencies in the market during the prior day. The PBOC also takes into account other factors such as general conditions existing in the international foreign exchange markets.

Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and US 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 July 2005, the official exchange rate for the conversion of Renminbi to US dollars was generally stable. Although PRC 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 items, such as foreign direct investment, loans or securities, requires the approval of the 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. The PRC government has since made and in the future may make further adjustments to the exchange rate system. The PBOC authorised the China Foreign Exchange Trading Centre, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi at 9:15 AM each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over the counter exchange rate for that business day. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank foreign exchange spot market of Renminbi against the US dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the US dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. On 20 June 2010, the PBOC announced that it intended to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate and on 16 April 2012, the band was expanded to 1.0 per cent. Such floating band was further enlarged from 1.0 per cent. to 2.0 per cent., effective from 17 March 2014, as announced by the PBOC on 15 March 2014. On 11 August 2015, the PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the rate change at primary international currencies. On 11 December 2015, the China Foreign Exchange Trade System, a sub-institutional organization of the PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. The PRC government may in the future make further adjustments to the exchange rate system.

The following table sets forth the noon buying rates for US dollars in New York City for cable transfers payable in Renminbi as certified by the Federal Reserve Bank of New York for customs purposes for and as at the periods indicated as set forth in the H.10 statistical release of the Federal Reserve Board.

	Noon Buying Rate			
	Low	Average ⁽¹⁾	High	Period End
	(RMB per US\$1.00)			
2010.....	6.6000	6.7603	6.8330	6.6000
2011.....	6.2939	6.4475	6.6364	6.2939
2012.....	6.2221	6.2990	6.3879	6.2301
2013.....	6.0537	6.1478	6.2438	6.0537
2014.....	6.0402	6.1704	6.2591	6.2046
2015.....	6.1870	6.2869	6.4896	6.4778
2016				
January.....	6.5219	6.5726	6.5932	6.5752
February.....	6.5154	6.5501	6.5795	6.5525
March.....	6.4480	6.5027	6.5500	6.4480
April.....	6.4571	6.4754	6.5004	6.4738
May.....	6.4738	6.5259	6.5798	6.5798

Note:

⁽¹⁾ Averages are calculated by averaging the rates on the last business day of each month during the relevant year. Monthly averages are calculated by averaging the daily rates during the relevant monthly period.

On 31 December 2015, the noon buying rate for U.S. dollars in New York City for cable transfers in Renminbi was US\$1.00 to RMB6.4778 as set forth in the H.10 statistical release of the Federal Reserve Board.

CAPITALISATION AND INDEBTEDNESS OF THE GROUP

The following table sets forth the capitalisation and indebtedness of the Group as at 31 December 2015 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 2015			
	Actual	Actual	As adjusted	As adjusted
	(RMB in millions)	(U.S.\$ in millions) ⁽²⁾	(RMB in millions)	(U.S.\$ in millions) ⁽²⁾
Placements from banks and other financial institutions	1,700.0	262.4	1,700	262.4
Long-term loans	0	0	0	0
Bonds payable ⁽¹⁾	1,441.9	222.6	1,441.9	222.6
Notes to be issued	—	—	3,238.9	500.0
Total interest-bearing borrowings	3,141.9	485.0	6,380.8	985.0
Paid-in capital	6,000.0	926.2	6,000.0	926.2
Retained earnings	3,431.4	529.7	3,431.4	529.7
Minority Interests	414.1	63.9	414.1	63.9
Other owner's equity items	2,039.2	314.9	2,039.2	314.9
Total owners' equity	11,884.7	1,834.7	11,884.7	1,834.7
Total capitalisation ⁽³⁾	15,026.6	2,319.8	18,265.5	2,819.7

Notes:

- (1) The Bonds payable represent the U.S.\$225,000,000 6.00 per cent. Guaranteed Notes issued by Zhongrong International Bond 2015 Limited on 15 June 2015, guaranteed by the Guarantor and with the benefit of a keepwell and liquidity support and a deed of equity interest purchase undertaking from the Company.
- (2) For convenience only, all translation from Renminbi into U.S. dollars are made at the rate of RMB6.4778 to U.S.\$1.00, based on the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 31 December 2015.
- (3) Total capitalisation equals to the sum of total interest-bearing borrowings and total owner's equity.

CAPITALISATION AND INDEBTEDNESS OF THE GUARANTOR GROUP

The following table sets forth the capitalisation and indebtedness of the Guarantor Group as at 31 December 2015 and as adjusted to give effect to the issue of the Notes. The following table should be read in conjunction with the Guarantor Group's financial statements and related notes included in this Offering Circular.

	As at 31 December 2015			
	Actual	Actual	As adjusted	As adjusted
	(RMB in millions)	(U.S.\$ in millions) ⁽²⁾	(RMB in millions)	(U.S.\$ in millions) ⁽²⁾
Debentures ⁽¹⁾	1,441.9	222.6	1,441.9	222.6
Notes to be issued.....	—	—	3,238.9	500.0
Total interest-bearing borrowings	<u>1,441.9</u>	<u>222.6</u>	<u>4,680.8</u>	<u>722.6</u>
Share capital	61.2	9.5	61.2	9.5
Reserves	<u>(41.6)</u>	<u>(6.4)</u>	<u>(41.6)</u>	<u>(6.4)</u>
Total equity ⁽³⁾	<u>19.7</u>	<u>3.0</u>	<u>19.7</u>	<u>3.0</u>
Total capitalisation ⁽⁴⁾	<u><u>1,461.6</u></u>	<u><u>225.6</u></u>	<u><u>4,700.4</u></u>	<u><u>725.6</u></u>

Notes:

- (1) The Debentures represent the U.S.\$225,000,000 6.00 per cent. Guaranteed Notes issued by Zhongrong International Bond 2015 Limited on 15 June 2015, guaranteed by the Guarantor and with the benefit of a keepwell and liquidity support and a deed of equity interest purchase undertaking from the Company.
- (2) For convenience only, all translation from Renminbi into U.S. dollars are made at the rate of RMB6.4778 to U.S.\$1.00, based on the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 31 December 2015.
- (3) On 29 April 2016, the Company, through its subsidiary, Shanghai Longshan Investment Management Co.,Ltd (“**Shanghai Longshan**”), has injected further capital into the Guarantor by way of subscription for further share capital of the Guarantor. Shanghai Longshan subscribed for 34 million shares for a total subscription price of U.S.\$34 million.
- (4) Total capitalisation equals the sum of total interest-bearing borrowings and total equity.

INDUSTRY AND REGULATORY OVERVIEW OF TRUST COMPANIES IN THE PRC

Trust companies in the PRC are regulated by the China Banking Regulatory Commission (the “**CBRC**”), the banking regulatory body in the PRC. Trust companies in the PRC are approved and licensed by the CBRC and as at 31 December 2015, the CBRC has issued licences to 68 trust companies.

Trust companies, together with banks, security companies and insurance companies, are known in the PRC as the “four pillars” of the financial sector. 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 2015, the total assets under management (“**AUM**”) of PRC trust companies had exceeded RMB16 trillion, second only to wealth management products of banks, while the AUM of PRC trust companies was RMB5 trillion as at 31 December 2011. From 2011 to 2015, the compound annual growth rate (“**CAGR**”) of the total AUM of PRC trust companies is approximately 36 per cent. As at 31 December 2015, the total net assets of trust companies in the PRC had reached RMB381.8 billion and the CAGR between 2011 to 2015 was 24 per cent. According to data from the China Trustee Association, as at 31 December 2015, the total registered capital of the trust companies in the PRC had reached RMB165.3 billion, and the CAGR between 2011 to 2015 was 17 per cent. From 2011 to 2015, the proportion of funds trust asset of PRC trust companies allocated to the fundamental industries and real estate sectors decreased by 4 per cent. and 6 per cent., respectively, while the proportion of funds trust asset of PRC trust companies allocated to the securities and financial institutions sections increased by 11 per cent. and 5 per cent., respectively. The profitability of the PRC trust industry had also increased at a fast rate from 2011 to 2015. From 2011 to 2015, the CAGRs of operating income and total profits of PRC trust companies were approximately 28 per cent. and 26 per cent., respectively, and reached RMB118 billion and RMB75 billion, respectively at the end of 2015. The number of high net worth individuals, i.e. individuals with investable assets of over RMB10 million, in China reached approximately 1.04 million in 2014, which had grown at CAGR of 25 per cent. since 2006.

Business Model

The main business model of trust companies in the PRC is to manage assets as trustees on behalf of their clients. Under PRC accounting rules, the assets of trust plans are not on the balance sheet of the relevant trust company acting as the trustee of the trust plan. Compared with other industries in the financial sector, trust companies have more flexibility and can design more market-oriented products that better cater the needs of clients, including broadening the range of investments, configuring asset allocation and matching risks and rewards. Trust companies in the PRC can also provide estate planning services for high net worth clients.

The rights of investors under the trust mechanism are also a differentiating factor of the trust companies in the PRC when compared with other financial institutions. According to Measures for the Administration of Trust Companies’ Trust Plans of Assembled Funds (the “**Trust Funds Measures**”) promulgated by the CBRC, trust companies in the PRC only represent their clients in managing the assets and do not have any creditor-debtor relationship with investors. Under the Trust Funds Measures, trust companies in the PRC are prohibited under the above mentioned rule from guaranteeing against any loss, or in anyway promising a minimum return to investors.

Under the Trust Fund Measures, only qualified investors are allowed to invest in collective trust plans. Qualified investors include (i) individuals or entities that invest in a minimum of RMB1 million in a single-investor trust plan, (ii) individuals whose family wealth is at least RMB1 million (with proof) at the time of his or her investment, and (iii) individuals whose annual income is over RMB200,000 in the most recent three years (with proof), or the aggregate income of the individual and his or her spouse is over RMB300,000 in the most recent three years (with proof). In addition, the maximum number of individual investors in a collective trust plan cannot exceed 50, excluding those individuals that invest at least RMB3 million.

Broadly speaking, trust companies in the PRC offer two types of trust plan, namely actively managed trust plans and passively managed trust plans. The trust business for passively managed trust plans often form the transaction management business of trust companies. In the transaction management business, trust companies set up trust plans and take instructions from either financial institutions or corporations, which arrange the underlying investment projects and provide the funding for such projects. The trust companies earn a fixed fee to act as trustee and neither participate in the financial rewards nor bear the risks of such investment projects. The sale and marketing of these trust plans are organised by such institutions who arrange the underlying investment and trust companies are not normally involved in the sale or marketing of these passively managed trust plans. Given such transaction management business involves trust companies solely acting as a channel for investment and does not provide any significant valued-added services, the fee rate

trust companies can charge is relatively low. Therefore, the transaction management business in the PRC has limited prospects and may not be a significant contributor to the industry's growth in the future. Trust companies in the PRC are encouraged by the regulators to shift their focus towards actively managed trust business.

In actively managed trust plans, trust companies are more involved in the setup of trust plans and the design and sale of investment products to investors. Trust companies are often more actively involved in the supervision and management of such trust projects and actively monitor the risks associated with such investments. Nevertheless, they still do not bear the loss of the investors that invest into such trust projects so long as they fulfil their duties under the trust agreement entered into between the trust companies and the investors. In such agreements, the investors will typically be informed of the investment projects and agree that they will bear the risks of making investments into such projects. Because of the opportunity in providing additional value-add services and the additional responsibility of trust companies in actively managed trust plans, trust companies are often able to charge higher fees when compared with passively managed trust plans.

Legal Framework and Regulatory Background to PRC Trust Companies

Laws in the PRC stipulate clear operational qualifications and risk management criteria of trust companies. The Trust Law of the PRC was introduced in 2001 and it is supplemented by various measures introduced by the CBRC, including Measures for the Administration of Trust Companies and Measures for the Administration of Trust Companies' Trust Plans of Assembled Funds both introduced in 2007, the Measures for the Administration of Net Capital Trust Companies introduced in 2010, the Regulatory Guidance on the Supervision of Rating and Classification of Trust Companies introduced in 2010 and the Measures for the Administration for Trust Industry Protection Fund introduced in 2014. The current regulatory scheme mainly focuses on the regulation of the trust relationship, amendment and termination of trust plans, the qualification for the establishment of trust companies, the scope of business of trust companies, capital management, corporate governance, industry ratings and regulatory ratings. Other additional rules in the regime regulate activities in specialised fields, such as security, real estate and bank-trust cooperation.

Legal Framework

The Trust Law of the PRC sets up the foundation of the trust system in the PRC. The law is aimed to facilitate the trust industry's development and protect investors' interests. The Measures for the Administration of Trust Companies (No. 2 [2007], CBRC) and the Measures for the Administration of Trust Companies' Trust Plans of Assembled Funds (No. 3 [2007], CBRC) were later promulgated on 23 January 2007 and came into effect on 1 March 2007, which were later amended on 4 February 2009. The Measures for the Administration of Net Capital of Trust Companies (No. 5 [2010], CBRC) were adopted by the CBRC in August 2010, requiring trust companies to maintain a minimum net capital of RMB200 million and a ratio of no less than 40 per cent. of net capital to net assets, and to keep necessary liquidity to protect them from unforeseen losses that may arise in their various businesses. These three administrative measures, as well as the Trust Law, form the legal cornerstones of the PRC trust industry.

In December 2014, the CBRC and the Ministry of Finance jointly issued the Measures for the Administration of Trust Industry Protection Fund (Yin Jian Fa [2014] No. 50), setting up China Trust Industry Protection Fund Co., Ltd. for the purpose of mitigating and handling systematic risks in the trust industry in the PRC. This measure is aimed at the long-term healthy development of the PRC trust industry by establishing an industry-based non-governmental mutual protection fund for the purposes of resolving and mitigating any potential market risks facing industry participants. According to the measures, each member trust company is required to contribute based on certain matrices, including amount of trust assets under management, to China Trust Industry Protection Fund Co., Ltd., which can be used for the benefit of a member trust company or a particular trust project at the time of distress. As at 31 December 2015, China Trust Industry Protection Fund Co., Ltd. had a registered capital of RMB11.5 billion.

In June 2015, the Implementation Measures on Administrative Licensing Items for Trust Companies (No. 5 [2015], CBRC) were issued by the CBRC, which further delegated power to lower level approval authority and clarified the requirements for listing of trust companies, as well as issuance of bonds and subordinated debt by trust companies.

On 16 December 2015, the China Trustee Association issued the Interim Guidelines on the Ratings of Trust Companies, which assess trust companies based on 11 criteria ranging from their capital strength, risk management capability, value-add capability and social responsibility, to assess and rate trust companies' industry position. Such rating results may affect the regulatory assessment and therefore may affect the categorised supervision of various trust companies.

Policies and Supervision

The CBRC is the regulatory authority in the trust industry. In 2015, the trust supervision department was separated from the non-banking department of the CBRC during the commission's reform, and is responsible for the supervision of trust companies in the PRC. Under this regulatory regime, each trust company is supervised by the CBRC's local branches according to such company's place of registration.

At the policy level, the CBRC has issued several regulations targeting at businesses such as security, real estate, government-trust cooperation and bank-trust cooperation, with the purpose of introducing trust funds into the sectors encouraged by the state for development, and increasing the entry barrier for trust funds to invest in high-risk industries.

In 2014, the CBRC issued the Guiding Opinions of CBRC General Office for Trust Companies on Risk Control (Yin Jian Ban Fa [2014] No. 99). These guiding opinions call for, among other things: (i) cultivating a trust culture in which "the seller sells in a responsible manner and the buyer buys at his or her own risk"; (ii) promoting the development of trust companies with business transformation; and (iii) improving the regulatory mechanism, including net capital management and regulatory ratings. These guiding opinions aim to reduce risks of trust companies, and facilitate the transformation and development of trust companies.

In September 2014, the State Council published the Opinions on Strengthening the Administration of Local Government Debts (Guo Fa [2014] No. 43). These opinions created standard procedures for local governments' debt financing, clarified the responsibilities of debtors and creditors, and encouraged the establishment of public-private partnerships ("PPP") to finance public infrastructure projects, including refinancing of current projects. The opinions provide a solid basis for the model of government-trust cooperation.

In order to regulate the activities of financial institutions (including trust companies) in industries with excess capacity, in the Notice on Strengthening the Guard against Current Major Risks (Yin Jian Fa [2010] No. 98) as issued by the CBRC in November 2010, the CBRC prohibited trust companies from granting loans or credit line in any form to those projects with high energy consumption or high pollution, which do not comply with national policies on energy-saving and emission-reduction. The relevant PRC authorities reiterated this policy in 2014.

The CBRC has issued a series of regulations in relation to the trust companies' activities in the real estate industry. The Notice on the Relevant Issues concerning Strengthening the Supervision on the Real Estate and Securities Business of the Trust Companies (Yin Jian Ban Fa [2008] No. 265) and the Notice on the Relevant Issues on Strengthening the Supervision of Trust Companies regarding Real Estate Business (Yin Jian Ban Fa [2010] No. 54) imposed limits on trust loans to real estate projects, where the developers do not meet certain qualifications, are not investing sufficient proprietary funds or the projects are not at the appropriate phase of development.

The CBRC has also issued regulations to regulate trust companies' other activities. The Notice on the Relevant Issues on Supporting the Innovation and Development of the Trust Companies (Yin Jian Fa [2009] No. 25) requires that trust assets in equity investments meet certain criteria in corporate governance, internal controls, risk management, compliance and personnel qualification. The Operating Guidelines for the Securities Investment Trust Business of Trust Companies (Yin Jian Fa [2009] No.11) issued by the CBRC in January 2009 and the Interim Measures for the Administration of Trust Companies' Overseas Financial Management Business (Yin Jian Fa [2007] No.27) issued jointly by the CBRC and the SAFE in March 2007 imposed regulations on the conducts of securities investment trusts and financial management trusts with assets outside the PRC to meet certain requirements in corporate governance, internal controls, risk management, compliance and personnel qualification. The Operating Guidelines for the Private Equity Investment Trust Business of Trust Companies (Yin Jian Fa [2008] No.45) require that private trusts that invest equity interest meet certain criteria in risk management, scope of investment, and post investment management.

DESCRIPTION OF THE ISSUER

Formation

Zhongrong International Bond 2016 Limited (the “**Issuer**”) is a limited liability company. It was incorporated in the British Virgin Islands as a BVI business company on 20 April 2016 in accordance with the BVI Business Companies Act, 2004, with company number 1911841. Its registered office is at Nemours Chambers, 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 Zhiyu Xin.

Share capital

The Issuer is authorised to issue a maximum of 50,000 shares with no par value each of a single class. As of the date of this Offering Circular, 1 ordinary share has 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.

For the year ended 31 December 2015, the Guarantor Group's total turnover was RMB5.89 million and after deducting for expenses, taxes and other losses, the Guarantor Group incurred a total loss for the year of RMB55.53 million. As at 31 December 2015, the Guarantor Group had current assets of RMB422.25 million, non-current assets of RMB1,043.40 million, current liabilities of RMB4.05 million, non-current liabilities of RMB1,442 million and total equity of RMB19.68 million.

The net asset position of the Guarantor Group would not be sufficient to meet the claims under the Guarantee of the Notes. 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.

Please see the "*Summary Financial Information of the Guarantor*" section for a summary of the financial performance and financial position of the Guarantor Group.

Directors of the Guarantor

The sole director of the Guarantor is Huang Wei.

Recent Development

On 29 April 2016, the Company, through its subsidiary, Shanghai Longshan Investment Management Co.,Ltd ("**Shanghai Longshan**"), has injected further capital into the Guarantor by way of subscription for further share capital of the Guarantor. Shanghai Longshan subscribed for 34 million shares for a total subscription price of U.S.\$34 million.

DESCRIPTION OF THE GROUP

OVERVIEW

The Company is one of the leading trust companies in the PRC. According to data from annual reports of PRC trust companies, the Company ranked third in terms of operating income, fifth in terms of trust assets and fifth in terms of net profit for the year ended 31 December 2015.

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, as required by CBRC's newly enacted regulatory measures, the Company was re-registered again and granted a new financial licence and renamed as Zhongrong International Trust Co., Ltd.

The Group's principal business is its trust business which includes the design of asset-specific trust products and investment of trust assets in such products. In recent years the Group has expanded into non-trust business, including asset management and wealth management. The Group offers a broad range of investments into diverse sectors and asset classes through innovative structures to a large client base. The Group's client base includes financial institutions, corporations, governments and high-net-worth individuals in the PRC.

The Group's business can be categorised into three main segments, namely private financing, asset management and wealth management.

Private Financing — The Group's private financing business primarily involves the investment of its trust assets into various credit-based products. It can be further divided into actively managed trust business and transaction management business in which the Group plays a more passive role. In the transaction management business, the Group simply acts as a channel for banks and other financial institutions to provide funding for their intended customers or projects. In the actively managed trust business, the Group plays an active role in identifying investment projects, designing trust products, and sales of the trust products to investors. The Group's actively managed trust business includes industrial and commercial enterprise financing, financial products investment, real estate financing and government-trust cooperation.

- *Industrial and Commercial Enterprise Financing* — mainly provides financing services to industrial commercial enterprises that either manufacture goods or provide services;
- *Financial Products Investment* — invests in securities, wealth management products and other financial products issued by banks, insurance companies, securities companies, fund management companies and other financial institutions;
- *Real Estate Financing* — invests in residential development projects which focus on first and second tier cities in the PRC and commercial properties with mature operations and high quality urban mixed-development projects; and
- *Government-Trust Cooperation* — cooperates with local governments to invest in local investment projects, including local government infrastructure projects.

The Group also invests non-trust assets into credit-based products through its subsidiaries.

Asset Management — The Group's asset management business was established in recent years, reflecting the Group's shift of focus from traditional private financing business into asset management. The asset management business is mainly focused on investments of both trust assets and third-party non-trust assets in money market funds, equity securities, mergers and acquisitions, private placements and mutual funds.

- *Money Market Funds* — offers investments in money market funds;
- *Private Equity and Mergers and Acquisitions* — offers investments in private equity investment and mergers and acquisitions opportunities;
- *Securities Market Investments* — offers a broad range of investment opportunities, including privately placed securities and investments through the Group's QDII scheme;

- *Mutual Funds* — conducts through Zhongrong Fund Management Co., Ltd. (“**Zhongrong Fund**”), which offers mutual fund services approved by CSRC; and
- *Others* — the Group has other businesses that provide related services and offer investments in other diverse fields, including real estate investments and investments in the film and cultural industry.

Wealth Management — The wealth management business provides a captive platform for the Group to directly distribute and sell its financial products and services. The wealth management business also includes the growing family assets management office 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; and
- *Family Assets Management Office* — the Group is entrusted by high net worth clients to manage family assets on their behalf and provide estate planning services.

For the years ended 31 December 2013, 2014 and 2015, the Group’s total operating income was RMB4,898.1 million, RMB5,531.5 million and RMB6,587.8 million, and the Group’s net profit was RMB2,017.6 million, RMB2,432.8 million and RMB2,605.4 million, respectively. As at 31 December 2013, 2014 and 2015, total assets of the Group were RMB9,687.5 million, RMB12,200.3 million and RMB18,851.8 million, respectively, and the Group’s owners’ equity was RMB7,645.5 million, RMB9,805.4 million and RMB11,884.7 million, respectively. As at 31 December 2015, the Company had a registered capital of RMB6 billion. As at 31 December 2015, the Group had RMB7,734.2 million in cash balance and RMB6,084.7 million invested in highly liquid money market funds.

Shareholders

The Company is majority-owned by PRC government-controlled enterprises, which in aggregate control 59 per cent. of the Company’s equity interest and have the right to appoint five of the Company’s seven directors under the Company’s constitution.

Jingwei Textile Machinery Co., Ltd. (“**Jingwei Textile**”), the Company’s largest shareholder with 37.5 per cent. equity interest as at 31 December 2015, is one of the leading textile machinery manufacturers in the PRC. Jingwei Textile is indirectly controlled and supervised by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (“**SASAC**”), which controls in aggregate 56.0 per cent. of equity interest in Jingwei Textile. Jingwei Textile has developed into a large high-tech conglomerate, with over 500 patents in textile machinery technology, 11,000 staff and 30 subsidiary companies. Jingwei Textile has been recognised as a leading supplier of high-tech textile equipment and machinery in the PRC. Jingwei Textile’s products are well received in the PRC and have been sold to many countries outside the PRC. Jingwei Textile also invests in commercial automobiles, medical equipment and agricultural machinery. Jingwei Textile is listed on the Shenzhen Stock Exchange (stock code: 000666).

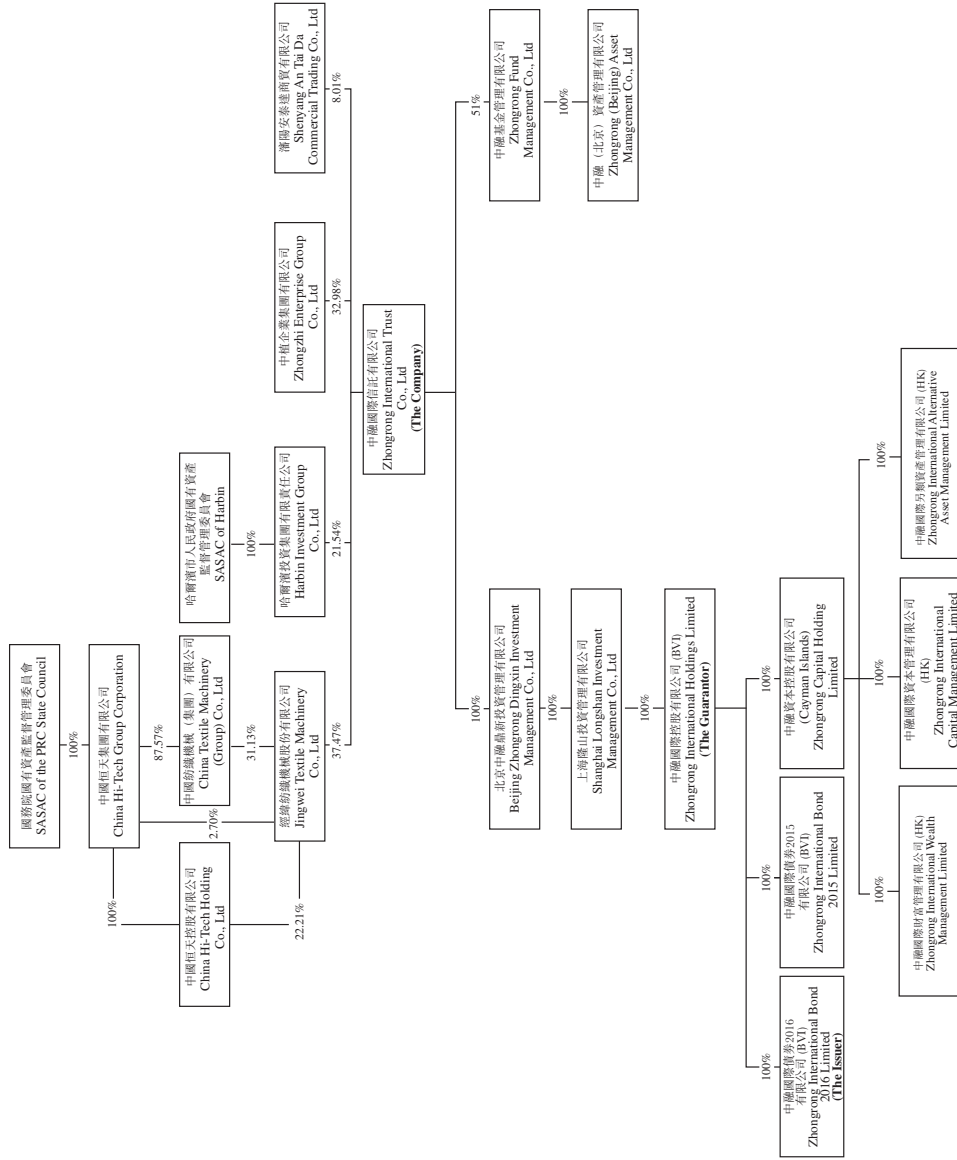
Jingwei Textile acquired 36 per cent. of the Company’s equity in 2010. Since then it has injected further capital into the Company four times, with a total value of over RMB2,039 million, demonstrating Jingwei Textile’s support for the Group. In addition, Jingwei Textile conducts continual supervision of the Group. For example, the Group is required to provide monthly management reports to Jingwei Textile regarding 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 Group on a three-year rolling basis. Jingwei Textile has the right to appoint four of the Company’s seven directors.

Harbin Investment Group Co., Ltd. (the “**Harbin Investment**”), the Company’s third largest shareholder with 21.5 per cent. equity interest, is 100 per cent. owned and supervised by State-owned Assets Supervision and Administration Commission of Harbin (“**SASAC of Harbin**”). Harbin Investment was established in 1988 and is the Harbin Municipal Government’s major project investment and financing platform. It has the right to appoint one of the Company’s seven directors.

In addition to the Company's major shareholders who are controlled by the PRC government, another major shareholder of the Company is Zhongzhi Enterprise Group Co., Ltd. ("**Zhongzhi Group**"), a privately-owned group established in 1995 and headquartered in Beijing. Since its establishment, Zhongzhi Group has grown into an integrated financial service provider and asset management company in the PRC, focussing on investments, financing and fund management. As at 31 December 2015, Zhongzhi Group was the Company's second largest shareholder with 33.0 per cent. of the Company's equity interest.

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 the 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.
- 2006 The Group initiated its partnerships with banks and financial institutions to invest in initial public offering shares.
- 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. The Group started to provide trust financing for local government projects.
- 2009 Trust assets 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. The Group started to provide trust financing for real estate projects.
- 2011 The Company's registered capital increased from RMB580 million to RMB1,475 million. The Company was approved by CBRC to establish a specialised private equity investment subsidiary.
- 2012 The Company received its stock index future trading business licence and the special-purpose trustee organisation licence in the PRC.
The Company established Beijing Zhongrong Dingxin Investment Management Co., Ltd. ("**Zhongrong Dingxin**") as its specialised private equity investment subsidiary.
- 2013 The Company's registered capital increased from RMB1,475 million to RMB1.6 billion pursuant to capital injection from its shareholders.
The Company established Zhongrong Fund Management Co., Ltd (formerly named Daofu Fund Management Co., Ltd).
- 2014 The Company's registered capital increased to RMB6 billion by way of transfer of retained earnings to share capital.
CBRC approved the Company's proposal to offer financial planning products investing in assets outside the PRC under the QDII scheme.
The Company established the Guarantor. The Group started its asset management business.
The Company became a founding member of the China Trust Industry Protection Fund Co., Ltd. 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.
- 2015 China Trust Industry Protection Fund Co., Ltd. was formally established in early 2015. 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, plus the right to appoint one director to the board of the China Trust Industry Protection Fund Co., Ltd.
Zhongrong International Capital Management Limited was granted type 4 and type 9 licences by the Securities and Futures Commission in Hong Kong (SFC) to provide asset management and securities advisory services.
In March and July of 2015, the Company provided two capital injections into Zhongrong Fund, valued at around RMB102 million and RMB128 million respectively.

RECENT DEVELOPMENTS

In 2015, the Group started the process of injecting further capital into Zhongrong Dingxin, its subsidiary for private equity investment. The business registration of the transaction was completed in April 2016. After the transaction, Zhongrong Dingxin's registered capital increased to RMB1.5 billion.

In 2015, the Group commenced the process of making a RMB277 million investment into Harbin Rural Commercial Bank, which is expected to allow the Company to take a 9.9 per cent. shareholding in the bank. The investment has already been approved by the CBRC. Harbin Rural Commercial Bank is in the process of completing the business registration of the transaction.

On 29 April 2016, the Company, through its subsidiary, Shanghai Longshan Investment Management Co., Ltd (“**Shanghai Longshan**”), has injected further capital into the Guarantor by way of subscription for further share capital of the Guarantor. Shanghai Longshan subscribed for 34 million shares for a total subscription price of U.S.\$34 million.

AWARDS AND HONOURS

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

- Credit Trust — Outstanding Company Award in the 2015 China Trust Industry Summit and the 9th China Credit Trust organised by Shanghai Securities paper
- Outstanding China Trust Company at the 8th China Outstanding Trust Companies Awards in 2015
- Most Admired Enterprise in 2015 by Economic Observer publication
- Outstanding Wealth Management Products in 2015 at the Private Banking and Premium Financial Management by Daily Economic News
- Most Valuable Wealth Management Institutions in 2015 by Economic Observer
- Best Overall Trust Company in 2015 by Daily Economic News
- 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
- 2012-2013 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

STRENGTHS

The Group believes the following strengths have contributed to the development of the Group as a leader in the PRC trust industry, and is expected to continue to propel its future development:

A leading position in the fast growing PRC trust industry

The trust industry is a fast growing industry in the PRC and the Company has consistently ranked as one of the leading companies in the PRC trust industry. According to data from annual reports of PRC trust companies, the Company ranked third in terms of operating income and fifth in terms of net profit for the year ended 31 December 2015.

The PRC trust industry has experienced a period of high growth in the last five years. As at and for the year ended 31 December 2015, assets under management, operating income and net profit of the PRC trust industry grew at an annual rate of around 16.6 per cent., 23.2 per cent. and 16.7 per cent., respectively. As at 31 December 2015, the total assets under management by the PRC trust industry had exceeded RMB16 trillion, second only to banks' wealth management products.

The trust industry is evolving towards the asset management business to better address the needs of institutions and high net worth individual investors, which, together with the reforms and regulations introduced by the PRC government, is likely to further drive growth of the PRC trust industry. The PRC government has introduced supply-side reform measures which will give rise to business opportunities for trust companies in corporate re-organisations and participation in the capital markets, mergers and acquisitions funds and industry-specific funds. There are also opportunities for trust companies to participate in the reform of PRC state-owned enterprises, such as the introduction of mixed ownership. The Group, with a leading position in the trust industry, is well positioned to benefit from the growth of the industry.

Diversified products with a focus on active management capabilities

The Group has a strong base of trust businesses with a diverse array of trust products, especially those which require active investment and management.

As trust companies can only provide limited value-add and charge a low fee for transaction management business, the Group has been focusing on actively managed private financing business, asset management as well as wealth management. The Group's strong capability in active management businesses is evidenced by the Group's lower than industry average of single-investor trust plans, many of which are established for transaction management business. The proportion of single-investor trust plans of the Group was approximately 29 per cent., as compared to the industry average of approximately 58 per cent. On the other hand, 58 per cent. of the Group's trust plans are collective trust plans, most of which are actively managed plans, as compared to the industry average of approximately 32 per cent. The operating income of the Group's non-transaction management business accounted for 77.7 per cent., 76.6 per cent. and 75.0 per cent., of the Group's operating income for the years ended 31 December 2013, 2014 and 2015, respectively. Particularly, the Group has been expanding its business in asset management and wealth management, including the establishment of Beijing Zhongrong Dingxin Investment Management Co., Ltd. as a private equity fund company, the establishment of Zhongrong Fund as a mutual fund company and the establishment of Zhongrong Wealth Centre as a wealth management brand, which greatly diversified its product offerings and revenue sources. To support business development in these specialised areas, the Group has established specific divisions to develop and monitor each of the new business segments and dedicated various teams to cater to its clients' needs across a wide range of financial services. The Group's operating income from asset management and wealth management grew from RMB93.8 million in 2013 to RMB410.1 million in 2014 and RMB1,514.5 million in 2015, accounting for 2.0 per cent., 8.7 per cent. and 26.6 per cent., respectively, of the Group's total operating income in the corresponding periods.

The Group maintains a high level of professionalism in the selection and management of projects and the structuring of the Group's trust plans. For example, the Group has professional teams that utilise bonds, equity and mezzanine financing to tap the full potential of the market. The Group also established a special real estate business supervisory department that systematically organises on-site supervision for project progress and follow-ups, as well as monitors and controls the 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.

An expanding national network and diverse client base

The Group's investment business covers a wide range of industries ranging from real estate to infrastructure, securities, energy, 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 amongst different business segments.

The Group has a captive wealth management sales network, covering over 30 major cities in the PRC. The Group's sales force for wealth management products had increased from 87 people as at 31 December 2013 to 373 people as at 31 December 2014 and further to 799 people as at 31 December 2015. The Group's sales team members are experienced and qualified to sell a variety of financial products. A majority of the Group's sales personnel have sales experience from banks, insurance companies, securities and future firms, trust companies and other financial institutions. The Group has also established a subsidiary and made investments in Hong Kong.

The Group benefits from a large and diverse client base. As at 31 December 2015, the Group had over 30,000 individual clients and around 1,000 institutional clients in its trust business spreading throughout major cities and regions in the PRC. Large single investments, each with value over RMB50 million, accounted for about 76.9 per cent. of trust investments with the Group.

The Group is implementing further development of its distribution channels with a special focus on growing its direct sales channels. For the year ended 31 December 2015, approximately 77 per cent. of the Group's products were sold through its direct sales channels. Apart from cooperation with other financial institutions, the Group expects to increase the direct selling of its products to gain better control of its product distribution networks.

Strong support from the Company's shareholders

The Company has received strong support from its major shareholders. Its largest shareholder, Jingwei Textile, and third largest shareholder, Harbin Investment, are PRC government-controlled entities. Together they have the right to appoint five of the seven directors on the Company's board of directors (the "**Board**"), and they constantly monitor the Company's operations and financials, enabling the Company to avoid risks often associated with private enterprises. The Company's second largest shareholder, Zhongzhi Group, is a privately-owned large scale asset manager and financial services provider. In addition, the Company's shareholders have been a major source for its capital increases through capital injection. The Company's registered capital has increased from RMB325 million as at 30 September 2010 to RMB6.0 billion as at 31 December 2015.

Market-oriented culture, partnership model and high degree of autonomy of the management

The Group has a market oriented corporate culture, and the Group's management enjoys a high degree of autonomy, which enables the Group to respond quickly to changing regulatory policies and market conditions. This high level of flexibility and operational efficiency give the Group first-mover advantages in many new market opportunities.

The Group has operated a partnership model for its business teams, which applies a market-oriented risk- and reward-sharing mechanism in order to enhance the sense of responsibility, risk awareness and loyalty of its employees. The business departments of the Group are organised into teams led by partners which enjoys operational and financial independence, except that the approval of any projects has to follow the Group's unified standards. Teams are rewarded based on the success of their business projects, which incentivises business teams to maximise business development opportunities. To effectively control aggressive risk taking by such business teams, the Company defers payment of a substantial portion of their remuneration and compensation until the completion of their projects, thereby aligning personal interests of the business teams with successful completion of their projects. The amount set aside generally varies between 20 per cent. to 80 per cent. from project to project according to the risks identified by the Company. In addition, the Group established effective resource and risk sharing mechanisms amongst the partners such as a partnership risk reserve fund, where a portion of the operating income from each project is set aside as reserves to cover potential losses.

The Group has been able to adjust its businesses by closely following economic developments and opportunities in the market. The Company was one of the first trust companies in the PRC trust industry to diversify from its traditional core of private financing trust plans to provide a range of other financial and investment products and services such as asset management and private wealth management, which enabled 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 futures investment products based on stock indices 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, Huarong Xiangjiang Bank, Bank of Tianjin and Weihai City Commercial Bank.

Sound risk management and strong liquid asset base

The Group has sound risk management systems and a strong liquid asset base. The Group’s capital adequacy is strong, with its proprietary business assets mainly invested in highly liquid assets. As at 31 December 2015, the Group had RMB7,734.2 million in cash balance and RMB6,084.6 million invested in highly liquid money market funds, together these highly liquid assets accounted for 73.25 per cent. of total proprietary assets of the Group. In addition, the Group has established reserve funds to cover for contingent risks. These reserve funds include the trust compensation reserve fund, established in accordance with the Measures for the Administration of Trust Companies, as well as the partnership risk reserve fund and the project risk reserve fund. The latter two risk reserve funds were established in addition to regulatory requirements, as part of the Group’s sound risk management strategy.

The Group has established a sound risk management system and is dedicated to continued improvement of its risk management system. The Group enacted risk management policies and established different committees within its organisational structure to manage risks. The Group limits its exposure to high risk industries, such as those with overcapacity issues, and since the second half of 2014, has reduced its exposure to the real estate industry. At the level of the Board, the Company has established an audit and risk management committee responsible for forecasting and monitoring risks in its 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 Company has six departments with risk management functions responsible for research, investigation, analysis and monitor of the risk elements involved in its investment projects. As at 31 December 2015, approximately 252 employees of the Company were in risk management functions. The Company believes it has a leading status amongst the PRC trust companies in terms of the number of risk management staff.

In addition, in assessing the remuneration of senior management and some middle-level managers, the Company takes into account of compliance and risk management indicators, and part of such remuneration is paid on a deferred basis, which links remuneration with risk-management.

Experienced management team, supported by high quality and motivated employees

The Group’s senior management team is very experienced. On average, the Group’s senior management team has 13 years of experience in the finance industry. The appointments to the Group’s senior management team need to be approved by CBRC. The Group’s employees are professional and well-educated. As at 31 December 2015, the Group had 10 employees with doctorates, 643 with masters and 1,112 with bachelors, who in aggregate accounted for over 89.1 per cent. of its total employees. The Group hires graduates from top universities and also provides comprehensive and systematic training for new hires and offers them a broad development platform.

The Group encourages the cooperation of frontline and back-office employees in developing new investment products with innovative product structural designs, so that they can capture new business opportunities identified by the client-facing business units and at the same time address the practical concerns identified by supporting and risk management departments. The Group applies a market-oriented risk and reward-sharing mechanism, which further incentivises the innovation of its employees in developing new business projects.

The Group intends to maintain effective incentive mechanism for employees to attract talented employees, and aims to create a team of people-oriented, diligent and creative employees.

STRATEGIES

The Group's aim is to become a leading composite asset management group in the PRC with presence in international markets. While the Group is likely to remain in the transaction management business in the foreseeable future for the purposes of maintaining relationships, the Group intends to focus more to growing its actively-managed trust business, asset management and wealth management businesses. The Group intends to achieve this by focusing on client services and capturing the right market opportunities. Below are the specific strategies pertaining to each main business segment.

Private Financing Business

The Group intends to continue to develop its traditional trust business and explore opportunities for development in real estate financing, cooperation with local governments and stock-pledged financing. The Group intends to expand its high-value added businesses, including asset securitisation. The Group also plans to focus on its core and loyal customers and provide comprehensive and professional financing solutions for them.

The Group plans to fully establish its front office teams to be more influential in the market. The Group aims to comprehensively strengthen its ability to source assets, serve institutional clients and manage risks. The Group expects the private financing team to work together with the asset management team to better serve clients. In the transaction management business, the Group expects to strictly comply with regulatory requirements. In asset securitisation, the Group intends to maintain strong working relationships with a number of prominent financial institutions and to expand its market share. The focus of the Group's private financing business is to further cooperate with local government authorities, to participate in opportunities arising from the reform of state-owned enterprises, to explore investment opportunities in the international markets based on clients' demands and to advise on refinancing, mergers and acquisitions, and privatisation for listed companies.

Asset Management Business

The Group is focused on expanding its investment funds, offshore investment funds and hedge funds. The Group has established a number of alternative asset management companies to co-develop asset management business with the Group. The Group fully seizes and plans to further explore opportunities in capital markets to offer its customers with a wider range of high quality investment products. The Group's asset management business is also aiming to expand into managing private equity investment and government-led funds. The Group aims to recruit highly talented people, build up its investment capabilities and improve its operational efficiency. The Group plans to invest in its brand and expand the market influence and reputation of its asset management business. The Group aims to build up the capabilities of its asset management business to provide more sophisticated services to its asset management clients.

The Group is concurrently expanding overseas to improve its overseas asset selection capability and increase cooperation of the Group's subsidiaries both within and outside the PRC. The Group wants to satisfy the needs of global asset allocation of its high net worth clients. To achieve this, the Group intends to continue to invest in and expand its Hong Kong platform, and to expand its QDII scheme, which is an important entry point for the Group's overseas expansion.

The Group aims to make Zhongrong Fund a leading PRC mutual fund company, by improving its product mix, enhancing its sales network and investing in employees' training program. The Group plans to further improve Zhongrong Fund's product portfolio to cover various types of mainstream mutual funds and advance its development of new products such as segregated accounts. The Group also intends to deepen Zhongrong Fund's cooperation with major banks and other financial institutions, and strengthen its resale channels for mutual fund products.

Wealth Management Business

The Group plans to continue to develop its private wealth management business by investing in its staff and increasing the professional standards of its employees. The Group encourages staff members to actively explore opportunities in the market to create value for its customers, which is aligned with the Group's plan to provide one-stop services to its customers and provide the highest standards of customer service. The

Group also plans to invest in technology to enhance provision of services to its clients by building internet and mobile tools to supplement its offline sales force to provide better service to its customers. The Group intends to build an open platform for investment products and to centrally procure financial products to be sold on such platform to enable the Group to have standardised risk control and pricing and to increase its bargaining power. In order to strengthen the Group's sales capability and to optimise the costs of its products, the Group will actively promote its direct sales channels, and have wealth management client relationship managers stationed across over 30 major cities in the PRC. The Group aims to centralise the customer relationship management, to improve its client communication and to provide a better service experience for its clients in the wealth management business.

BUSINESS OF THE GROUP

The Group's trust business offers a wide range of high quality and innovative products and services that enable investors to participate in integration and restructuring opportunities. As at 31 December 2015, the Group's trust AUM was approximately RMB669.9 billion, which was managed through 1,586 trust projects, and it had over 30,000 individual clients and approximately 1,000 institutional clients in its trust business. In addition, the Group has expanded into non-trust businesses, including asset management and wealth management. The Group's total operating income had increased from RMB4.9 billion in 2013 to RMB6.6 billion in 2015, representing a CAGR of 15.8 per cent. over this period. The Group's high quality and innovative products are well recognised. For example, it's "ZRT-Wuxi Bin Hu No.1" trust plan won the "Best Real Estate Trust Plan" award from the Securities Times for its innovative product structure design and inclusion of rigorous risk prevention measures.

Business Segments

The Group's business can be divided into three main segments, namely private financing, asset management and wealth management. In addition, the Group receives other operating income mainly from proprietary investment activities. The business of the Group encompasses a range of investment and financial management activities, including both trust and non-trust businesses. The Group's non-trust business is conducted through its subsidiaries.

The tables below show the amount of assets under management and operating income of the Group by the three main business segments. The assets under management indicated below include both trust assets and non-trust assets.

Assets Under Management	As at 31 December		
	2013	2014	2015
	(RMB in millions)		
Private Financing	447,501.8	670,474.3	596,157.8
Asset Management	32,870.1	82,265.4	165,535.1
Wealth Management	—	—	—
Total	<u>480,371.9</u>	<u>752,739.7</u>	<u>761,692.9</u>
	For the year ended 31 December		
Operating Income	2013	2014	2015
	(RMB in millions)		
Private Financing	4,510.8	4,331.0	4,187.0
Asset Management	30.2	132.7	633.7
Wealth Management	63.5	277.5	880.7
Others ¹	293.6	790.4	886.3
Total	<u>4,898.1</u>	<u>5,531.5</u>	<u>6,587.8</u>

Note:

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

Private Financing Business

The private financing business focuses mainly on offering credit-based products to clients. Only qualified investors under Trust Funds Measures are allowed to invest in the Group's collective trust plans. See the section headed "*Industry and Regulatory Overview of Trust Companies in the PRC — Business Model.*" The Group also provides consultation services to its clients in relation to their investments.

Investors in the Group's private financing trust plans are generally provided information of the projects that the trust assets will be invested in, the duration of the trust plan and an estimated rate of return, but the Group does not guarantee such rate of return, nor will the Group guarantee the safety of invested trust assets. See the section headed "*Industry and Regulatory Overview of Trust Companies in the PRC — Business Model.*" If the invested projects fail to generate sufficient cash flow to satisfy the repayment of the trust assets and the estimated return at the expiration of the original trust plan, it will often be extended, either automatically or upon meeting the stipulated conditions in the trust agreement, for example, a resolution passed at the meeting of beneficial interest holders. During the extension period, the Group will work closely with the borrower to generate additional cash flow from the invested projects, including the sale of such projects to third parties in order to return the trust assets plus the expected return to the investors.

The Group's private financing business can be further divided into actively managed private financing business and the transaction management business. Transaction management is the trust business of passively managed trust plans. The actively managed private financing business covers industrial and commercial enterprise financing, financial product investment, real estate financing and government-trust cooperation.

The tables below show the amount of assets under management and the operating income of the private financing business as at and for the years ended and as at 31 December 2013, 2014 and 2015, respectively.

Assets Under Management	As at 31 December		
	2013	2014	2015
Private Financing Business			
	(RMB in millions)		
Transaction Management Business	233,753.9	396,459.4	341,283.4
Actively Managed Private Financing Business			
Industrial and Commercial Enterprise Financing.....	81,990.8	130,896.4	110,317.6
Financial Products Investment.....	20,151.4	21,043.2	55,165.8
Real Estate Financing.....	52,873.5	74,517.2	46,302.6
Government-Trust Cooperation.....	58,732.3	47,558.1	43,088.3
Total	<u>447,501.8</u>	<u>670,474.3</u>	<u>596,157.8</u>
Operating Income	For the year ended 31 December		
Private Financing Business	2013	2014	2015
	(RMB in millions)		
Transaction Management Business	1,028.9	1,108.0	1,425.6
Actively Managed Private Financing Business			
Industrial and Commercial Enterprise Financing.....	1,067.2	1,197.8	1,112.7
Financial Products Investment.....	22.0	83.1	111.1
Real Estate Financing.....	1,486.5	1,447.4	1,090.2
Government-Trust Cooperation.....	906.2	494.7	447.6
Total	<u>4,510.8</u>	<u>4,331.0</u>	<u>4,187.0</u>

Transaction Management Business

In the transaction management business, the Group sets up trust plans and takes instructions from mainly banks and other financial institutions who arrange the underlying investment projects and also provide funding for such projects. The Group plays a passive role in the management of the trust plans. The transaction management business is characterised by high-volume, low margins and low risks as compared with other trust plans. The Group earns a relatively low commission as a percentage of the total assets under management.

Given the low value-add and low fees from the transaction management business, the transaction management business may not be a significant contributor to the growth of the Group in the future. However, the Group will remain in the transaction management business for the purpose of maintaining good working relationship with the banks and other financial institutions.

Actively Managed Private Financing Business

Industrial and Commercial Enterprise Financing

The industrial and commercial enterprise financing business mainly provides financing services to a large number of industrial and commercial enterprises which manufacture goods and provide services. The Group lends funds raised from trust plans to such companies to support their business operations or capital investments, and often takes assets with a much higher value owned by these companies or their major shareholders as collateral or require such parties to provide guarantees. Common collateral packages include mortgage, pledge and guarantees and a sufficient buffer relative to the project is usually applied. In many cases, the Group also takes equity interests in the project companies to provide additional security for the trust money invested in such companies, where the original owner of the project company has the right to purchase back such equity interest at an agreed price with the Group after certain conditions are met. An example of the Group's financing to industrial and commercial enterprises is a trust plan's financing of the construction of a hydroelectric project in Qinghai province. The Group invested RMB3,000 million of trust money, including RMB2,700 million for a 49.09 per cent. equity interest in the project company and a RMB300 million loan to the project company. The original shareholder of the project company has right to purchase back the 49.09 per cent. equity interest at an agreed price after certain period of time. To further enhance the security of the trust assets, the Group also required the original shareholder of the project company to pledge to the Group a portion of its remaining equity interest in the project company, and required the controlling shareholders of the original shareholder to provide repayment guarantees.

The Group also provides stock-pledged financing services, which establish trusts plans that invest in loans backed by stocks or other securities traded on the secondary market as collateral. The Group has established risk management mechanisms including daily mark-to-market system, operational alerts and stop-loss mechanism. The Group will conduct the unwinding operation when the pledged shares fall below the stop-loss threshold. The Group can also require the borrower to top up funds or shares when the value of pledged shares falls below certain level.

The Group focuses on providing financing services to industrial and commercial enterprises with good credit history and a strong ability to repay its debts. The Group has established policies that clearly set out operating standards of providing financing services to industrial and commercial enterprises. The Group's policy is against making investments in industries that involve high pollution, high energy consumption and excess capacity, but encourage investments in energy saving, environmental protection and clean energy industries.

At 31 December 2015, AUM of industrial and commercial enterprise financing business amounted to approximately RMB110.3 billion, around 14 per cent. of the Group's total AUM. The ratio of the industrial and commercial enterprise financing business AUM, as a percentage of the Group's total AUM, decreased by 3 per cent. in 2015.

Financial Products Investment

The Group establishes trust plans to invest in income generating financial products, including trust plans, wealth management products and other financial products issued by banks, insurance companies, securities companies, fund management companies, trust companies and other financial institutions.

The Group has cooperated and maintained good working relationships with many key banks in the PRC, including major state-owned commercial banks, joint-stock banks, city commercial banks and rural commercial banks, as well as other financial institutions. The Group has benefited from these relationships in terms of its increased access to businesses, widened investment scope and better risk management.

Real Estate Financing

The Group establishes trust plans to invest in residential development projects focused on first and second tier cities in the PRC, commercial properties with mature operations, and high quality urban mixed-development projects. As at 31 December 2015, the AUM of real estate projects in first and second tier cities in the PRC

amounted to 28 per cent. and 54 per cent. of the total real estate projects, respectively. At 31 December 2015, AUM of real estate financing business amounted to approximately RMB46.3 billion, around 6 per cent. of the Group's total AUM. The ratio of real estate financing business AUM, as a percentage of the Group's total AUM, decreased by 4 per cent. in 2015.

The Group officially launched its real estate trust business in 2010. Through investments in and management of projects, the Group has accumulated significant experience in areas including selecting investment and financing projects, designing trust plans, managing projects and controlling risks. The Group established professional teams to explore and utilise the full potential of the real estate business with capital market tools such as bonds, equity and mezzanine financing.

As with industrial and commercial enterprises financing, the Group generally takes a number of measures to safeguard the security of the trust assets invested in real estate projects, including obtaining ownership interest of project companies while giving original owners the right to buy back such interest at agreed prices, taking security interest in the land and buildings under the project company, and/or requiring original owners pledge their shares in the project company or guarantee the repayment of the investment in accordance to the agreed terms.

The Group has set up a real estate business supervisory department for the supervision and management of its projects, which dispatches 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 repayment of trust assets from these projects.

The Group has started to tighten its screening of traditional real estate financing projects since the second half of 2014 by prioritising the projects in first tier cities in the PRC with good quality, adequate margin of safety and sufficient profit headroom.

Government-Trust Cooperation

The Group cooperates with local governments to help them with financing and investment needs, including financing for local government infrastructure projects. In addition to cash flows generated from the projects, repayments of the trust loans are usually guaranteed by the local governments. The Group's government-trust cooperation projects have a relatively short maturity profile. At 31 December 2015, AUM of government-trust cooperation business amounted to approximately RMB43.1 billion, around 6 per cent. of the Group's total AUM. The ratio of government-trust cooperation business AUM, as a percentage of the Group's total AUM, stayed about the same in 2015. As at 31 December 2015, the Group's government-trust cooperation projects covered 14 provinces, municipalities and autonomous regions in China, with 33 per cent. of its AUM in prefectural-level cities, 27 per cent. in counties, 24 per cent. in provincial capitals and 16 per cent. in municipalities. The Group mainly cooperates with local governments from the more economically developed regions of the PRC, which generally have a better credit profile to ensure the safety of the invested trust assets. For example, Jiangsu Province accounted for 41 per cent. of the Group's government-trust cooperation business in terms of AUM, as at 31 December 2015. The government-trust cooperation projects of the Group are mainly conducted through trust plans and provide trust funds for large scale infrastructure projects, including municipal works, public facilities, water system, road and transportation system, to energy and telecommunication. The Group has been continually improving its government-trust cooperation franchise, both in terms of project structuring and later-phase operation management, and has accumulated substantial investment expertise in this segment.

Asset Management Business

The Group's asset management business is a relatively new business established in recent years, reflecting the Group's effort to broadening its product offering from traditional private financing business. The asset management business is mainly focused on investment in money market funds, equity securities, mergers and acquisitions, private placements and mutual funds. The Group does not provide an estimated return to its investors in its asset management business. The Group typically charges a fixed management fee as a percentage of the assets under management. Other than management fees, the Group also charges performance based fees, which are linked to the investment return.

The tables below show assets under management and operating income of the asset management business as at and for the years ended 31 December 2013, 2014 and 2015, respectively.

Assets Under Management Asset Management Business	As at 31 December		
	2013	2014	2015
	(RMB in millions)		
Money Market Funds.....	27,299.9	49,481.8	58,790.3
Private Equity and Mergers and Acquisitions	2,372.5	7,579.3	21,393.1
Securities Market Investments	1,301.9	5,078.7	30,416.9
Mutual Funds	1,837.0	19,979.8	51,189.8
Others.....	58.8	145.9	3,745.0
Total	<u>32,870.1</u>	<u>82,265.4</u>	<u>165,535.1</u>

Operating Income Asset Management Business	For the year ended 31 December		
	2013	2014	2015
	(RMB in millions)		
Money Market Funds.....	0.4	5.4	12.9
Private Equity and Mergers and Acquisitions	20.3	81.4	99.7
Securities Market Investments	7.6	1.7	253.1
Mutual Funds	1.0	23.0	195.0
Others.....	0.9	21.3	73.1
Total	<u>30.2</u>	<u>132.7</u>	<u>633.7</u>

Money Market Funds

The Group establishes trust plans to offer investment opportunities in PRC's money market funds. The major clients for the Group's money market funds include commercial banks, securities brokerages and other financial institutions as well as corporations. The Group plays an important role in selecting investment targets and managing liquidity of the funds.

Private Equity and Mergers and Acquisitions

The Group establishes trust plans that offer investment opportunities in private equity investment and mergers and acquisitions transactions.

The Group has strict criteria for selecting private equity and mergers and acquisitions deals. The Group would normally participate in the due diligence process when selecting the target company, including site visits. All projects selected by the Group must have a clear and detailed exit plan and related risk control measures. The exit plan prepared by the Group include details such as the exit timing and method, such as IPO, sale to third parties or, in the case of some equity investments, exercising the Group's put right to sell the shares back to the original shareholder. Examples of the Group's recent investment in this area are Zhongrong-Rongyu No.10 and No.15 Trust Plan, which in cooperation with Beijing Cancer Hospital acquired 65 per cent. equity interest in the New Journey Hospital in Beijing in 2015. New Journey Hospital specialises in medical treatment of cancer and related healthcare services.

Securities Market Investments

The Group establishes trust plans that offer a broad range of securities investment opportunities, including primary markets, secondary markets and private placement. The Group has built a strong securities-trading platform, established professional securities investment teams and formed partnerships with commercial banks, securities companies, fund management companies and investment management companies. The Group was granted its stock index futures trading business licence by the CBRC in 2012, and introduced stock index futures securities investment products, such as the "ZRT-Bing Jian No. 1 Securities Collective Investment Fund Trust Plan." in 2013.

The Group establishes trust plans that offer investment opportunities in private placements of securities by companies listed domestically on either the Shanghai Stock Exchange or the Shenzhen Stock Exchange, or listed offshore on the Hong Kong Stock Exchange. As at 31 December 2015, the Group had invested RMB8.4 billion in A share private placement transactions. An example of the Group's trust investment in A shares is the Zhengyin No.7 Plan, which invested RMB780 million in the private placement of Beijing Urban Construction Group Co., Ltd. in August 2014.

The Group also establishes trust plans that offer investment opportunities in international securities markets. In November 2014, CBRC approved the Group'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 Group established the first QDII project "Gang Rong Tong No.1" with assets under management of around USD50 million. As at 31 December 2015, the Group had invested USD300 million in private placements of HKSE listed companies in shares and convertible bonds through the QDII scheme.

Mutual Funds

The mutual fund business of the Group is operated through Zhongrong Fund Management Co., Ltd. The Company owns 51 per cent. of Zhongrong Fund, with the remaining 49 per cent. owned by Shanghai Shengrong Investment Co., Ltd.

Zhongrong Fund was established in May 2013 as a company specialising in mutual fund business approved and supervised by the CSRC. Zhongrong Fund was established with RMB750 million registered capital. According to Wind Information, Zhongrong Fund had the highest amount of registered capital amongst the mutual fund companies in the PRC as at 31 December 2015. Zhongrong Fund has established various mutual funds, covering the major types of mutual funds in the market.

Product Distribution of Zhongrong Fund

Fund Type	Number of Funds	Proportion ¹ (%)
Currency Funds	271	69%
Mixed Funds.....	93	24%
Indexed Funds	18	5%
Debt and Fixed Income Funds	7	2%
Total	389	100%

Note:

(1) Based on the number of funds

As at 31 December 2015, Zhongrong Fund had total AUM of RMB51 billion, an increase from RMB20 billion as at 31 December 2014. For the year ended 31 December 2015, Zhongrong Fund's operating income was RMB195 million, an increase from RMB23 million for the year ended 31 December 2014.

Others

The Group has other businesses that provide related services and offer investments in other diverse fields, including real estate investments and investments in the cultural industry.

The Group establishes trust plans that offer equity investment opportunities in residential and commercial properties in major cities in the PRC. The Group prefers to cooperate with leading real estate firms in the PRC in such investment projects. In selecting the investment projects, the Group generally looks at the following criteria: (i) whether the project has a cost advantage, (ii) whether the expected sales price is reasonable, and (iii) whether the project has a high gross profit and high safety margin. An example of such investment is Zhongrong-Changhe Prosperous World No.1 Trust Plan, which acquired a 23-storey office building in the Jing'an District of Shanghai.

A few of the Group's trust plans offer investment opportunities in the cultural industry, such as concert performances and film production and distribution. As at 31 December 2015, the Group's trust plans had five cultural industry investment projects which aim to invest in outstanding music and film projects in the PRC. By 31 December 2015, the Group had RMB275 million total assets invested in the cultural industry. An example of such investment is Yuerong Yinghua No.1 Investment Fund, which has invested RMB10.5 million in the film production of the popular Chinese science fiction "The Tree-Body Problem" written by Liu Cixin.

The Group's asset management business is taking active steps to expand into government-led industry funds and has had discussions with local governments of Anhui and Hubei provinces and Guangzhou city.

Wealth Management Business

The wealth management business provides a platform for the Group to directly distribute and sell financial products and services to its clients. The Group is currently concentrating on distributing its own financial products and services. However, the Group expects that it can be a distribution platform for third party products in the future.

It also includes the growing family asset management office business in which the Group helps manage family assets of its wealthy clients and provides estate planning services.

The operating income of the Group's wealth management business were RMB63.53 million, RMB277.46 million and RMB880.73 million for the years ended 31 December 2013, 2014 and 2015, respectively.

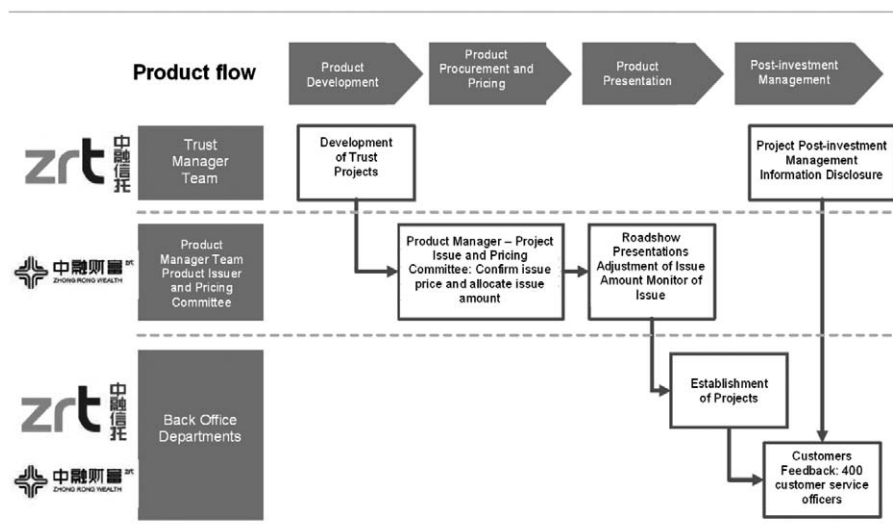
Zhongrong Wealth

The Group has established the Zhongrong Wealth Centre and Zhongrong Wealth Operational Support Centre (“**Zhongrong Wealth**”), covering over 30 core cities in the PRC. Zhongrong Wealth Centre is the main distribution platform for products and services to individual clients. Zhongrong Wealth Centre has over 50 branches in the PRC divided into five sales regions. The main function of the Zhongrong Wealth Operational Support Centre is the sourcing and distribution of products, customer information management and trust contract management.

Zhongrong Wealth regularly holds client events and seminars on topics relevant to its wealth-management clients including financial management, family wealth succession and overseas investments. The Group has also established advanced 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 2015, the Group had a team of 799 salespersons in its wealth management business segment, covering over 30,000 high net wealth individual clients. Its sales team had grown significantly from 373 salespersons as at 31 December 2014 and 87 salespersons as at 31 December 2013. For the year ended 31 December 2015, the value of products distributed by Zhongrong Wealth was RMB95.6 billion.

The Group has adopted a structured development and management flow for its wealth management products, with comprehensive cooperation 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 management team and product issue and pricing committee for confirming their issue prices and allocation, followed by presentations by relationship managers to clients. Once the projects are formally established, the trust management 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 Asset Management Office

To expand its wealth management business, the Group established the Family Asset Management Office business on 30 April 2014 to serve high net worth individual clients. The Family Asset Management Office is designed to manage 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 Asset Management Office allows the Group to provide one-stop services to meet the needs of high-net-worth individual clients.

Management of Proprietary Assets

The Group manages its proprietary funds prudently, the majority of which is either deposited in banks or invested in highly liquid assets, such as money market funds. As at 31 December 2015, the Group had RMB7,734.2 million in cash balance and RMB6,084.6 million invested in highly liquid money market funds, which in aggregate accounted for 73.3 per cent. of the Group's total proprietary assets. The Group also makes equity investments in listed as well as unlisted companies both within and outside the PRC. The Group manages its proprietary funds in accordance to its own prudential and risk management policies. In light of the recent volatility in the global markets and in line with its prudential management policy, the Group intends to continually and actively evaluate its portfolio both onshore and offshore and may adjust its portfolio position, including divestment and disposal of investment assets, as and when opportunities arise. The table below shows the allocation of its proprietary assets as at the dates indicated.

Total Group's Proprietary Assets	As at 31 December		
	2013	2014	2015
	(RMB in millions)		
- Cash.....	8,426.87	4,014.74	7,724.53
- Other monetary assets	4.66	96.88	9.63
- Financial assets held for trading ¹	239.10	6,039.32	6,152.55
- Available-for-sale financial assets	406.44	604.92	2,272.30
- Long-term equity investment	45.45	53.16	1,647.72
- Others	564.98	1,391.29	1,045.09
Total	<u>9,687.51</u>	<u>12,200.31</u>	<u>18,851.82</u>

Note:

(1) Financial assets held for trading include money market funds

Highly Liquid Assets	As at 31 December		
	2013	2014	2015
	(RMB in millions)		
- Cash.....	8,426.87	4,014.74	7,724.53
- Money Market Funds	—	5,452.38	6,084.61
Total	<u>8,426.87</u>	<u>9,467.13</u>	<u>13,809.14</u>

Other long-term equity investments

The Company has long-term equity investments in a number of subsidiaries that complement the existing business of the Group, including China Trust Protection Fund Co., Ltd.

In 2014, the Company became a founding member of the China Trust Protection Fund, which was established by the China Trustee Association under the direction of CBRC to promote better management and detection of risks in the trust 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, plus the right to appoint one director to the board of the China Trust Protection Fund Co., Ltd.

EMPLOYEES

As at 31 December 2015, the Group had a total of over 1,500 employees, which are based in more than 32 core cities in the PRC including Beijing, Shanghai, Shenzhen and Chengdu. The Group's employees are well-qualified in terms of educational qualifications, with 10 with doctorates, 643 with master's degrees and 1,112 with bachelor's degrees, accounting for over 89.1 per cent. of the total number of employees. The departmental distribution of the Group's staff as at 31 December 2015 is as follows:

Employee Distribution	Number	Percentage of total staff
Front-office	785	42%
Middle- and back-office	382	20%
Zhongrong Wealth Centre	799	37%
Senior Executive	14	1%
Total	1,980	100%

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.

The Group has operated a partnership model for its business teams, which applies a market-oriented risk and reward-sharing mechanism in order to enhance the sense of responsibility, risk awareness and loyalty of its teams and employees. The business departments of the Group 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.

In recent years, due to its increased market presence, the Group has recruited talent from a wide range of organisations including commercial 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 2015, the Group recruited about 27 graduates from top universities in the PRC including Peking University, Tsinghua University, Renmin University, Nankai University, Fudan University, Shanghai University of Finance and Economics, Central University of Finance and Economics and China University of Political Science and Law.

Based on the Group's development strategy for 2016, the Group is actively recruiting talents for its alternative asset management and wealth management businesses. The Group has engaged recruitment services to enable it to source from a wide pool of candidates with relevant experience and expertise.

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 organisational structure of the Group from the Board to senior management and to project execution and 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.

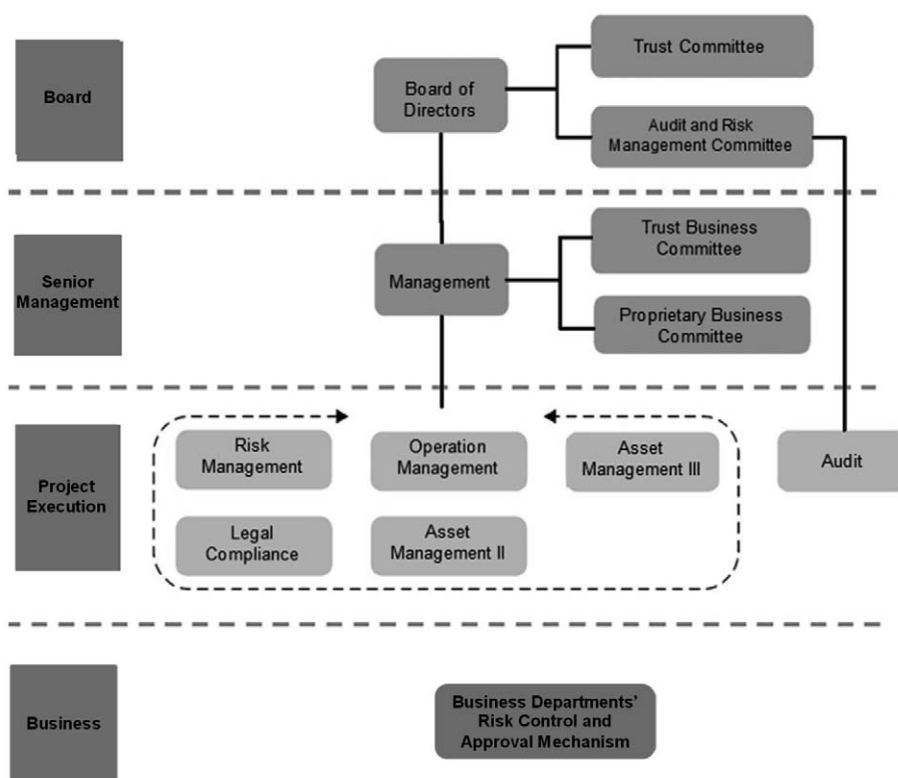
At the senior management level of the Group, the Group has established a Trust Business Committee and a Proprietary Business Committee. These two committees report directly to the President of the Group and are responsible for collectively reviewing and deciding on major investment and/or financing proposals 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 2015, the Group had 252 employees in the six functional risk management departments. The Group believes it has a leading status amongst the PRC trust companies in terms of the ratio of risk management staff.

At the business levels, business teams are assigned to an independent approver before the establishment of projects who is responsible for monitoring the risks and conducting due 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 review the due diligence investigation for a second time. 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 cooperation 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 six-dimensional risk management mechanism, including the project risk reserve fund, the partnership model, the trust compensation reserve fund, independent approver for projects, professional ex-post monitoring of projects and deferred compensation mechanism.

The Measures for the Administration of Trust Companies stipulate that all trust companies in the PRC shall establish a general risk reserve fund and also keep 5 per cent. of the profit after tax each year as the trust compensation reserve fund. As at 31 December 2015, the accumulative trust compensation reserve fund of the Group amounted to RMB562 million while the general risk reserve fund of the Group amounted to RMB134 million.

Under the partnership model, the partners of the Group share a part of the business risks of the Group. About 5 per cent. of the business operating income will be set aside into a partnership risk reserve fund. As at 31 December 2015, the partnership risk reserve fund amounted to RMB548 million in size.

The Group generally retains some of the performance-related remuneration into a project risk reserve fund. 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 will the reserved remuneration be released to staff. As at 31 December 2015, the project risk reserve fund amounted to RMB699 million.

The payment of performance related remuneration of senior managers as well as certain mid-level management 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.

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 five independent approving teams, each team led by an experienced independent approver. The Group hires experienced and professional consultants from the banks, trust companies, real estate companies and professional valuation firms and put them into independent approving teams of the Group. The five independent approving teams will attend the Trust Approval Committee meeting on an ad hoc basis. After the project is delivered for approval, the independent approving team will review the project first of its legal and commercial risks before submitting the project to the Trust Approval Committee for further analysis and evaluation.

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 and ex-post monitoring of other types of projects is carried out by the Department of Operational Management.

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.

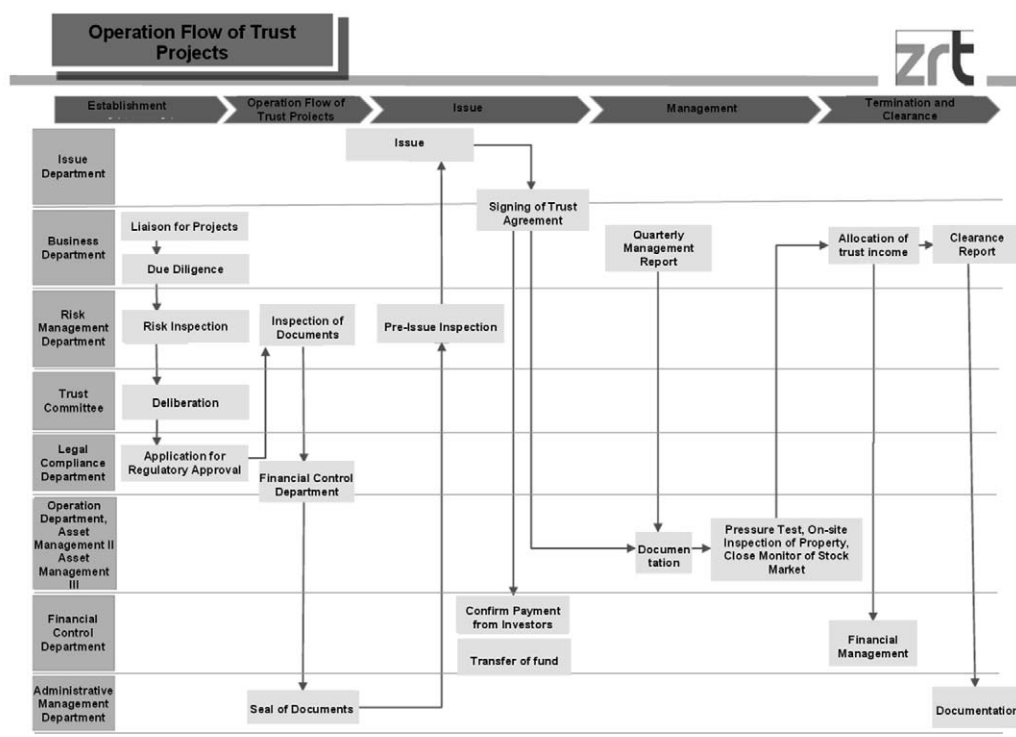
Risk assessment and approval process of the Group



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 following stage, the independent approvers from the Risk Management Department carry out their review of the project, before the business teams conduct 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 11 members with the following combination: three out of five independent approvers and three out of six non-independent approvers, which include employees from the compliance department, the operation department, the risk management department and other middle-office 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 to the Reconsideration Committee of the Company for further consideration.

Operation flow of the Group's trust projects

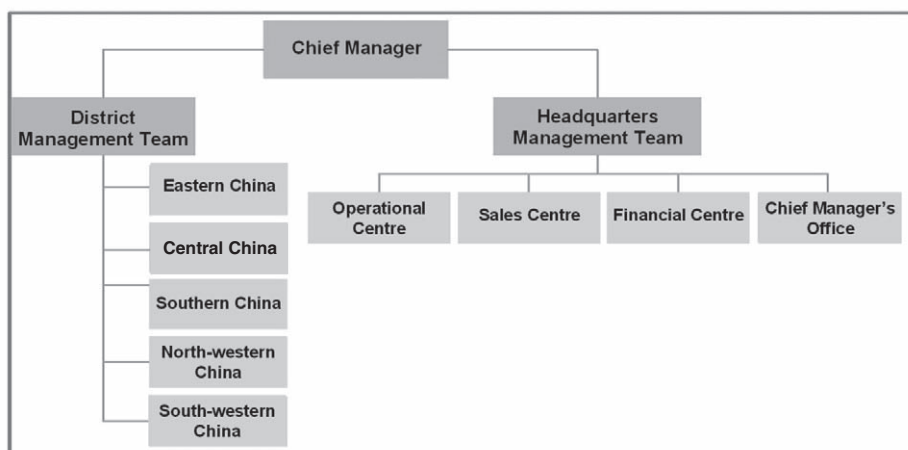


Ex-post Monitoring

The Group implements different ex-post monitoring procedures for real estate and securities projects by different measures such as risk examination and pressure test. Ex-post monitoring includes ex-post monitoring of real estate projects by the Asset Management II Department, ex-post monitoring of securities and capital markets projects by the Asset Management III Department and ex-post monitoring of other types of projects by the Department of Operational Management.

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 2015, the Asset Management II Department had 123 staff members, including 62 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

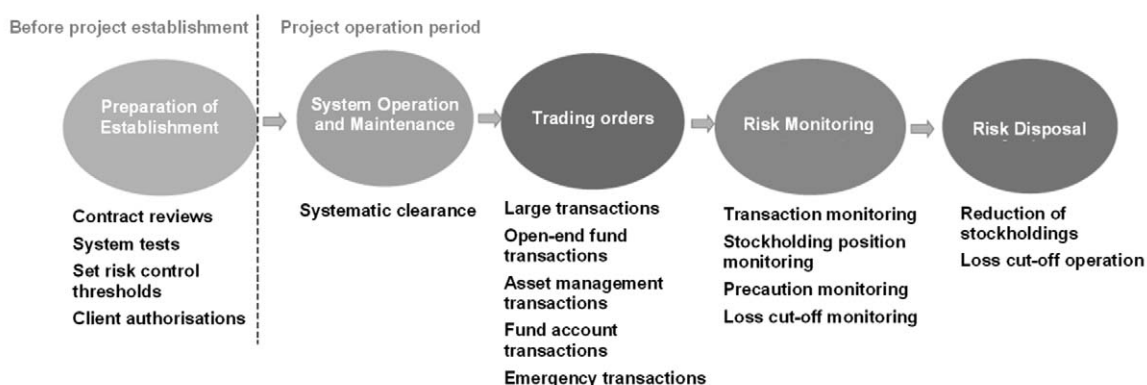


The Group selects one of three different models of ex-post supervision for real estate projects depending on the counterparty, the deal structure, the risk management measures and the circumstances of the project. The three different supervision models are off-site supervision, budget control supervision and total control supervision. In the off-site supervision model, after the project handover date, there is no supervisor on-site and the Group 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 from the supervisors.

Ex-post monitoring by the Asset Management III Department

Ex-post monitoring of securities projects is carried out by the Asset Management III Department, which, as at 31 December 2015, had 17 staff members. Before the establishment of the project, the Asset Management III Department would 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 the 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.

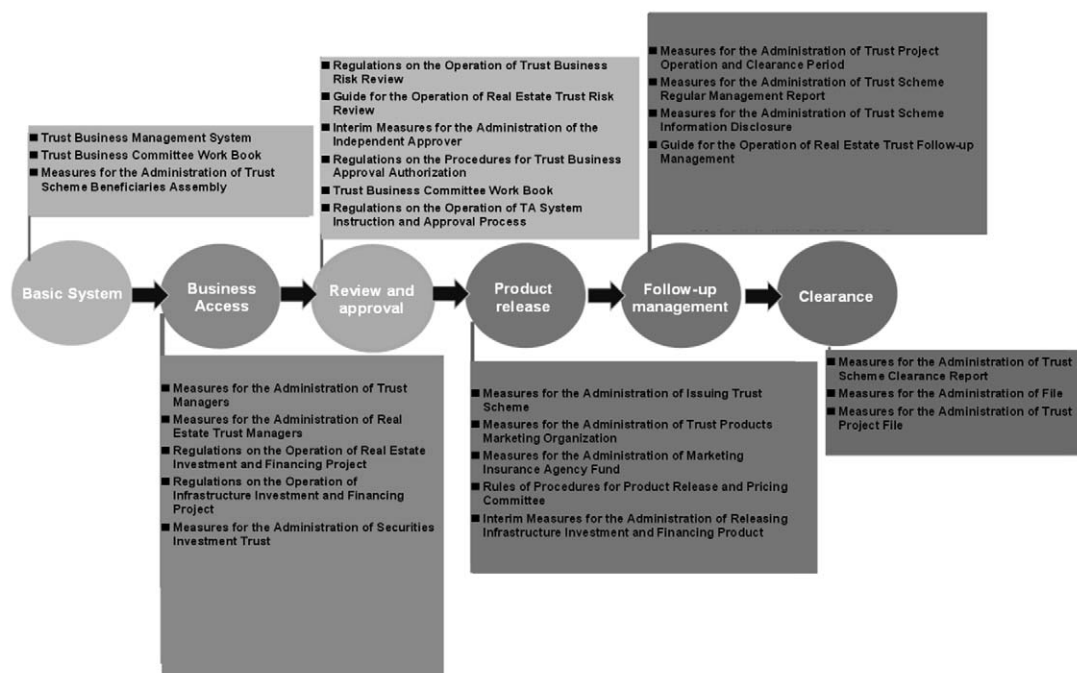
The ex-post monitoring process on transactions of the Group



Risk Management Policies

The Group has put in place policies and procedures in every stage of its business. As at 31 December 2015, the Group had 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 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.

The Group 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 ensure 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 establishes 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.

As for external audits by Jingwei Textile Machinery Company Limited, the Company's major shareholder, SASAC and CSRC have 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. Each trust plan's assets and financial performance are accounted for separately. The Group also uses separate personnel to manage the accounts of trust plans and its proprietary accounts. 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.

Information management

The Group has constantly increased its investments in its information systems with a view to meet 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 2015, the Company had a 150m² 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 to 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	Position
Liu Yang (劉洋)	Chairman of the Board
Yao Yuming (姚育明)	Deputy Chairman of the Board
Zhang Xianghui (張向暉)	Deputy Chairman of the Board
Zhang Dong (張東)	Director
Zhang Xianjun (張憲軍)	Director
Li Hui (李輝)	Independent Director
Li Huajie (李華傑).....	Independent Director

Biographies of Directors

LIU Yang (劉洋), Mr. Liu served as Company's Chairman from 30 May 2009 to 25 May 2015, and resumed his current term as Chairman since 14 March 2016. He previously held positions as a staff of the International Business Department of Industrial and Commercial Bank of China, Heilongjiang Branch, the founder of Zhongzhi High-technology Investment Co., Ltd., and the Chief Financial Officer of Shanghai Zhongzhi Jinzhi Technology Investment Co., Ltd. Mr. Liu also previously held positions as the Vice President, the Chief Executive Officer, the Chief Financial Officer and the Chairman of the Board of Zhongzhi Enterprise Group Co., Ltd.

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. and the member of CPC committee of China Hi-tech Group Corporation. Mr. Yao previously held positions as 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 Jingwei Textile Machinery Co., Ltd.

ZHANG Xianghui (張向暉), Ms. Zhang has served the Company as the Deputy Chairman of the Board since December 2015. She previously held positions as the Deputy Head of the Inter-bank Business Department at Industrial Bank Co., Ltd., Shanghai Branch. Ms. Zhang previously held positions at Industrial Bank Co., Ltd. as the Deputy Chief of its Wealth Management Division, Capital Operation Centre, the Chief of its Issuance and Underwriting Division, Investment Bank Department and the Deputy General Manager of its Investment Banking Department.

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, the General Manager of the IT Department at Tianyuan Securities Brokerage Co., Ltd. and the Deputy General Manager of the 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 in welding equipment and technology and has 17 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 concurrently holds the position as Chief of the Finance Department of Harbin Investment Group Co., Ltd. Mr. Zhang previously held positions at Harbin Investment Group Co., Ltd. as the Chief of its Long-Term Development and Planning Division, the Secretary, the Deputy Director and the department-equivalent Officer of its Executive Office.

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

LI Huajie (李華傑), Mr. Li has served the Company as an independent Director since August 2015. He concurrently holds the position as the Managing Partner of Beijing Yongtuo Accounting Firm. Mr. Li previously held positions as the Financial Controller of Harbin Valve Factory, the Department Manager of Heilongjiang Accounting Firm, the Department Manager of Heilongjiang Industrial Accounting Firm, the Director and the Deputy Chairman of BDO Reanda Accounting Firm, the Deputy-Head Accountant of Beijing Yongtuo Accounting Firm.

Basic information about Senior Management

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

Name	Position
Zhang Dong (張東)	President
You Yu (遊宇)	Executive Vice President
Hu Meng (胡猛)	Vice President
Zhan Weihong (戰偉宏)	Vice President
Liu Weiqi (劉偉器)	Vice President
He Zhiqiang (何志強)	Vice President
Lian Jinhua (連晉華)	Chief Financial Officer
Huang Wei (黃威)	Chief Compliance Officer

Biographies of Senior Management

The biography of Mr. Zhang Dong (張東) can be found in the Biographies of Directors.

YOU Yu (遊宇), Mr. You has served as the Executive Vice President of the Company since June 2013. He previously held positions as the Deputy Head of the Non-Bank Division at PBOC, Tianjin Branch, the Deputy Head Officer of the Non-Bank Division at CBRC, Tianjin Superintendence, and the Deputy Chief of the Non-Bank Financial Institutions Supervision Department at CBRC. Mr. You holds a master's degree in financial management 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 at Deloitte Touche Tohmatsu CPA LLP, the Financial Controller at China Sinochem Finance Co., Ltd, the Deputy General Manager of the Company's Risk Management Department, the General Manager of the Company's Direct Investment Department and the General Manager of the Company's Treasury and Capital Market Department. Mr. Hu holds a bachelor's degree in finance and has 8 years of work experience in the finance industry.

ZHAN Weihong (戰偉宏), Mr. Zhan has served as a Vice President of the Company since October 2014. He previously held positions as the Deputy Director and the Director of the Non-Bank Financial Institutions Supervision Department at CBRC. Mr. Zhan holds a master's degree in development economics and has 19 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, the Vice President of Zhongzhi Enterprise Group Co., Ltd, the Chief Accountant of Harbin Rongxing Pawnshop and the Chief Financial Officer of Shanghai Zhongronghui Investment and Guarantee Corporation. Mr. Liu holds a bachelor's degree in Russian and has 13 years of work experience in the finance industry.

HE Zhiqiang (何志強), Mr. He has served as a Vice President of the Company since October 2011. He previously held positions as the General Manager Assistant of the Engineering Department at Beijing Mengke Properties Company Limited, the General Manager of the Financial Market Department at the Company and the President Assistant of the Company. Mr. He holds a master's degree in business administration and has 10 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, the Chief Accountant of Shanxi Textile Machinery Company Limited of Jingwei Machinery Group and the Head of the Strategic Management Department at Jingwei Textile Machinery Company Limited. Mr. Lian holds a bachelor's degree in accounting and has 7 years of work experience in the finance industry.

HUANG Wei (黃威), Ms. Huang has served as the Chief Compliance Officer and the Secretary of the Board of the Company since October 2010. She previously held the position as the Supervisory Principal of the Supervisory Cooperation Department for Business Innovation at CBRC. Ms. Huang holds a master's degree in accounting and has 18 years of work 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.

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, Shareholder Equity and Liquidity

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

- 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 Issuer to have a Consolidated Net Worth of at least U.S.\$1.00 at all times;
- the Guarantor to ensure 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 RMB10,000,000; 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 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 at any time falls below U.S.\$1.00 or Equity attributable to owners of the Guarantor at the end of the Relevant Period falls below RMB10,000,000 (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 to the Keepwell and Liquidity Support Deed 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 and any non-contractual obligations arising out of or in connection with it shall be governed by English 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 (the “**Purchaser**”) to purchase (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 date of the Purchase Notice; 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 Trust Deed (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 by the Principal Paying Agent 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 aggregate 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.\$17,375,000, 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**”), 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 same day 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 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 same day 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 up to but excluding the date of payment) 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 and any non-contractual obligations arising out of or in connection with it shall be governed by English 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.

HONG KONG

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- interest on the Notes is derived from Hong Kong and is received by or accrues to a company (other than a financial institution) carrying on a trade, profession or business in Hong Kong;
- interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a company (such as a partnership), carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or
- interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong) and arises through or from the carrying on by the financial institution of its business in Hong Kong.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of the Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, from the carrying on of a trade, profession or business in Hong Kong, the sum is revenue in nature and the sum has a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

Stamp Duty

No Hong Kong stamp duty is payable on the issue of the Notes. Stamp duty may be payable on any transfer of the Notes as the relevant transfer is required to be registered in Hong Kong, but stamp duty will not be payable if the Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap.117 of the Laws of Hong Kong)). The Notes, under the present terms and conditions, constitute loan capital (as defined in the Stamp Duty Ordinance) and accordingly no Hong Kong stamp duty will be chargeable upon the issue, transfer or exchange of a Bond.

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.

On 23 March 2016, the PRC Ministry of Finance and the PRC State Administration of Taxation jointly issued the Circular of Full Implementation of Business Tax to Value-added Tax Reform (Cai Shui [2016] No. 36) (關於全面推開營業稅改徵增值稅試點的通知(財稅[2016]36號)) (“**Circular 36**”), which confirms that business tax will be completely replaced by VAT from 1 May 2016. VAT is applicable where the entities or individuals provide services within the PRC. VAT is unlikely to be applicable to any transfer of Notes between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Notes, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Notes is located inside the PRC. Circular 36 and laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

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.

The proposed financial transactions tax (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary’ market transactions) in certain circumstances.

Under the Commission’s proposal, 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.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

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

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Notes (as described under “*Terms and Conditions — Further Issues*”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

PRC CURRENCY CONTROL

Current Account Items

Under 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.

Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. Following progressive reforms, Renminbi settlement of imports and exports of goods and of services and other current account items became permissible nationwide in 2012, except that the key enterprises on a supervision list determined by the PBOC and five other relevant authorities in the PRC would be subject to enhanced scrutiny when banks process current account cross-border repatriations.

On 5 July 2013, the 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 simplified the procedures for cross-border Renminbi trade settlement under current account items. On 1 November 2014, PBOC introduced a cash pooling arrangement for qualified multinational enterprise group companies, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for eligible member companies in the group. On 5 September 2015, PBOC promulgated the Circular on Further Facilitating the Cross-Border Bi-directional Renminbi Cash Pooling Business by Multinational Enterprise Groups (關於進一步便利跨國企業集團開展跨境雙向人民幣資金池業務的通知) (the “**2015 PBOC Circular**”), which, among others, have lowered the eligibility requirements for multinational enterprise groups and increased the cap for net cash inflow. The 2015 PBOC Circular also provides that enterprises within a pilot free trade zone in the PRC, such as the China (Shanghai) Pilot Free Trade Zone (“**Shanghai FTZ**”) may establish an additional cash pool in the local scheme in such pilot free trade zone, but each onshore company within the group may only elect to participate in one cash pool.

The regulations referred to above are subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these regulations and impose conditions for settlement of current account items.

Capital Account Items

Under 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 of capital account items, for example, the capital contribution of foreign investors to foreign invested enterprises in the PRC, were generally required to be made in foreign currencies. Under progressive reforms by PBOC, MOFCOM and SAFE, foreign investors are now permitted to make capital contribution, share transfer, profit allocation and liquidation and certain other transactions in Renminbi for their foreign direct investment within the PRC. Cross-border Renminbi payment infrastructure and trading facilities are being improved. Approval, registration and filing requirements for capital account payments in Renminbi are being removed gradually. The Circular on Reforming the Administrative Approach of the Foreign Exchange Capital Settlement for Foreign Invested Enterprises (關於改革外商投資企業外匯資本金結匯管理方式的通知) became effective on 1 June 2015 (the “**2015 SAFE Circular**”). In addition to the option to settle foreign current capital through payment-based foreign exchange settlement (支付結匯制), the 2015 SAFE Circular allows foreign-invested enterprises to settle up to 100 per cent. (subject to future adjustment at discretion of SAFE) of the foreign currency capital (which has been processed through the SAFE’s equity interest confirmation procedure for capital contribution in cash or registered by a bank on the SAFE’s system for account-crediting for such capital contribution) into Renminbi according to their actual operational needs on a voluntary basis. In principle, the Renminbi proceeds through the aforementioned voluntary settlement shall be deposited into designated bank account called capital account item — account for foreign currency settlement pending payment (資本項目-結匯待支付帳戶) (the “**Account for Foreign Currency Settlement Pending Payment**”) as opened by such foreign-invested enterprise, and accordingly all future payments shall be processed from such Account for Foreign Currency Settlement Pending Payment. A negative list with respect to the usage of the foreign currency capital and the Renminbi proceeds settled therefrom is set forth under the 2015 SAFE Circular. In particular, a foreign-invested enterprise with investment as its main business (including the foreign-invested investment company (外商投資性公司), foreign-invested venture capital enterprise (外商投資創業投資企業) or foreign-invested private equity

investment enterprise (外商投資股權投資企業)) is permitted to use the Renminbi proceeds settled from its foreign currency capital (whether directly settled, or from the Renminbi deposit in its Account for Foreign Currency Settlement Pending Payment as previously settled through voluntary settlement) to make equity contribution to its invested enterprises directly, without further filings with SAFE.

PRC entities are also permitted to borrow Renminbi-denominated loans from foreign lenders (which are referred to as “foreign debt”) and lend Renminbi-denominated loans to foreign borrowers (which are referred to as “outbound loans”), as long as such PRC entities have the necessary quota, approval or registration. PRC entities may also denominate security or guarantee arrangements in Renminbi and make payments thereunder to parties in the PRC as well as other jurisdictions (which is referred to as “cross-border security”). Under current rules promulgated by SAFE, foreign debts borrowed, outbound loans extended, and the cross-border security provided by a PRC onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt, outbound loan and cross-border security regimes applicable to foreign currencies. However, there remains potential inconsistencies between the provisions of the SAFE rules and the provisions of the 2013 PBOC Circular. It is not clear how regulators will deal with such inconsistencies in practice.

According to the 2015 PBOC Circular, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, eligible offshore member entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in stocks, financial derivatives, or non-self-use real estate assets, or purchase wealth management products or extend loans to enterprises outside the group.

Enterprises within the Shanghai FTZ may establish another cash pool under the Shanghai FTZ rules to extend inter-company loans, although Renminbi funds obtained from financing activities may not be pooled under this arrangement. Enterprises within the Shanghai FTZ can borrow Renminbi from offshore lenders under a pilot account-based settlement scheme within the prescribed macro prudential management limit. In addition, non-financial enterprises in the Shanghai FTZ are allowed to settle the foreign debt denominated in foreign currency with Renminbi on a voluntary basis, provided that the Renminbi proceeds settled therefrom should not be used (whether directly or indirectly) beyond their business scope or in violation of relevant laws and regulations in the PRC.

Recent reforms introduced were aimed at controlling the remittance of Renminbi for payment of transactions categorised as capital account items. There is no assurance that the PRC government will continue to gradually liberalise the control over Renminbi payments of capital account item transactions in the future. The relevant regulations are relatively new and 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 16 June 2016 (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 21 June 2016 (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 per cent. of their principal amount in the amount set forth below:

	Principal Amount of Notes
	<i>(U.S.\$)</i>
Citigroup Global Markets Limited	83,334,000
Guotai Junan Securities (Hong Kong) Limited	83,334,000
Haitong International Securities Company Limited	83,333,000
ICBC International Securities Limited	83,333,000
AMTD Asset Management Limited.....	83,333,000
Huatai Financial Holdings (Hong Kong) Limited	83,333,000
Total	<u>500,000,000</u>

The Co-Manager and the Financial Advisor have not entered into the Subscription Agreement and have not agreed to subscribe for any of the Notes.

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.

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:

- (i) 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;
- (ii) where no consideration is or will be given for the transfer;

- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) 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 143255069 and the International Securities Identification Number for the Notes is XS1432550694.
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 20 May 2016. 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 20 May 2016. 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 12 August 2015.
3. **No Material Adverse Change:** Except as disclosed in this Offering Circular, there has been no material adverse change since 31 December 2015 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 Group's Financial Statements as at and for the three years ended 31 December 2013, 2014 and 2015 and the Guarantor's Financial Statements as at and for the year ended 31 December 2015;
 - (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 Financial Statements as at and for the three years ended 31 December 2013, 2014 and 2015, which are included elsewhere in this Offering Circular, have been audited by Baker Tilly China Certified Public Accountants, the independent auditors of the Group.

The Guarantor's Financial Statements as at and for the period from 2 May 2014 to 31 December 2014 and the year ended 31 December 2015, which is included elsewhere in this Offering Circular, have been audited by Baker Tilly Hong Kong Limited, the independent auditors of the Guarantor Group.

INDEX TO FINANCIAL STATEMENT

	<u>Page</u>
The Group's Financial Statements for the Year Ended 31 December 2015	
Auditors' Report	F-2
Consolidated Statement of Financial Position	F-4
Consolidated Statement of Profit or Loss and Other Comprehensive Income	F-6
Consolidated Statement of Cash Flows.	F-7
Consolidated Statement of Changes in Equity	F-8
Statement of Financial Position	F-12
Notes to Financial Statements	F-14
The Group's Financial Statements for the Year Ended 31 December 2014	
Auditors' Report	F-89
Consolidated Statement of Financial Position	F-91
Consolidated Statement of Profit or Loss and Other Comprehensive Income	F-93
Consolidated Statement of Cash Flows.	F-94
Consolidated Statement of Changes in Equity	F-95
Notes to Financial Statements	F-99
The Guarantor's Financial Statements for the Year Ended 31 December 2015	
Auditors' Report	F-157
Consolidated Statement of Profit or Loss and Other Comprehensive Income	F-159
Consolidated Statement of Financial Position	F-160
Consolidated Statement of Changes in Equity	F-162
Consolidated Statement of Cash Flows.	F-163
Notes to Financial Statements	F-164

To all shareholders of Zhongrong International Trust Co., Ltd:

We have audited the accompanying financial statements of Zhongrong International Trust Co., Ltd (hereinafter referred as "the Company"), which comprise the company's and the consolidated balance sheet as at 31 December 2015, and the company's and the consolidated income statements, the company's and consolidated statements of changes in owner's equity, the company's and the consolidated cash flow statements for the year of 2015, as well as the notes financial statements.

I. Management's Responsibility for the Financial Statements

Management of the Company is responsible for preparing and fairly presenting 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 work 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 work to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The audit work 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 on 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. The audit work also includes evaluating the appropriateness of

accounting policies adopted 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 are in accordance with Accounting Standards for Business Enterprises in all material respects, which fairly present the company's and the consolidated financial position as at 31 December 2015, and the company's and the consolidated result of operations and cash flows for the year of 2015.



Chinese Certified Public
Accountant:



Chinese Certified Public
Accountant:



Balance Sheet

Company: Zhongrong International Trust Co. Ltd

December 31, 2015

Currency: RMB

Account Name	No.	Consolidated		Parent Company		Notes
		Closing balance	Opening balance	Closing balance	Opening balance	
Assets:						
Cash and cash equivalent	1					
Balances with clearing agencies	2	7,734,154,186.97	4,111,623,631.75	7,049,197,270.65	3,910,303,456.26	VI. (i)
Loans to banks and other financial institutions	3					
Financial assets measured at fair value through profit and loss	4					
Derivative financial assets	5	6,152,546,921.81	6,039,319,045.43	5,439,249,734.85	5,175,923,422.67	VI. (ii)
Notes receivable	6					
Accounts receivable	7					
Prepayments	8	72,867,484.49	10,986,783.16	48,275,167.63		VI. (iii)
Interest receivable	9	3,268,431.79	399,000.00			VI. (iv)
Dividends receivable	10	45,007,209.28	67,466.67	43,119,585.83		VI. (v)
Other Receivables	11	20,803,274.80		20,803,274.80		VI. (vi)
Financial assets purchased under resale agreements	12	236,423,826.64	55,440,288.91	60,104,751.44	46,417,105.51	VI. (vii)
Inventories	13					
Available for sale assets	14					
Loans and advances to customers	15					
Available-for-sale financial assets	16					
Held-to-maturity investments	17	2,272,304,724.64	604,920,674.97	299,190,710.18	410,738,604.97	VI. (viii)
Long-term receivables	18					
Long-term equity investments	19					
Investment properties	20	1,647,720,018.19	53,160,938.66	3,004,282,272.06	1,198,636,696.63	VI. (ix)
Fixed assets	21	28,944,704.74	28,096,291.45	19,903,939.96	22,078,429.58	VI. (x)
Construction in progress	22					
Disposal of fixed assets	23					
Intangible assets	24					
Development expenditure	25	32,914,011.88	27,122,543.07	29,676,079.90	24,072,772.39	VI. (xi)
Goodwill	26					
Long-term prepaid expenses	27					
Deferred tax assets	28	37,847,678.12	13,275,953.41	34,954,582.76	11,489,627.79	VI. (xii)
Other assets	29	567,014,719.73	505,899,511.55	572,897,132.77	507,606,171.75	VI. (xiii)
	30		750,000,000.00		750,000,000.00	VI. (xiv)
	31					
Total Assets	32	18,851,817,193.08	12,200,312,129.03	16,621,654,502.83	12,057,266,287.55	

Chief accountant: Lian Jimhua

Person in charge of accounting body: Dai Baoxiang

Balance Sheet (Continued)

Account Name		Consolidated		Parent Company		Notes	
		Closing balance	Opening balance	Closing balance	Opening balance	Consolidated	Parent Company
Liabilities:	No.						
Short-term loans	34						
Placements from banks and other financial institutions	35						
Financial liabilities measured at fair value through profit and loss	36	1,700,000,000.00		1,700,000,000.00		VI. (xv)	
Derivative financial liabilities	37						
Notes payable	38						
Accounts payable	39						
Receipts in advance	40	5,863,443.50	4,697,730.94			VI. (xvi)	
Financial assets sold under repurchase agreements	41	72,640,391.61	20,330,945.75	24,067,446.57	18,741,075.77	VI. (xvii)	
Fees and commissions payable	42						
Payroll payable	43						
Taxes payable	44	1,567,883,595.07	1,061,349,763.20	1,492,331,245.88	1,042,673,313.58	VI. (xviii)	
Interest payable	45	498,498,749.54	412,749,497.54	451,760,798.85	407,997,586.22	VI. (xix)	
Dividend payable	46	9,848,205.57		6,195,555.57		VI. (xx)	
Other payables	47	600,000,000.00		600,000,000.00		VI. (xxi)	
Available-for-sale financial liabilities	48	59,525,493.41	33,843,626.90	17,338,523.30	28,231,287.47	VI. (xxii)	
Long-term loans	49						
Bonds payable	50						
Long-term payables	51	1,441,923,043.85				VI. (xxiii)	
Long-term payroll payable	52						
Special payables	53	1,010,911,029.88	861,955,490.33	1,010,911,029.88	861,955,490.33	VI. (xxiv)	
Provisions	54						
Deferred tax liabilities	55						
Other liabilities	56						
	57						
Total Liabilities	58	6,967,093,952.43	2,394,927,054.66	5,302,604,600.05	2,359,598,753.37		
Owners' (Shareholders') Equity:							
Paid-in capital (share capital)	59	6,000,000,000.00	6,000,000,000.00	6,000,000,000.00	6,000,000,000.00	VI. (xxv)	
Other equity instruments	60						
Additional paid-in capital	61						
Other comprehensive income	62	232,131,386.16	232,537,248.16	230,706,386.16	232,537,248.16	VI. (xxvi)	
Incl: Foreign currency translation differences	63	43,779,125.99	-105,873,332.53	-132,253.73	-106,227,949.54	VI. (xxvii)	
Surplus reserve	64	2,255,947.67	-105,174.77				
General risk reserve	65	1,068,059,563.20	826,347,809.72	1,068,059,563.20	826,347,809.72	VI. (xxviii)	
Retained earnings	66	695,249,335.63	554,401,639.06	695,249,335.63	554,401,639.06	VI. (xxix)	
Total Owners' Equity Attributable To Parent Company	67	3,431,444,594.38	2,179,483,106.17	3,325,166,871.52	2,190,608,786.78	VI. (xxx)	
Minority interests	68	11,470,664,005.36	9,686,896,470.58	11,319,049,002.78	9,697,667,534.18		
	69	414,059,235.29	118,488,603.79				
Total Owners' Equity	70	11,884,723,240.65	9,805,385,074.37	11,319,049,902.78	9,697,667,534.18		
Total Liabilities and Owners' Equity	71	18,851,817,193.08	12,200,312,129.03	16,621,654,502.83	12,057,266,287.55		

Chief accountant: Lian Jinhua

Person in charge of accounting body: Dai Baoxiang

Company: Zhongrong International Trust Co. Ltd

December 31, 2015

Currency: RMB

Income Statement

Company: Zhongrong International Trust Co., Ltd

Year 2015

Currency: RMB

Account Name	No.	Consolidated		Parent Company		Notes
		Balance of current	Balance of the prior	Balance of current	Balance of the prior	
I. Total operating income	1	6,587,819,030.25	5,531,491,710.83	5,976,694,710.85	5,409,478,036.45	
Net interest income	2	123,721,285.15	428,368,448.67	118,116,237.76	423,593,115.31	VI. (xxxxi)
Interest income	3	216,267,396.27	428,368,448.67	210,662,348.88	423,593,115.31	
Interest expenses	4	92,546,111.12		92,546,111.12		
Net fee and commission income	5	4,617,699,794.68	4,446,971,821.26	4,424,065,218.55	4,390,316,936.81	VI. (xxxxi) XIV. (iv)
Fee and commission income	6	4,617,699,794.68	4,446,971,821.26	4,424,065,218.55	4,390,316,936.81	
Fee and commission expenses	7					
Operating income	8	201,771,770.58	20,398,347.16			VI. (xxxxii)
Investment income (Losses are indicated by "-")	9	792,093,632.71	210,674,836.17	576,064,868.31	205,879,708.35	VI. (xxxxiv) XIV. (v)
Gains from changes in fair values (Losses are indicated by "-")	10	-33,067,269.52	118,727,136.67	-11,181,422.03	113,102,565.85	VI. (xxxxv)
Foreign exchange gains (Losses are indicated by "-")	11	901,142.69	1,294,069.16	531,601.27	45,377.30	VI. (xxxxvi)
Other operating income	12	884,698,773.96	305,057,051.74	869,108,206.99	276,540,332.83	VI. (xxxxvii)
II. Total operating costs	13	3,310,402,691.54	2,318,130,111.14	2,936,256,026.31	2,218,313,242.74	
Business tax and surcharges	14	324,089,716.19	273,459,535.71	303,676,966.78	288,983,040.64	VI. (xxxxviii)
Operation and administrative expenses	15	2,790,958,685.06	2,044,670,575.40	2,437,886,656.03	1,949,330,202.10	VI. (xxxxviii)
Losses of assets impairment	16	194,892,403.50		194,892,403.50		VI. (xxxxix)
Other operating cost	17	461,886.79				VI. (xxxiii)
III. Operating profit	18	3,277,416,338.71	3,213,361,599.69	3,040,438,694.54	3,191,164,793.71	
Add: Non-operating income	19	98,929,653.04	3,534,897.86	88,285,203.19	3,381,006.62	VI. (xxxx)
Less: Non-operating expenses	20	4,771,387.38	1,214,906.88	4,587,435.61	1,162,247.08	VI. (xxxxxi)
IV. Total profit	21	3,371,574,004.37	3,215,681,590.67	3,124,136,462.12	3,193,383,553.25	
Less: Income tax expenses	22	766,166,859.82	782,887,862.97	707,018,917.33	790,301,630.07	VI. (xxxxxii)
V. Net profit	23	2,605,407,144.55	2,432,793,727.70	2,417,117,544.79	2,413,081,923.18	
Net profit attributable to owners of parent company	24	2,534,520,936.26	2,430,038,423.58	2,417,117,544.79	2,413,081,923.18	
Profit or loss attributable to minority interests	25	70,886,208.29	2,755,514.12			
VI. Other comprehensive income	26	145,336,883.73	27,106,581.40	106,095,695.81	26,310,203.67	VI. (xxxxxi)
Other comprehensive income attributable to owners of parent company	27	149,652,458.52	26,664,820.68			
1. Other comprehensive income not to be reclassified into gains or losses	28					
Incl: (1) Changes of net liabilities or net assets due to remeasurement of defined benefit plan	29					
(2) Share of other comprehensive income cannot be reclassified into gains or losses in the invested firms under equity method	30					
2. Other comprehensive income to be reclassified into gains or losses	31	149,652,458.52	26,664,820.68	106,095,695.81	26,310,203.67	
Incl: (1) Share of other comprehensive income can be reclassified into gains or losses in the invested firms under equity method	32					
(2) Gains or losses from changes in fair value of available-for-sale financial assets	33	147,291,336.08	26,769,995.45	106,095,695.81	26,310,203.67	
(3) Gains or losses from reclassifying held-to-maturity investments into available-for-sale financial assets	34					
(4) Effective part of gains and losses from cash flow hedging	35					
(5) Foreign currency translation differences	36	2,361,122.44	-105,174.77			
Other comprehensive income attributable to minority interests	37	-4,315,574.79	441,760.72			
VII. Total comprehensive income	38	2,750,744,029.28	2,459,909,519.10	2,523,213,230.60	2,439,392,126.85	
Total comprehensive income attributable to owners of parent company	39	2,684,173,396.78	2,456,700,244.26	2,523,213,230.60	2,439,392,126.85	
*Total comprehensive income attributable to minority interests	40	66,570,632.50	3,197,274.84			
VIII. Earnings per share (EPS)	41					
Basic EPS	42					
Diluted EPS	43					

Person in charge of accounting body: Dai Baoxiang

Chief accountant: Lian Jinhua

Legal representative: Fan Hao

Cash Flow Statement

Year 2015 Currency: RMB

Company: Zhongrong International Trust Co., Ltd. Parent Company

Account Name	No.	Consolidated		Parent Company		Notes
		Amount of current period	Amount of the prior period	Amount for of current period	Amount of the prior period	
I. Cash Flows from Operating Activities:	1	—	—	—	—	
Cash received from sales of goods rendering of services	2	252,342,728.59	82,215,113.98	—	—	
△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 placements from other financial institutions	5	—	—	—	—	
△Cash received from premiums of original insurance contracts	6	—	—	—	—	
△Net cash received from reinsurance business	7	—	—	—	—	
△Net increase in deposits from policyholders	8	—	—	—	—	
△Net increase in (disposal of) financial assets measured at fair value through profit and loss	9	151,927,699.79	—	278,739,843.69	—	
△Net increase in (disposal of) available-for-sale financial assets	10	—	—	—	—	
△Cash received from interest, fees and commissions	11	5,614,105,315.22	5,109,756,107.23	5,415,420,277.91	5,082,055,824.95	
△Net increase in placements from banks and other financial institutions	12	1,709,000,000.00	—	1,709,000,000.00	—	
△Net increase in reurchase business capital	13	—	—	—	—	
Refund of taxes	14	—	—	—	—	
Cash received relating to other operating activities	15	307,503,989.75	12,795,992.78	94,050,004.82	8,285,088.94	
Sub-total of cash inflows from operating activities	16	8,025,879,713.35	5,995,767,213.99	7,488,210,126.42	5,090,340,910.89	
Cash paid for purchases of goods and services	17	—	—	—	—	
△Net increase in loans and advances to customers	18	—	—	—	—	
△Net increase in deposits with central bank and other financial institutions	19	—	—	—	—	
△Cash paid for original insurance contract claims	20	—	—	—	—	
△Net increase in (disposal of) financial assets measured at fair value through profit and loss	21	—	—	—	—	
△Net increase in (disposal of) available-for-sale financial assets	22	1,263,331,890.85	—	17,816,002.78	—	
△Cash paid for interest, fees and commissions	23	86,350,555.55	—	86,350,555.55	—	
△Cash paid for policyholder dividend expenses	24	—	—	—	—	
Cash paid to and on behalf of employees	25	1,516,796,883.56	1,822,546,436.79	1,399,771,830.55	1,136,642,860.13	
Cash paid for various taxes	26	1,117,095,654.76	1,134,090,413.73	1,067,053,974.52	1,129,636,908.78	
Cash paid relating to other operating activities	27	906,235,685.44	487,480,667.19	449,098,425.02	449,484,824.62	
Sub-total of cash outflows from operating activities	28	4,889,809,670.16	2,804,117,517.71	3,020,120,788.42	2,715,764,693.53	
Net Cash Flow from Operating Activities	29	3,136,070,043.19	2,891,649,696.28	4,468,089,338.00	2,374,576,217.36	六、(四十三)
II. Cash Flows from Investing Activities:	30	—	—	—	—	
Proceeds from realization of investments	31	—	3,397,360,090.82	—	2,067,050,090.82	
Returns on investment	32	—	42,086,956.82	—	33,325,899.66	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	33	—	—	—	—	
Net cash received from disposal of subsidiaries and other business units	34	280,035.57	206,446.14	276,053.20	206,446.14	
Cash received relating to other investing activities	35	—	—	—	—	
Sub-total of cash inflows from investing activities	36	280,035.57	3,539,653,493.78	276,053.20	2,106,582,436.62	
Cash paid to acquire or construct fixed assets, intangible assets and other long-term assets	37	61,222,460.63	22,217,310.15	50,493,178.08	20,088,462.15	
Cash paid for investment	38	770,000,000.00	9,300,168,528.08	979,500,000.00	8,347,516,398.90	
△Net increase in pledge loans	39	—	—	—	—	
Net Cash paid for acquisition of subsidiaries and other business units	40	—	—	—	—	
Cash paid relating to other investing activities	41	—	—	—	—	
Sub-total of cash outflows from investing activities	42	811,222,460.63	9,552,385,838.23	1,030,003,178.08	8,367,585,061.05	
Net Cash Flow from Investing Activities	43	-530,946,625.06	-6,112,727,344.45	-1,029,727,124.88	-6,267,002,624.43	
III. Cash Flows from Financing Activities:	44	—	—	—	—	
Cash received from capital contributions	45	229,000,000.00	—	—	—	
Incl: cash received from capital contributions from minority owners of subsidiaries	46	229,000,000.00	—	—	—	
Cash received from borrowings	47	103,000,000.00	—	—	—	
△Cash received from issuance of bonds	48	1,354,121,857.37	—	—	—	
Cash received relating to other financing activities	49	—	—	—	—	
Sub-total of cash inflows from financing activities	50	1,686,121,857.37	—	—	—	
Cash repayments of borrowings	51	103,000,000.00	300,000,000.00	300,000,000.00	300,000,000.00	
Cash payments for interest expenses or distribution of dividends or profits	52	343,831,800.00	—	—	—	
Incl: Payments for distribution of dividends and profits to minority owners of subsidiaries	53	—	—	—	—	
Cash paid relating to other financing activities	54	—	—	—	—	
Sub-total of cash outflows from financing activities	55	446,831,800.00	300,000,000.00	300,000,000.00	300,000,000.00	
Net Cash Flow from Financing Activities	56	1,239,290,057.37	-300,000,000.00	-300,000,000.00	-300,000,000.00	
IV. Effect of Changes in Foreign Exchange Rate on Cash and Cash Equivalents	57	78,113,079.72	1,177,808.18	531,001.27	45,377.30	
V. Net Increase in Cash and Cash Equivalents	58	3,622,536,555.22	-4,319,904,839.99	3,138,893,814.39	-4,192,381,029.77	VI (xxxxii)
Add: Opening balance of cash and cash equivalents	59	4,111,624,631.75	8,431,528,471.74	3,910,303,456.26	8,402,684,486.03	
VI. Closing Balance of Cash and Cash Equivalents	60	7,734,161,186.97	4,111,623,631.75	7,049,197,270.65	3,910,303,456.26	VI (xxxxiii)

Legal Representative: Fan Tao Chief accountant: Lian Jinhua Person in charge of accounting body: Dai Baoxing

Consolidated Statement of Changes in Owners' Equity

Company: Zhongrong International Trust Co., Ltd.		Attributable to owners of the parent company											Currency: RMB	
Year: 2015														
No.	Account Name	1	2	3	4	5	6	7	8	9	10	11	Minority interests	Total owners' equity
	Column No.	Paid-in capital/ Share capital	Other equity instruments	Additional paid-in capital	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	ΔGeneral risk reserve	Retained earnings	Other	Subtotal		
I. Closing balance of the preceding year														
1	Add: Changes in accounting policies	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	116,488,603.79	9,805,385,074.37
2	Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-
4														
5	II. Opening balance of the current year	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	116,488,603.79	9,805,385,074.37
6	III. Changes for the year (Decrease is indicated by "-")													
7	(I) Total comprehensive income	-	-	-405,862.00	-	149,652,458.52	-	241,711,753.48	140,847,696.57	1,251,961,488.21	-	1,783,767,534.78	295,570,631.50	2,079,338,166.28
8	(II) Owners' contributions and reduction in capital	-	-	-	-	149,652,458.52	-	-	-	2,534,520,438.26	-	2,684,173,396.76	66,570,631.50	2,750,744,028.28
9	1. Common stock contribution from owners	-	-	-405,862.00	-	-	-	-	-	-	-	-405,862.00	229,000,000.00	228,594,138.00
10	2. Capital contribution from holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	229,000,000.00	229,000,000.00
11	3. Share-based payment recognised in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
12	4. Other	-	-	-	-	-	-	-	-	-	-	-	-	-
13	(III) Provision and use of special reserves	-	-	-405,862.00	-	-	-	-	-	-	-	-	-	-405,862.00
14	1. Provision of special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
15	2. Use of special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
16	(IV) Profit distribution	-	-	-	-	-	-	241,711,753.48	140,847,696.57	-1,282,599,450.05	-	-900,000,000.00	-	-900,000,000.00
17	1. Transfer to surplus reserves	-	-	-	-	-	-	241,711,753.48	-	-241,711,753.48	-	-	-	-
18	Incl: Legal reserves	-	-	-	-	-	-	241,711,753.48	-	-241,711,753.48	-	-	-	-
19	Free reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
20	#Fund reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
21	#Fund of development	-	-	-	-	-	-	-	-	-	-	-	-	-
22	#Return of investment	-	-	-	-	-	-	-	-	-	-	-	-	-
23	2. Transfer to general risk reserves	-	-	-	-	-	-	-	140,847,696.57	-140,847,696.57	-	-	-	-
24	3. Distributions to [owners/shareholders]	-	-	-	-	-	-	-	-	-900,000,000.00	-	-900,000,000.00	-	-900,000,000.00
25	4. Other	-	-	-	-	-	-	-	-	-	-	-	-	-
26	(V) Transfers within owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
27	1. Capitalization of capital reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
28	2. Capitalization of surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
29	3. Loss offset by surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
30	4. Carry forward changes of net liabilities or net assets due to remeasurement of defined benefit plan	-	-	-	-	-	-	-	-	-	-	-	-	-
31	5. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
32	IV. Closing balance of the current year	6,000,000,000.00	-	232,131,386.16	-	43,779,125.99	-	1,088,059,563.20	695,249,335.63	3,431,444,594.38	-	11,470,664,005.36	414,059,235.29	11,884,723,240.65

Chief accountant: Lian Jinhua

Person in charge of accounting body: Dai Boxiang

Legal representative: Fan Tao

Consolidated Statement of Changes in Owners' Equity (Continued)

Company: Zhongrong International Trust Co., Ltd.		Year 2014											Currency: RMB	
		Attributable to owners of the parent company											Minority interests	Total owners' equity
No.	Account Name	Paid-in capital/ Share capital	Other equity increments	Additional paid-in capital	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserves	△General risk reserve	Retained earnings	Other	Subtotal		
Column No.		14	15	16	17	18	19	20	21	22	23	24	25	26
I. Closing balance of the preceding year		1,600,000,000.00		1,406,237,248.16		-132,588,152.21	585,039,617.41	334,587,179.94		3,736,867,334.02		7,530,193,226.32	115,291,228.95	7,645,484,455.27
Add: Changes in accounting policies														
Corrections of prior period errors														
Other														
II. Opening balance of the current year		1,600,000,000.00		1,406,237,248.16		-132,588,152.21	585,039,617.41	334,587,179.94		3,736,867,334.02		7,530,193,226.32	115,291,228.95	7,645,484,455.27
III. Changes for the year (Decreases is indicated by "-")														
(I) Total comprehensive income						26,664,820.68		241,308,192.31	219,814,459.12	-1,537,384,227.45		2,456,703,244.26	3,197,274.84	2,159,900,519.10
(II) Owners' contributions and reduction in capital														
1. Common stock contribution from owners														
2. Capital contribution from holders of other equity instruments														
3. Share-based payment recognised in owners' equity														
4. Other														
(III) Provision and use of special reserves														
1. Provision of special reserves														
2. Use of special reserves														
(IV) Profit distribution														
1. Transfer to surplus reserves														
Incl: Legal reserves														
Free reserves														
#Fund reserves														
#Fund of development														
#Return of investment														
2. Transfer to general risk reserves														
3. Distributions to [owners/shareholders]														
4. Other														
(V) Transfers within owners' equity														
1. Capitalization of capital reserves														
2. Capitalization of surplus reserves														
3. Loss offset by surplus reserves														
4. Carry forward changes of net liabilities or net assets due to measurement of defined benefit plan														
5. Others														
IV. Closing balance of the current year														
		3,226,300,000.00		232,537,248.16		-105,873,332.53	826,347,809.72	554,401,639.06		2,179,483,106.17		9,686,806,470.58	118,488,003.79	9,805,294,474.37

Legal representative: Fan Tao Chief accountant: Lian Jinhua Person in charge of accounting body: Dai Boxiang

Statement of Changes in Owners' Equity

Company: Zhongrong International Trust Co., Ltd		Year 2015										Currency: RMB	
Account Name	No.	Paid-in capital/ Share capital	Other equity instruments	Additional paid-in capital	Less: Treasury stock	Other comprehensive Income	Special reserves	Surplus reserves	△General risk reserve	Retained earnings	Other	Total owners' equity	
Column No.	1	2	3	4	5	6	7	8	9	10	11		
I. Closing balance of the preceding year	1	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	
Add: Changes in accounting policies	2	-	-	-	-	-	-	-	-	-	-	-	
Corrections of prior period errors	3	-	-	-	-	-	-	-	-	-	-	-	
Other	4	-	-	-	-	-	-	-	-	-	-	-	
II. Opening balance of the current year	5	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	
III. Changes for the year (Decrease is indicated by "-")	6	-	-	-1,830,862.00	-	106,095,695.81	-	241,711,753.48	140,847,696.57	1,134,558,084.74	-	1,621,382,368.60	
(I) Total comprehensive income	7	-	-	-	-	106,095,695.81	-	-	-	2,417,117,534.79	-	2,523,213,230.60	
(II) Owners' contributions and reduction in	8	-	-	-1,830,862.00	-	-	-	-	-	-	-	-1,830,862.00	
1. Common stock contribution from owners	9	-	-	-	-	-	-	-	-	-	-	-	
2. Capital contribution from holders of other equity instruments	10	-	-	-	-	-	-	-	-	-	-	-	
3. Share-based payment recognised in owners'	11	-	-	-	-	-	-	-	-	-	-	-	
4. Other	12	-	-	-1,830,862.00	-	-	-	-	-	-	-	-1,830,862.00	
(III) Provision and use of special reserves	13	-	-	-	-	-	-	-	-	-	-	-	
1. Provision of special reserves	14	-	-	-	-	-	-	-	-	-	-	-	
2. Use of special reserves	15	-	-	-	-	-	-	-	-	-	-	-	
(IV) Profit distribution	16	-	-	-	-	-	-	241,711,753.48	140,847,696.57	-1,282,559,450.05	-	-900,000,000.00	
1. Transfer to surplus reserves	17	-	-	-	-	-	-	241,711,753.48	-	-241,711,753.48	-	-	
Incl: Legal reserves	18	-	-	-	-	-	-	241,711,753.48	-	-241,711,753.48	-	-	
Free reserves	19	-	-	-	-	-	-	-	-	-	-	-	
#Fund reserves	20	-	-	-	-	-	-	-	-	-	-	-	
#Fund of development	21	-	-	-	-	-	-	-	-	-	-	-	
#Return of investment	22	-	-	-	-	-	-	-	-	-	-	-	
2. Transfer to general risk reserves	23	-	-	-	-	-	-	-	140,847,696.57	-140,847,696.57	-	-	
3. Distributions to [owners/shareholders]	24	-	-	-	-	-	-	-	-	-900,000,000.00	-	-900,000,000.00	
4. Other	25	-	-	-	-	-	-	-	-	-	-	-	
(V) Transfers within owners' equity	26	-	-	-	-	-	-	-	-	-	-	-	
1. Capitalization of capital reserves	27	-	-	-	-	-	-	-	-	-	-	-	
2. Capitalization of surplus reserves	28	-	-	-	-	-	-	-	-	-	-	-	
3. Loss offset by surplus reserves	29	-	-	-	-	-	-	-	-	-	-	-	
4. Carry forward changes of net liabilities or net assets due to remeasurement of defined benefit	30	-	-	-	-	-	-	-	-	-	-	-	
5. Others	31	-	-	-	-	-	-	-	-	-	-	-	
IV. Closing balance of the current year	32	6,000,000,000.00	-	230,706,386.16	-	-132,253.73	-	1,068,059,563.20	695,249,333.63	3,325,166,871.52	-	11,319,049,902.78	

Legal representative: Fan Tao Chief accountant: Lian Jinhua Person in charge of accounting body: Dai Baoxiang

Statement of Changes in Owners' Equity (Continued)

Company: Zhongrong International Trust Co., Ltd		Year 2014										Currency: RMB	
Account Name	No.	Paid-in capital/ Share capital	Other equity instruments	Additional paid-in capital	Less: Treasury stock	Other comprehensive income	Special reserves	Retained earnings	Other	Total owners' equity			
Column No.	12	13	14	15	16	17	18	19	20	21			
I. Closing balance of the preceding year	1	1,600,000,000.00	-	1,406,237,248.16	-	-132,538,153.21	-	334,587,179.94	-	-	7,558,275,407.33		
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	-	334,587,179.94	-	-	7,558,275,407.33		
III. Changes for the year (Decrease is indicated by "-")	6	4,400,000,000.00	-	-1,173,700,000.00	-	26,310,203.67	-	219,814,459.12	-	-	2,139,392,126.85		
(I) Total comprehensive income	7	-	-	-	-	26,310,203.67	-	-	-	-	2,439,392,126.85		
(II) Owners' contributions and reduction in capital	8	-	-	-	-	-	-	-	-	-	-		
1. Common stock contribution from owners	9	-	-	-	-	-	-	-	-	-	-		
2. Capital contribution from holders of other equity instruments	10	-	-	-	-	-	-	-	-	-	-		
3. Share-based payment recognised in owners' equity	11	-	-	-	-	-	-	-	-	-	-		
4. Other	12	-	-	-	-	-	-	-	-	-	-		
(III) Provision and use of special reserves	13	-	-	-	-	-	-	-	-	-	-		
1. Provision of special reserves	14	-	-	-	-	-	-	-	-	-	-		
2. Use of special reserves	15	-	-	-	-	-	-	-	-	-	-		
(IV) Profit distribution	16	-	-	-	-	-	-	-	-	-	-300,000,000.00		
1. Transfer to surplus reserves	17	-	-	-	-	-	-	-	-	-	-		
Incl: Legal reserves	18	-	-	-	-	-	-	-	-	-	-		
Free reserves	19	-	-	-	-	-	-	-	-	-	-		
#Fund reserves	20	-	-	-	-	-	-	-	-	-	-		
#Fund of development	21	-	-	-	-	-	-	-	-	-	-		
#Return of investment	22	-	-	-	-	-	-	-	-	-	-		
2. Transfer to general risk reserves	23	-	-	-	-	-	-	-	-	-	-		
3. Distributions to [owners/shareholders]	24	-	-	-	-	-	-	-	-	-	-300,000,000.00		
4. Other	25	-	-	-	-	-	-	-	-	-	-		
(V) Transfers within owners' equity	26	4,400,000,000.00	-	-1,173,700,000.00	-	-	-	-	-	-	-		
1. Capitalization of capital reserves	27	1,173,700,000.00	-	-1,173,700,000.00	-	-	-	-	-	-	-		
2. Capitalization of surplus reserves	28	-	-	-	-	-	-	-	-	-	-		
3. Loss offset by surplus reserves	29	-	-	-	-	-	-	-	-	-	-		
4. Carry-forward changes of net liabilities or net assets due to remeasurement of defined benefit plan	30	-	-	-	-	-	-	-	-	-	-		
5. Others	31	3,226,300,000.00	-	-	-	-	-	-	-	-	-		
IV. Closing balance of the current year	32	6,000,000,000.00	-	232,537,248.16	-	-106,227,949.54	-	554,401,639.06	-	-	9,697,667,534.18		

Chief accountant: Lian Jinhua

Person in charge of accounting body: Bai Baoxiang

Consolidated Statement of Provision for Impairment of Assets

Currency: RMB

Account Name	No.	Opening balance	Increase in current year				Decrease in current year				Closing balance	Item	No.	Amount
			Provision for current year	Increase for consolidation	Increase for other	Total	Reversal	Cancellation	Decrease for consolidation	Decrease for other				
Column No.	-	1	2	3	4	5	6	7	8	9	10	-	12	
1. Bad debt reserves	1	468,542.06										468,542.06	1. Policy credit	16
2. Inventory depreciation reserves	2												2. Processing previous losses and credit	17
3. Available-for-sale financial assets depreciation reserves	3		194,892,403.50			194,892,403.50						194,892,403.50	Incl.: Processing previous losses and credit in current period profit and loss	18
4. Held-to-maturity investment depreciation reserves	4													19
5. Long-term investment depreciation reserves	5													20
6. Investment property depreciation reserves	6													21
7. Fixed assets depreciation reserves	7													22
8. Project material depreciation reserves	8													23
9. Under-construction project depreciation reserves	9													24
10. Productive biological assets depreciation reserves	10													25
11. Oil and gas assets depreciation reserves	11													26
12. Intangible assets depreciation reserves	12													27
13. Goodwill depreciation reserves	13													28
14. Other depreciation reserves	14													29
Total	15	468,542.06	194,892,403.50	-	-	194,892,403.50	-	-	-	-	-	195,360,945.56		30

Chief accountant: Lian Jinhua

Person in charge of accounting body: Dai Baoxiang

Legal representative: Fan Tao

Statement of Provision for Impairment of Assets

Company: Zhongrong International Trust Co., Ltd

December 31, 2015

Currency: RMB

Account Name	No.	Opening balance	Increase in current year				Total	Decrease in current year				Closing balance	Item	No.	Amount
			Provision for current year	Increase for consolidation	Increase for other	Total		Reversal	Cancellation	Decrease for consolidation	Decrease for other				
Column No.	-	1	2	3	4	5	6	7	8	9	10	Additional Information	-	12	
1. Bad debt reserves	1	468,542.06										1. Policy credit	16		
2. Inventory depreciation reserves	2											2. Processing previous losses and credit	17		
3. Available-for-sale financial assets depreciation reserves	3		194,892,403.50			194,892,403.50						Incl.: Processing previous losses and credit in current period profit and loss	18		
4. Held-to-maturity investment depreciation reserves	4												19		
5. Long-term investment depreciation reserves	5												20		
6. Investment property depreciation reserves	6												21		
7. Fixed assets depreciation reserves	7												22		
8. Project material depreciation reserves	8												23		
9. Construction-in-process depreciation reserves	9												24		
10. Productive biological assets depreciation reserves	10												25		
11. Oil and gas assets depreciation reserves	11												26		
12. Intangible assets amortization reserves	12												27		
13. Goodwill impairment reserves	13												28		
14. Other impairment reserves	14												29		
Total	15	468,542.06	194,892,403.50	-	-	194,892,403.50	-	-	-	-	-		30	195,360,945.56	

Chief accountant: Lian Jinhua

Person in charge of accounting body: Dai Baoxiang

Zhongrong International Trust Co., Ltd

Notes to financial statements

For the Year Ended December 31, 2015

(All amounts are denominated in RMB unless otherwise stated)

I. BASIC INFORMATION ABOUT THE COMPANY

1. History of the Company

Zhongrong International Trust Co., Ltd (hereinafter referred 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, and the investors of the Company were Harbin State-owned Assets Supervision and Administration Commission, Zhongzhi Enterprise Company Co., Ltd., Harbin Investment Company Limited, Harbin Hongda Construction Co., Ltd., Heilongjiang Province Mudanjiang New Materials Technology Co., Ltd. and Hacı Company Limited. In April 2002, according to the requirement of “The Notice of the Scheme of Reorganizing 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 Reorganizing Trust and Investment Companies” (Yin Fa [2000] No.389) issued by The People’s Bank of China, the Company was 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 was renamed as Zhongrong International Trust Co., Ltd, approved by China Banking Regulatory Commission (CBRC) 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 Articles of Incorporation of Zhongrong International Trust Co., Ltd” (Hei Yin Jian Fu [2010] No.339) from Heilongjiang Branch, CBRC, since when registered capital was changed from RMB 325 million to RMB 580 million by transferring retained earnings into paid-in-capital.

In March 2011, the Company obtained “The Approval of Change in Registered Capital and Company Articles of Incorporation of Zhongrong International Trust Co., Ltd” (Hei Yin Jian Fu [2011] No.75) from Heilongjiang Branch, CBRC. The registered capital increased by RMB 820 million, including the monetary capital increase of 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., and RMB 520 million transferred from retained earnings to paid-in-capital according to the proportion of shareholding. The new registered capital was RMB 1.4 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 Articles of Incorporation of Zhongrong International Trust Co., Ltd” (Hei Yin Jian Fu [2011] No.447) from Heilongjiang Branch, CBRC. The RMB 107.68 million of the Company's equity held by Dalian Xinxing Real Estate Development Company Co., Ltd. was transferred to Shengyang 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 as per their proportion of shareholding, and the registered capital was 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 Articles of Incorporation of Zhongrong International Trust Co., Ltd” (Hei Yin Jian Fu [2012] No.284) from Heilongjiang Branch, CBRC. 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 paid in RMB 59,697,537.50, RMB 52,550,412.50, and RMB12,752,050.00, respectively. The registered capital was RMB1.6 billion.

In June 2014, the Company obtained “The Approval of Change in Registered Capital and Company Articles of Incorporation of Zhongrong International Trust Co., Ltd” (Hei Yin Jian Fu [2014] No.148) from Heilongjiang Branch, CBRC. The registered capital increased by RMB 4.4 billion, including RMB 1.1737 billion transferred from additional paid-in capital and RMB 3.2263 billion transferred from retained earnings by 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 proportion of shareholding. Until this, the Company's registered capital is RMB 6 billion.

The Company's legal representative is Fan Tao, registered location is: No.33 Songshan Road, Nangang District, Harbin, China, and number obtained business license is: 230100100002118.

2. Type of Business and Major Operating Activities

The Company's main business scope includes: money trust; moveable property trust; real estate trust; securities trust; other property or property rights trust; engaging in mutual fund investment businesses serve as an initiator of the investment fund or fund management company; operating asset restructuring, merger and acquisition, project financing, corporate finance, financial advisory and other related services; entrusted securities underwriting business that is approved by the relevant departments of the State Council; dealing with intermediary, consulting and credit investigation businesses; safe deposit box service; utilizing self-owned assets through placements from banks and other financial institutions, loans to banks and other financial institutions, loan issuance, leasing and investing; providing guarantee for other parties using self-owned capital; engaging in issuing loans to banks and other financial institutions; as well as other businesses that are approved by the laws and regulations or the CBRC.

3. Names of Parent Company and Ultimate Parent Company

Name of the Company's parent company is Jingwei Textile Machinery Company Limited, and name of the Company's ultimate parent company is China Hi-Tech Group Corporation.

4. This financial report has been approved for submission by the Company's Board of Directors.

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) and supplementary regulations in related application guidelines most recently issued by Ministry of Finance (MOF), and the significant accounting policies and accounting estimates as follows.

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

i. 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 supplementary regulations and definitions in related application guidelines issued by MOF, and present truly and completely, the Company's and consolidated financial position, results of operations and cash flows.

ii. Accounting Year and Operating Cycle

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

The operating cycle on average of the Company is 24 months for entrusted Asset Management business, and 36 months for financial assets investment business.

iii. Functional Currency

The reporting currency of the Companies is Renminbi ("RMB"), except for that subsidiaries registered in Hong Kong use Hong Kong dollars ("HKD") and subsidiaries registered in British Virgin Island and Cayman Islands use US dollars ("USD").

iv. Measurement of Value

The methods for measurement of value of the Company include historical cost, replacement cost, net realizable value, present value and fair value.

v. Business Combinations

1. The accounting treatment to the business combinations involving entities under common control

The Company realizes business combinations under common control through one transaction or multiple transactions, and the assets and liabilities that the Company obtains in the combinations are measured on the basis of the existing book values in the ultimate controlling parties' consolidated financial statements on

the date of combination. The differences between book value of the net assets acquired by the Company and the book value of the consideration which the Company has paid (or the total par value of the shares issued) adjust the additional paid-in capital. If the additional paid-in capital is not sufficient to be offset, the retained earnings are adjusted.

2. The accounting treatment to the business combinations involving entities not under common control

When the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets on the date of combination, the difference is recognized as goodwill. If the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the Company firstly reassess the measurement of the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities, as well as the measurement of cost of combination. The difference is immediately recognized in the profit or loss if the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets.

In realization of a business combination involving entities not under common control through multiple transactions in steps, the Company follows the procedures below:

(1) Adjust initial cost of long-term equity investments. If the equity is measured under equity method before the date of combination, then it is re-measured according to the fair value on the date of combination, and current period investment income is recognized in case of difference between the fair value and the book value. If the acquiree's equity that was held before the date of combination involves with other comprehensive income and/or changes in other owners' equity, it is recognized as earnings of the period the date of combination belongs to; however, the other comprehensive income from the changes of net liabilities or net assets due to remeasurement of defined benefit plan.

(2) Recognize goodwill (or the amount to be recognized as gains and losses of the period). Compare the adjusted initial cost of long-term equity investment in the step (1) with the Company's interest in the fair value of the subsidiary's identifiable net assets on the date of combination. If the former excess the latter, the difference is recognized as goodwill; otherwise the difference is recognized in profit or loss of the current period.

The situation of disposal of shares in steps until losing control over a subsidiary through multiple transactions:

(1) Decide whether the transactions in the process of disposal of shares in steps until losing control over a subsidiary are in accordance with "bulk transaction" principles

If the terms, conditions and economic impacts of the proposal of shares in a subsidiary meet one or more of the following situations, it normally indicates that multiple transactions are treated as one bulk transaction in accounting:

1) The transactions are concluded at the same time or under the consideration of mutual influences;

-
- 2) A complete business achievement can be made only if the transactions work as a whole;
 - 3) One transaction will happen only if at least one other transaction happens;
 - 4) It is uneconomic when looking at only one transaction, but becomes economic when considering together with other transactions.

(2) The accounting treatment of the transactions in the process of disposal of shares in steps until losing control over a subsidiary that are “bulk transaction”

When the transactions of disposal of shares in steps until losing control over a subsidiary are “bulk transaction”, all the transactions are treated as one transaction of disposal of shares in steps until losing control over a subsidiary. However, before losing control, the difference between disposal income and disposed investment’s interest in net assets of the subsidiary should be recognized as other comprehensive income, which is transferred into profit or loss of the current period when losing control.

(3) The accounting treatment of the transactions in the process of disposal of shares in steps until losing control over a subsidiary that are not “bulk transaction”

For the disposal of investment on a subsidiary without losing control, in the consolidated financial statement, the difference between disposal price and disposed investment’s interest in net assets of the subsidiary should be recognized as additional paid-in capital. If the additional paid-in capital is not sufficient to be offset, the retained earnings are adjusted.

For the disposal of investment on a subsidiary and losing control, in the consolidated financial statement, the remaining shares should be remeasured on the basis of the fair value on the date of losing control. The sum of consideration received in disposal of shares and fair value of the remaining shares, deduct the interests in the former subsidiary’s net assets calculated according to the proportion of shareholding in the case of continuing operations from the date of purchase, and the difference is recognized as investment income in the period of losing control. The other comprehensive income related to the investment on former subsidiary should be recognized as profit of the current period when losing control.

vi. Preparation of Consolidated Financial Statements

The basis of preparing consolidated financial statements is the financial statements of the parent company and subsidiaries. The consolidated financial statement is prepared according to “Chapter 33 Consolidation of Financial Statement of ASBE” by the Parent company.

The consolidated financial statement of the Company includes the Company and all its subsidiaries. A subsidiary refers to an enterprise or an entity under control of the Company.

More details on scope of the consolidated financial statement and changes can be found in VII: Changes in Scope of Consolidation and VIII: Equity in Other Entities.

vii. Joint Arrangement

1. Definition and classification of joint arrangement

A joint arrangement refers to an arrangement of which two or more participating parties have joint control, which has the following characteristics: 1) all participating parties are under the restrictions of the arrangement; 2) two or more participating parties take joint control over the arrangement. Each participating party should not control the arrangement separately, and any one of the participating parties can stop one participating party or part of the participating parties from taking control over the arrangement separately.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint agreements are classified into two types: joint operation and joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers.

2. The accounting treatment of joint arrangement

A joint operator recognizes in relation to its interest in a joint operation, and the accounting treatment should be in accordance with relevant requirements in ASBE: 1) its assets, including its share of any assets held jointly; 2) its liabilities, including its share of any liabilities incurred jointly; 3) its revenue from the sale of its share of the output of the joint operation; 4) its share of the revenue from the sale of the output by the joint operation; and 5) its expenses, including its share of any expenses incurred jointly.

A joint venturer recognizes its interest in a joint venture as an investment and shall account for that investment in accordance with ASBE “No. 2: Long-term Equity Investment”.

viii. Recognition Standards for Cash and Cash Equivalent

In the cash flow statement, cash refers to cash on hand and demand deposits, and cash equivalent refers to short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months of acquisition.

ix. Foreign Currency Business and Foreign Currency Translation

1. Foreign currency business translation

On initial recognition, a foreign currency amount is translated into RMB by using exchange rate on the date of transaction. On balance sheet date, foreign currency accounts are translated using the exchange rate on the day. Foreign currency translation difference due to varies in foreign exchange rates is recognized in profit or loss of current period, except for the translation difference in the special foreign currency loans and interests that is qualified for capitalization.

2. Foreign currency translation in financial statement

In balance sheet, asset accounts and liability accounts are translated using the exchange rate on the balance sheet date; equity accounts, except for “retained earnings”, are translated using the exchange rate on the date of transaction. In income statement, income accounts and cost accounts are translated using the exchange rate which is close to the exchange rate on the date of transaction. Foreign currency translation difference resulted from above mentioned translation is recognized in other comprehensive income.

x. Financial Instruments

1. Classification of financial assets and financial liabilities

On initial recognition, financial assets are classified into four categories: financial assets measured at fair value through profit and loss (including held for trading financial assets and those designated at initial recognition), held-to-maturity investments, loans and receivables, and available-for-sale assets.

On initial recognition, financial liabilities are classified into two categories: financial liabilities measured at fair value through profit and loss (including held for trading financial liabilities and those designated at initial recognition) and other financial liabilities.

2. Recognition, measurement and derecognition of financial assets and liabilities

When the Company enters into a financial instrument contract, a financial asset or financial liability is recognized. Financial assets or financial liabilities are initially recognized at fair value. For financial assets and financial liabilities measured at fair value through profit and loss, transaction costs are expensed in profit or loss; for other types of financial assets and financial liabilities, transaction costs are recognized in the initial fair value.

Financial assets are subsequently measured at fair value by the Company, which does not deduct the possible transaction costs when the financial assets are disposed in the future. The following situations are exceptions: (1) held-to-maturity investments and loans and receivables are subsequently carried at amortized cost using the effective interest method; (2) an equity instrument investment of which fair value cannot be found in active market and cannot be reliably measured, as well as the derivatives which is embedded in this equity instrument investment and can only be transacted through this equity instrument investment, are measured at cost.

Financial liabilities are subsequently measured at amortized cost, and real interest method is adopted by the Company. The following situations are exceptions: (1) financial liabilities measured at fair value through profit and loss are measured at fair value, which does not deduct the possible transaction costs when the financial liabilities are cleared in the future; (2) when the fair value of an equity instrument investment cannot be found in active market and cannot be reliably measured, as well as the derivatives embedded in this equity instrument investment, the equity instrument investment and derivatives are measured at cost; 3)

For the financial guarantee contracts that cannot be designated as financial liabilities measured at fair value through profit and loss, or loan commitments with a lower interest than the market rate that have not been designated as financial liabilities measured at fair value through profit and loss, they are subsequently measured at either of the following value whichever is higher: 1) value decided according to ASBE “No. 13: Contingencies”; 2) initial recognized value deducts the balance after accumulated amortization according to ASBE “No. 14: Revenue”.

If gains or losses due to changes in the fair value of financial assets or financial liabilities, except for hedging, the following treatments should be followed: (1) gains or losses due to changes in the fair value of financial assets or liabilities measured at fair value through profit and loss, are recognized in gains or losses from changes in fair value; interests or dividends received during holding period are recognized in investment income; on disposal, the difference between actual disposal income and initial recognized value is recognized in investment income, and gains or losses from changes in fair value are adjusted at the same time. (2) gains or losses due to changes in the fair value of available-for-sale assets are recognized in other comprehensive income; holding period interests are calculated using real interest method and are recognized in investment income; cash dividends on available-for-sale equity instrument investment are recognized in investment income on the date of declaration; on disposal, the difference between actual disposal income and book value minus the fair value changes that have been recognized in other comprehensive income, is recognized in investment income.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are all or partially derecognized when its current obligations are all or partially terminated.

3. Recognition and measurement of financial assets transfer

If the Company has transferred substantially all risks and rewards of ownership of a financial asset, the financial asset is derecognized; whereas all risks and rewards of ownership are retained, the financial asset continue to be recognized while recognize the consideration received in financial liabilities. If the company has neither transferred nor retained all risks and rewards of ownership of a financial asset, the following treatments should be followed: (1) derecognize the financial asset if control over the financial asset has been given up; (2) if control over the financial asset has not been given up, then the financial asset is recognized according to the level of transfer, and relevant liabilities should be recognized.

When financial assets transfer meets the criteria of total derecognition, difference between the following two amounts are recognized in profit or loss of current period: (1) book value of the transferred financial assets; (2) the sum of consideration received from transfer and accumulated fair value changes that have been recognized in other comprehensive income. When financial assets transfer meets the criteria of partially derecognition, divide the total book value of all transferred financial assets into derecognized part and not derecognized part, and allocate relative fair value of each part. Difference between the following two amounts is recognized in profit or loss of current period: (1) book value of the derecognized part; (2) the sum of consideration on the derecognized part and accumulated fair value changes from the

derecognized part that have been recognized in other comprehensive income.

4. Fair value of major financial assets and financial liabilities

If the financial assets or financial liabilities are available in active market, fair value is determined according to the market prices; otherwise valuation techniques (including recent market transaction prices among parties that are familiar with the situations and are willing to transact, as well as discounted cash flow method) are adopted to determine the fair value; fair value of initially acquired or originated financial assets or financial liabilities, are determined on the basis of market transaction prices.

5. Impairment of financial assets

On balance sheet date, the Company assesses the book value of financial assets except for those measured at fair value through profit and loss. Financial assets impairment is incurred only if there is objective evidence of impairment and impairment losses are accrued.

For the financial assets with significant amount, individual impairment assessment must be conducted; for the financial assets with insignificant amount, individual impairment assessment can be conducted or assessed in a group of financial assets with similar credit risk characteristics. If a financial asset (including both with significant and insignificant amount) is not considered as to be impaired, it is assessed again in the group of financial assets with similar credit risk characteristics.

For the financial assets carried at amortized cost, if there is objective evidence of impairment, impairment losses are recognized at the difference between book value and current value of estimated future cash flows.

When the fair value of an equity instrument investment cannot be found in active market and cannot be reliably measured, or there is impairment on derivatives which is embedded in this equity instrument investment and can only be transacted through this equity instrument investment, the difference between book value of the equity investment instrument or derivative and current value based on the future cash flow discounted at the similar financial asset's current market yield, is recognized as impairment loss.

When the fair value of available-for-sale assets decreased significantly (end of period fair value decreased for or over 50% of the initial cost), or after considering all relevant factors this increase trend is expected not being temporary (has lasted for or more than 12 months), the Company should recognize the difference between initial cost and end of period fair value as impairment loss, and transfer the accumulated losses of fair value that have been recognized in other comprehensive income into impairment loss.

xi. Receivables

1. Individual receivables with significant amount and bad debt reserve is individually accrued

Criteria for significant amount:	Normally refers to an individual amount of or over 10 million RMB
Bad debt reserve accrual method for individual receivable with significant amount	Individual impairment assessment is conducted, and accrue bad debt reserve based on the amount that current value of future cash flow is less than its book value

2. Group of receivables and bad debt reserve

(1) Bad debt reserve for a group of receivables

Criteria for grouping

Age group	Divide by credit risks related to the age of receivables
Relationship with trading partner	Divide by related party within the scope of consolidation
Nature of the receivable	Divide into employee petty cash, rent deposit and others

Bad debt reserve accrual method for a group

Age group	Accrue bad debt reserve using aging analysis method
Relationship with trading partner	Not to accrue bad debt reserve
Nature of the receivable	Not to accrue bad debt reserve

(2) Aging analysis method

Age	Percentage of bad debt reserve	Percentage of bad debt reserve
	on account receivable (%)	on other receivable(%)
Within 1 year	-	-
1-2 years	10	10
2-3 years	30	30
3-4 years	50	50
4-5 years	70	70
Over 5 years	100	100

3. Individual receivables without significant amount but bad debt reserve is individually accrued

Reason for individually accrual of bad debt reserve	Individual amount is not significant, and the credit risk characteristics cannot be reflected if bad debt reserve is accrued under a group of receivables
Bad debt reserve accrual method	Bad debt reserve is accrued based on the amount that current value of future cash flow is less than its book value

For notes receivable, prepayments, interest receivable and Long-term receivables, bad debt reserve is accrued based on the amount that current value of future cash flow is less than its book value.

xii. Loans and Advances to Customers

1. Loans and receivables: impairment loss of loans and receivables is determined according to the difference between book value of the asset and the current value of estimated future cash flow discounted at the original real interest rate of the asset. If discounting does not have prominent impact on cash flow then discounting is not necessary.

2. Classification of loan risks

According to CBRC's requirements in "Yin Jian" [2007] No. 54: Guidance for the Risk-Based Loan Categorization, loan risks are classified into five levels, which are, normal, concerned, inferior, doubted and loss. When there is evidence showing a client's repaying ability is in clearly in trouble which leads to a loan cannot be fully repaid, the loan is classified as a non-performing loan (which includes the latter three levels: inferior, doubted and loss).

General principles for the five categories of loans are as follows:

- a. Normal: A borrower can perform a contract, and there is lack of sufficient reasons to suspect that the principal and interest of a loan cannot be fully repaid on time
- b. Concerned: A borrower has the ability to repay the principal and interest of a loan for the time being, but there are some factors likely to having adverse effect on the repayment.
- c. Inferior: An obvious problem has appeared in a borrower's ability of repayment, the principal and interest of a loan cannot be fully repaid by completely depending on the normal business revenue of the borrower, and even if a security is executed, there might be some losses incurred.
- d. Doubted: A borrower cannot fully repay the principal and interest of a loan, and even if a security is executed, large losses are surely to be incurred.
- e. Loss: After the adoption of all possible measures or all necessary legal proceedings, the principal and interest of a loan cannot be recovered, or only a very small part of it can be recovered.

3. Impairment provision for loans

According to the requirements by the CBRC in "Yin Jian Notice" [2007] No. 22: "A Notice about General Adoption of Accounting Standards for Business Enterprises in Financial Institutions of Banking Sector", the Company has accrued impairment provision for loans based on their end of period risk rating results. The loans with special risk characteristics have been individually assessed. The percentages of impairment provision are given below:

Risk Level	Percentages of impairment provision (%)
Normal	-
Concerned	5
Inferior	25
Doubted	50
Loss	100

xiii. Assets Designated to Available-For-Sale Assets and Termination of Operation

Non-current assets which meet all of the following criteria are designated as available-for-sale assets by the Company:

-
1. Under the current situation, an asset or a disposal group of assets can be sold according to normal policies for selling this type of assets;
 2. The Company has approved to sell an asset or a disposal group of assets;
 3. The Company has signed an irrevocable transfer contract with a transferee;
 4. This transfer is to be completed within one year.

Fixed assets designated as available-for-sale assets include current assets and current liabilities.

A terminated operation refers to a unit within the Company that has been disposed or designated as available-for-sale, can be separated in business operations and on financial statements, and meets one of the following criteria:

1. The unit stands for a dependent major business or a major operating area;
2. The unit is part of the disposal plan of a dependent major business or a major operating area;
3. The unit is a subsidiary acquired purely for resale.

For available-for-sale fixed assets, the Company has adjusted estimated net salvage value of this type of assets into the amount reflecting the amount of fair value minus disposal cost (but cannot exceed the book value). The difference from book value higher than the adjusted estimated net salvage value is recognized in profits or loss or current period.

Intangible assets and other non-current assets which meet the criteria of available-for-sale are also treated as above.

xiv. Long-Term Equity Investment

1. Determination of investment cost

(1) For a business combination involving entities under common control, if acquirer pays consideration by paying cash, transferring non-cash assets, undertaking liabilities or issuing equity securities, initial investment cost is recognized at the book value of the acquiree's owners' equity in ultimate controlling party's consolidated financial statement on the date of combination. The difference between initial investment cost or long-term equity investment and book value of consideration paid or face value of securities issued, is adjusted in additional paid-in capital (capital premium or stock premium); if the additional paid-in capital is not sufficient to be offset, the retained earnings are adjusted.

For a business combination involving entities under common control through multiple steps, initial investment cost is recognized at the interest in the acquiree's equity calculated by proportion of shareholding on the date of combination. The difference between initial investment cost and the sum of original book value of the long-term equity investment plus book value of consideration paid on date of combination for further acquiring shares, is adjusted in additional paid-in capital (capital premium or

stock premium); if the additional paid-in capital is not sufficient to be offset, the retained earnings are adjusted.

(2) For a long-term equity investment acquired through business combination involving enterprises not under common control, the initial investment cost is recognized at the fair value of the consideration paid on the date of acquisition.

(3) Long-term equity investment other than business combinations: if acquired through paying cash, the initial investment cost is recognized at the actual consideration paid on the date of acquisition; if acquired through issuing equity securities, the initial investment cost is recognized at the fair value of the securities issued; if investor invests in, the initial investment cost is recognized at the value agreed in the investment contract or agreement.

2. Subsequent measurement and recognition of profit or loss

For long-term equity investments that the Company has control over the invested unit, the Company accounts for such long-term equity investments using the cost method in the Company's financial statement. The Company accounts for the long-term equity investment under common control or on which the Company has significant influence using the equity method.

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.

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, initial investment cost is recognized. 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. The profits or cash dividends declared by the investee which are attributable to the Company, deduct book value of long-term equity investment. When there is a loss in investee, book value of long-term equity investment of the Company's is deducted till zero, except for the loss that the Company is obligated for extra losses. Other changes on owners' equity other than net profits or losses of investee, book value of long-term equity investment is adjusted and recognized in owners' equity.

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. 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.

4. Disposal of long-term equity investments

- (1) The situation of partially disposal of long-term equity investment on a subsidiary without losing control

For the partially disposal of long-term equity investment on a subsidiary without losing control, the difference between disposal income and book value of the disposed assets is recognized as profit or loss of current period.

- (2) The situation of partially disposal of long-term equity investment or other causes leading to losing control over a subsidiary

For the partially disposal of long-term equity investment or other causes leading to losing control over a subsidiary, carrying value of the disposed equity is carried forward, and investment income (loss) is recognized. In the meantime, the remaining equity continues to be recognized in long-term equity investment at its carrying value or other relevant financial assets. If the remaining equity has common control or significant influence on the subsidiary, accounting treatment should follow the requirements of changing cost method into equity method.

5. Methods of impairment assessment and determining the provision for impairment loss

On balance sheet date if there is objective evidence of impairment of the investment on subsidiaries, joint operations or joint ventures, impairment losses are accrued at the difference between book value and recoverable amount.

xv. Investment Properties

1. Investment properties include land use rights that are rented out and held for sale after appreciation, as well as buildings rented out.
2. An investment property is measured initially at cost, and subsequently measured using cost model. The Company adopts the same depreciation or amortization policy as for fixed assets and intangible assets for the investment properties. On balance sheet date if there is objective evidence of impairment of an investment property, impairment losses are accrued at the difference between book value and recoverable amount.

xvi. Fixed Assets

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. Depreciation is accrued from the next month of when fixed asset reaches its serviceable condition, and is calculated on the straight-line basis.

2. 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

3. Impairment of fixed assets

On balance sheet date if there is objective evidence of impairment of a fixed asset, impairment losses are accrued at the difference between book value and recoverable amount.

4. Recognition and measurement of fixed assets from finance lease

A finance lease is recognized if one or more of the following criteria is met: (1) the lease transfers ownership of the asset to the lessee by the end of the lease term; (2) the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable that, at the inception of the lease, it is reasonably certain that the option will be exercised; (3) the lease term is for the major part of the economic life of the asset, even if title is not transferred (normally at or over 75% of the asset's useful life); (4) at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset (normally at or over 90%); (5) the lease assets are of a specialised nature such that only the lessee can use them without major modifications being made.

At commencement of the lease term, finance leases should be recorded as an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, and depreciated according to the same depreciation policy as for fixed assets.

xvii. Intangible Assets

1. Intangible assets of the Company include information technology software, ERP system and trademark, and are initially measured at cost.

2. An intangible asset with limited useful life is systematically amortized according to the realization of its expected economic interests within its useful life. When the realization of an intangible asset's expected economic interests cannot be reliably anticipated, amortization is calculated on the straight-line basis.

Asset type	Amortization year
Software	3-10
Trademark	Useful life cannot be determined, not amortization

3. An intangible asset with certain useful life, on which there is objective evidence of impairment on balance sheet date, impairment losses are accrued at the difference between book value and recoverable amount. An intangible asset with uncertain useful life or has not reached its serviceable condition, not matter if there is objective evidence of impairment, is assessed for an impairment each year.

xviii. Long-Term Unamortized Expenses

Long-term unamortized expenses are accounted at the actual amount, and are amortized on straight-line basis during the beneficiary period. If a long-term unamortized expense does not benefit future accounting period then the unamortized value is transferred into profit or loss of current period. Normally long-term unamortized expenses are amortized in 5 years.

xix. Employee payroll

The company's employee benefits mainly include short-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.

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 recognizes it in the gain or loss accounts in the current period.

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.

3. Defined benefit plan

Employees of the company participate in the basic retirement insurance operated by labor and social insurance department of the local government. The Company contributes into the basic retirement insurance in accordance with the local government's requirements, through paying insurance premium to an authorized basic retirement insurance agency. After an employee retiring, the labor and social insurance department of the local government is responsible for paying retirement benefits to the retired employee.

During an employee's period of service, the Company accrues the above mentioned defined benefit cost in liabilities as well as profit or loss of current period and related cost of assets.

Apart from basic retirement insurance, the Company also provide supplementary retirement benefit plan to employees. Employees contribute into the plan with certain caps. The Company contributes into the plan a fixed amount each year and the expenses shall be recognized as profit or loss for the current period of occurrence.

The Company participates in various defined contribution retirement benefits schemes operated by the local municipal governments in accordance with the laws and regulations, which include: basic retirement insurance, medical insurance and housing fund etc. These expenses shall be recognized as profit or loss for the current period of occurrence.

When the Company decides to terminate an employee's employment contract before it expires, or encourages an employee to accept voluntary redundancy with an exchange for a termination benefit, the Company should not unilaterally revoke the employment contract termination plan or employee redundancy plan if a formal plan is already made and is about to be implemented.

xx. Bonds Payable

Bonds issued by the Company is initially recognized at the actual amount received, and is subsequently measured at amortized cost using real interest method. When a discount or premium happens on a bond, interest is adjusted at the amortized discount or premium of each accounting period using real interest method.

xxi. Contingent Liabilities

1. A contingent liability is confirmed when an obligation due to providing guarantee to an external party, lawsuits, lack of diligence in providing trust services or other contingent events becomes the Company's present obligation, it is likely to cause any economic benefits to flow out of the Company as a result of performance of the obligation, and the amount of the obligation can be reliably measured.
2. A contingent liability is initially recognized at the best estimated amount at the time of the present obligation is performed, and its book value is reassessed on the balance sheet date.

xxii. Income

The Company's income is mainly arising from income from rendering services, abalienating of right to use assets, investment income and other income.

1. Rendering services

When the result of rendering services can be reliably estimated on the balance sheet date, which refers to the four standards are all met: 1) the amount of revenue can be measured reliably; 2) it is probable that the economic benefits will flow to the seller; 3) the stage of completion at the balance sheet date can be measured reliably; and 4) the costs incurred, or to be incurred, in respect of the transaction can be

measured reliably, revenue is recognized using the percentage of completion method, and the percentage of completion is estimated according to the percentage of incurred cost in the estimated total cost. When the result of rendering services cannot be reliably estimated on the balance sheet date, if incurred cost is recovered, then revenue is recognized according to the cost incurred, and cost is recognized at the same amount; if incurred cost cannot be recovered, then revenue is not recognized and the incurred cost is recognized in profit or loss of current period.

Income from rendering services of the Company mainly include commissions of entrusted Asset Management business, and fees of consulting, advisory and qualified investor reference. A commission of entrusted Asset Management business is the reward to trustee according to a trust contract. A fee of consulting, advisory and qualified investor reference is a service charge paid by a client according to contract or agreement.

Type of income of the Company are mainly divided into: security investment business income, equity investment business income, loan business income, property right business income, equity earning right business income, floating performance reward, mutual fund management fee and financial services business income, etc. The calculation method is described as follows:

For security investment business, valuation is normally according to the market value of daily holding products. Net assets value from valuation multiplied by the rewarding rate agreed in the trust contract, divided by number of days, which comes to the amount of reward per day.

Equity investment business is normally long term, of which reward is calculated according to the recouped amount at maturity or repurchasing premium deducting holding period expenses.

Loans, property right and equity earning right businesses are normally rewarded at the amount of size of assets multiplied by the rewarding rate agreed in the trust contract, and divided by the times of charging.

Floating performance reward is normally calculated after liquidation, at the amount of net earnings at liquidation multiplied by the rewarding rate agreed in the contract.

Mutual fund management fee is normally charged at the amount of size of fund managed multiplied by management fee rate agreed in fund contract, and divided by times of charging.

Financial services business normally charge service fees according to the standards agreed in contracts of different types of service.

2. Abalienating of right to use assets

When it is probable that the economic benefits will flow to the Company, and the amount of revenue can be measured reliably, revenue from abalienating the right to use assets can be recognized.

- (1) Interest income is determined by the period of time of other party uses the Company's cash and the real interest rate, which refers to revenue recognized from the Company issuing self-operated loans and accruing interest income in each period.

For loans issued by the Company, interest is accrued in each period and revenue is recognized. If a loan is not repaid after 90 days of its maturity (including rollover, the same hereafter), the current period interest is not accrued and accounted off the balance sheet; in the meantime, interests that are already accrued in balance sheet adjust profit or loss of current period, and accounted off balance sheet.

Interest income from financial firms' saving deposits is recognized in interest income on deposits at the time of receiving interest settlement notice from the bank; interest income in placements to other financial institutions is calculated based on the period of time of abalienating the right to use assets and applicable interest rate.

When a financial asset is impaired, interest income is calculated using the discount rate at which future cash flow is discounted at the time of impairment.

(2) Utility charge is calculated according to the charging time and method agreed in relevant contract or agreement.

3. Investment income

The Company's investment income refers to the earnings from holding long-term equity investment, and earnings from buying, selling and holding financial assets. For long-term equity investment under cost method, investment income is recognized when cash dividend or profit sharing is declared by the investee; for long-term equity investment under equity method, investment income is recognized at the Company's share in the net profit or adjusted net profit of the investee. For financial assets, investment income of current period is recognized at the amount of difference between buying price and selling price deducting relevant taxes and fees, and profit sharing and dividends during the holding period is also recognized in investment income of current period.

xxiii. Operating Lease and Finance Lease

1. Operating lease

When the Company is under operating leases as lessee, 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.

When the Company is under operating leases as lessor, 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 significant 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.

2. Finance lease

When the Company is under finance leases as lessee, on the date of the lease commencing, finance lease asset is recognized at the lower of the fair value of the asset and the present value of the minimum lease payment, the minimum lease payment is recognized in long-term payable; in the meantime, their difference is recognized in financing expenses, and initial direct expenses are added in the value of finance lease asset. In the accounting periods during the period of leasing, financing expenses of the period is calculated using real interest rate method.

When the Company is under finance leases as lessor, on the date of the lease commencing, finance lease asset is recognized at the lower of the present value of the minimum rental income and the sum of initial direct expenses, and record unguaranteed value. The difference between the sum of minimum rental income, initial direct expenses and unguaranteed value and the sum of current value, is recognized as unrealized financing income. In the accounting periods during the period of leasing, financing income of the period is calculated using real interest rate method.

xxiv. Determination of Operating Activity, Investing Activity and Financing Activity

1. An investing activity of the Company refers to activities related to constructing the Company's long-term assets, which mainly include, fixed assets, intangible assets, under-construction project, and long-term equity investment on which the Company has control, common control or significant influence, and other assets with a holding period longer than a year or one operating cycle.

2. A financing activity of the Company refers to activities which cause changes on the size and structure of the Company's capital, bonds and long-term debt.

3. An operating activity of the Company refers to any of the Company's activities other than investing activities and financing activities. Operating activities mainly include issuing loans, inter-bank lending, Asset Management, consulting and advisory services, financial assets investment and investment operations, etc. Buying and selling financial assets belongs to the day-to-day operations of the Company, and its cash flows are reflected in cash flow from operating. Short-term loan issuance and repaid principal, cash lending to other financial institutions, buying and selling securities and other financial assets are accounted at net value.

xxv. Entrusted Business

The main entrusted business of the Company is trust property management.

The trust property management is the Company trustee manage the settlers' trust properties according with the trust agreement. In comply with relevant regulations, 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.

xxvi. Provision of Trust Compensation Reserve

According to the Regulations on Trust Companies issued by CBRC, 5% of the Company's after-tax net profit is accrued in trust compensation reserve, with a limit of 20% of the Company's registered capital. The major purpose of the trust compensation reserve is to offset any losses in entrusted assets due to possible management and operating mistake.

xxvii. Provision of General Risk Reserve

According to the regulations in "Cai Jin" (2012) No. 20, the higher of the amount of potential risk estimation lower than provision for impairment of assets and 1.5% of ending balance of risk assets, is accrued in provision of general risk reserve from after-tax net profit.

IV. TAXES**i. Major Taxes and Tax Rates**

Category of tax	Taxation basis	Tax rate
Value-added tax	Value-added tax payable	6%
Business tax	Business tax payable	5%
City maintenance and construction tax	commodity turnover tax payable	7%
Education fee affixture	commodity turnover tax payable	3%
Local education surcharge	commodity turnover tax payable	2%
Corporate income tax	Income tax payable	25%, 16.5%

Note: Zhongrong International Alternative Asset Management Limited, Zhongrong International Capital Management Limited and Zhongrong International Wealth Management Limited are register in Hong Kong, and the applicable corporate tax rate is 16.5%.

Zhongrong International Holdings Limited, Zhongrong International Bond 2015 Limited, Foremost Worldwide Company Limited, Zhongrong Worldwide Wealth Management Limited, Zhongrong Worldwide Alternative Asset Management Limited, and Zhongrong Worldwide Capital Management Limited are registered in British Virgin Island, where zero corporate tax is applied.

Zhongrong Ruiyang Asset Management Limited and Zhongrong Holdings Limited are registered in Cayman Islands where zero corporate tax is applied.

ii. Important policies of tax preference

None

V. CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES, AND CORRECTION OF ERRORS FROM LAST PERIOD

1. Changes in accounting policies

There is no change in accounting policies during this reporting period.

2. Changes in accounting estimates

There is no change in accounting estimates during this reporting period.

3. Correction of errors from last period

There is no need to disclose correction of errors from last period during this reporting period.

VI. NOTES TO IMPORTANT ACCOUNTS OF CONSOLIDATED FINANCIAL STATEMENTS

In the financial statement data disclosed below, except for otherwise mentioned, opening balance refers to the balance on December 31, 2014, closing balance refers to the balance on December 31, 2015, last period refers to the year 2014, and current period refers to the year 2015.

i. Cash

<u>Account</u>	<u>Closing balance</u>	<u>Opening balance</u>
Cash	24,554.93	60,690.88
Bank balances	7,724,503,706.04	4,014,682,369.92
Other cash and cash equivalents	9,625,926.00	96,880,570.95
<u>Total</u>	<u>7,734,154,186.97</u>	<u>4,111,623,631.75</u>

Note: Other cash and cash equivalent refers to deposited investment fund, and is not restricted.

ii. Financial Assets Measured at Fair Value Through Profit and Loss

<u>Account</u>	<u>Closing balance</u>	<u>Opening balance</u>
Held for trading financial assets	6,152,546,921.81	6,039,319,045.43
Including: Investments in debt instruments		
Investments in equity instruments	67,886,107.31	586,934,441.22
Investments in derivatives		
Other	6,084,660,814.50	5,452,384,604.21
<u>Total</u>	<u>6,152,546,921.81</u>	<u>6,039,319,045.43</u>

Note: Other mainly refers to the money market mutual funds of Zhongrong in which the Company invested.

iii. Accounts receivable

1. Presented by type

Type	Amount	Closing balance			Amount	Opening balance		
		Proportion of total (%)	Bad debt reserve	Reserve ratio (%)		Percentage in total (%)	Bad debt reserve	Reserve ratio (%)
Individual account receivables with significant amount and bad debt reserve is individually accrued								
Accounts receivable on which bad debt reserve is accrued by group								
Group 1 aging analysis	72,867,484.49	100.00			10,986,783.16	100.00		
Group subtotal	72,867,484.49	100.00			10,986,783.16	100.00		
Individual account receivable without significant amount but bad debt reserve is individually accrued								
Total	<u>72,867,484.49</u>	--			<u>10,986,783.16</u>	--		--

2. In groups, accounts receivable with accrued bad debt reserve using aging analysis method

Age	Closing balance	Closing balance of bad debt reserve	Reserve ratio (%)
Within 1 year	72,867,484.49		
1-2 years			
<u>合计</u>	<u>72,867,484.49</u>		

3. Top 5 of account receivable ending balance

Entity name	Nature of account receivable	Closing balance	Age	Proportion of total (%)	Closing balance of bad debt reserve
Anbang Real Estate equity investment	Reward on trustee	7,040,872.60	Within 1 year	9.66%	

Entity name	Nature of account receivable	Closing balance	Age	Proportion of total (%)	Closing balance of bad debt reserve
Zhongrong Monetary Fund	Fund management fee	4,250,458.80	Within 1 year	5.83%	
Zhongrong-Chongqing Tian An Yun Cheng Trust and Loan	Reward on trustee	3,967,342.47	Within 1 year	5.44%	
Zhongrong New Power	Fund management fee	3,767,726.58	Within 1 year	5.17%	
Rong Ying An Tai No. 26	Reward on trustee	3,264,868.66	Within 1 year	4.48%	
<u>Total</u>		<u>22,291,269.11</u>		<u>30.59%</u>	

iv. Prepayment

1. Presented by age

Age	Closing balance	Proportion (%)	Opening balance	Proportion (%)
Within 1 year	3,268,431.79	100.00	399,000.00	100.00
1-2 years				
2-3 years				
Over 3 years				
<u>Total</u>	<u>3,268,431.79</u>	--	<u>399,000.00</u>	--

2. Top 5 of prepayment ending balance

Entity name	Closing balance	Proportion (%)	Notes
Hundsun Technologies Inc.	1,125,000.00	34.42%	Prepayment on Hundsun system
Tang Chunshan	548,766.00	16.79%	Office rental deposit
Beijing Seeyon Software Company	249,550.00	7.64%	OA System first period fee
Beijing Wanguo Changan Technology Company	228,333.33	6.99%	Server room outsourcing fee
Shanghai Wanshen Information Industry Co. Ltd	144,900.00	4.43%	Information point upgrade project first period fee
<u>Total</u>	<u>2,296,549.33</u>	<u>70.26%</u>	

v. Interest Receivable

Account	Closing balance	Opening balance
Certificate of Deposits	45,007,209.28	67,466.67
Entrusted loan		
Bonds investment		
<u>Total</u>	<u>45,007,209.28</u>	<u>67,466.67</u>

vi. Dividends Receivable

Investee	Closing balance	Opening balance
Xinhu Wealth Investment Management Company	20,803,274.80	
<u>Total</u>	<u>20,803,274.80</u>	

vii. Other Receivables

1. Presented by type

Type	Closing balance				Opening balance			
	Book value		Bad debt reserve		Book value		Bad debt reserve	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Individual other receivables with significant amount and bad debt reserve is individually accrued	28,080,000.00	11.85						
Other receivables on which bad debt reserve is accrued by group								
Grouped by age	150,197,236.31	63.40	468,542.06	100.00	25,111,894.55	44.92	468,542.06	100.00
Grouped by nature of receivable	39,423,462.27	16.64			25,028,225.18	44.77		
<u>Group subtotal</u>	<u>189,620,698.58</u>	<u>80.05</u>	<u>468,542.06</u>		<u>50,140,119.73</u>	<u>89.69</u>	<u>468,542.06</u>	
Individual other receivable without significant amount but bad debt reserve is individually accrued	19,191,670.12	8.10			5,768,711.24	10.31		
<u>Total</u>	<u>236,892,368.70</u>	--	<u>468,542.06</u>		<u>55,908,830.97</u>	--	<u>468,542.06</u>	--

2. Individual other receivables with significant amount and bad debt reserve is individually accrued

Entity name	Closing balance	Closing balance of bad debt allowance	Accrual percentage (%)	Accrual reason
Zhongrong- Fine selection No. 4 Asset Management Plan	28,080,000.00			Project borrowing
<u>Total</u>	<u>28,080,000.00</u>		—	—

3. In groups, other receivables with accrued bad debt reserve using aging analysis method

Age	Closing balance	Closing balance of bad debt reserve	Reserve ratio (%)
Within 1 year	149,728,694.25		
1-2 years			
2-3 years			
3-4 years			
4-5 years			
Over 5 years	468,542.06	468,542.06	100.00
<u>Total</u>	<u>150,197,236.31</u>	<u>468,542.06</u>	

4. In groups, other receivables with accrued bad debt reserve using other method

Group name	Closing balance	Closing balance of bad debt reserve	Reserve ratio (%)	Accrual reason
Group 1: Grouped by nature of receivable	39,423,462.27			Deposits and petty cash that do not need to accrue bad debt reserve
<u>Total</u>	<u>39,423,462.27</u>			

5. Top 5 of other receivables ending balance

Entity name	Nature of account receivable	Closing balance	Age	Proportion of total (%)	Closing balance of bad debt reserve
Shanghai Changxuan Investment Company	Loan and interest	40,476,123.29	Within 1 year	17.09%	
Peace Town International Holdings Limited	Loan and interest	29,549,766.87	Within 1 year	12.47%	
Zhongrong- Fine selection No. 4 Asset Management Plan	Project borrowing	28,080,000.00	Within 1 year	11.85%	
Zhongrong- Fine selection No. 3 Asset Management Plan	Project borrowing	9,282,975.22	Within 1 year	3.92%	

Entity name	Nature of account receivable	Closing balance	Age	Proportion of total (%)	Closing balance of bad debt reserve
Dongguan Development Holding Company	Private offering deposit	8,000,000.00	Within 1 year	3.38%	
Total		<u>115,388,865.38</u>		<u>48.71%</u>	

viii. Available-for-Sale Financial Assets

1. Presented by type

Account	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Available-for-sale debt instruments	219,403,099.29		219,403,099.29			
Available-for-sale equity instruments	2,247,794,028.85	194,892,403.50	2,052,901,625.35	604,920,674.97		604,920,674.97
Incl:						
measured at fair value	1,157,964,546.89	194,892,403.50	963,072,143.39	575,267,274.97		575,267,274.97
measured at cost	1,089,829,481.96		1,089,829,481.96	29,653,400.00		29,653,400.00
Other						
Total	<u>2,467,197,128.14</u>	<u>194,892,403.50</u>	<u>2,272,304,724.64</u>	<u>604,920,674.97</u>		<u>604,920,674.97</u>

Note: Available-for-sale financial assets measured at fair value in the period include Asset Management plan, stock products and mutual fund products.

2. Available-for-sale financial assets measured at fair value at end of period

Type of available-for-sale financial asset	Available-for-sale equity instruments	Available-for-sale debt instruments	Total
Cost of equity instruments / amortized cost of debt instruments	1,108,319,673.44		1,108,319,673.44
Fair value	963,072,143.39		963,072,143.39
Fair value changes accumulated in other comprehensive income	49,644,873.45		49,644,873.45
Provision for impairment	194,892,403.50		194,892,403.50

3. Available-for-sale financial assets measured at cost at end of period

Name of investee	Book balance			Provision for impairment		Shareholding ratio in investee	Dividends
	Opening balance	Increase	Decrease	Opening balance	Closing balance		
China Trust Industry Security Fund		97,733,580.96					
Jianghai Securities	28,673,400.00			28,673,400.00			
Hubei Changjiang Economic Zone Industry Fund		2,000,000.00		2,000,000.00		1.00%	
Zhongrong - Rongshuo No.6 Collective Trust Plan	100,000,000.00		50,000,000.00	50,000,000.00		18.41%	
Zhongrong - Rongli No.10 Collective Trust Plan		50,000,000.00	20,000,000.00	30,000,000.00		10.28%	
Beijing Feng Yue Tai He Equity Investment Limited Partnership		61,580,000.00		61,580,000.00		12.32%	
E-Capital Transfer Co., Ltd		25,000,000.00		25,000,000.00		1.24%	
Rong Wu Guo Ding Asset Management Limited Partnership		33,200,000.00		33,200,000.00		15.30%	
Dinv Ares Film & Media Ltd., Co.		44,062,500.00		44,062,500.00		7.50%	
Hi-Tech Rui Shi Fund		649,360,000.00		649,360,000.00			
Zuhai Rong Wu Equity Investment Limited Partnership		100,000.00		100,000.00		0.02%	
Tai Rong Han Xin (Tianjin) Investment Management Limited Partnership		5,000,000.00		5,000,000.00		1.10%	
Beijing Rong Ding Kun Investment Center (Limited Partnership)		40,000,000.00		40,000,000.00		17.02%	

Name of investee	Opening balance			Book balance			Provision for impairment			Shareholding ratio in investee	Dividends
	Opening balance	Increase	Decrease	Opening balance	Increase	Decrease	Opening balance	Increase	Decrease		
Shanghai Changxuan Investment Company		1.00		1.00			1.00			0.00	
Beijing Rong Ding Kun Investment Center (Limited Partnership)		20,000.00		20,000.00			20,000.00			0.0085%	
Shenzhen Zhongrong Qidian Investment Management Center (Limited Partnership)		100,000.00		100,000.00			100,000.00			0.1020%	
China Railway Jian Rong (Beijing) Investment Management Co. Ltd.	2,000,000.00						2,000,000.00			50%	
Wuxi Guo Chuang Cultural Investment Company (Limited Partnership)	980,000.00		980,000.00								
Industrial Trust - Xing Yun Wealth Collective Trust Plan	50,000,000.00		50,000,000.00								
Ronghe Sunshine No.5 Asset Management Plan		15,000,000.00		15,000,000.00			15,000,000.00			50.00%	
Hejun Business School Private Offering		5,000,000.00		5,000,000.00			5,000,000.00				
Huzhou Rong Yuan Rui Kang Equity Investment Partnership		1,000,000.00		1,000,000.00			1,000,000.00			0.09%	
Total	<u>181,653,400.00</u>	<u>1,029,156,081.96</u>	<u>120,980,000.00</u>	<u>1,089,829,481.96</u>							

4. Changes in impairment of available-for-sale financial assets

Type of available-for-sale financial asset	Available-for-sale equity instruments	Available-for-sale debt instruments	Total
Opening balance of impairment			
Increase of current period	194,892,403.50		194,892,403.50
Incl.: Transferred from other comprehensive income	146,169,302.62		146,169,302.62
Decrease of current period			
Incl.: Reverse due to fair value increase			
Closing balance of impairment	194,892,403.50		194,892,403.50

5. Statement on the significant or continuous decrease of fair value of available-for-sale equity instruments at the end of period

Asset	Investment cost	End of period fair value	Decrease scale comparing to cost	Period of continuous decrease	Provision for impairment	Reason for no impairment accrued
Hengyuan Coal Power	324,000,000.00	129,107,596.50	60.15%	31 moths	194,892,403.50	
<u>Total</u>	<u>324,000,000.00</u>	<u>129,107,596.50</u>	--	--	<u>194,892,403.50</u>	

ix. Long-term Equity Investment

Name of investee	Opening balance	Changes in current period			Investment income or loss under equity method	Changes in current period			Changes in current period		Total	
		Increase in investment	Decrease in investment	Investment income or loss under equity method		Adjustment in other comprehensive income	Other equity changes	Cash dividends	Provision for impairment of current period	Other		Closing balance
1. Shenzhen Huarong Equity Investment Fund Management Company	5,603,005.34			-73,221.30							5,529,784.04	
2. Xinhua Wealth Investment Management Company	40,033,691.29			38,254,193.69			-1,830,862.00		20,803,274.80		55,653,748.18	
3. China Trust Industry Security Fund		1,500,000,000.00		60,598,739.84							1,560,598,739.84	
4. Rui Yuan Bao Xing Fund Management Company	1,958,402.33			977.65							1,959,379.98	

Name of investee	Opening balance	Changes in current period			Investment income or loss under equity method	Changes in current period			Changes in current period			Total
		Increase in investment	Decrease in investment			Adjustment in other comprehensive income	Other equity changes	Cash dividends	Provision for impairment of current period	Other	Closing balance	
5. Shanghai Rong Ou Equity Investment Fund Management Company	4,585,839.70			684,705.66								5,270,545.36
6. Lhasa Rong Zheng Investment Management Consulting Company	980,000.00			-3,700.46								976,299.54
7. Beijing Joy Media Technology Company		20,000,000.00		-3,693,478.75			1,425,000.00					17,731,521.25
Total	<u>53,160,938.66</u>	<u>1,520,000,000.00</u>		<u>95,768,216.33</u>			<u>-405,862.00</u>		<u>20,803,274.80</u>			<u>1,647,720,018.19</u>

x. Fixed Assets

Account	Opening balance	Increase	Decrease	Closing balance
I. Original price total	78,427,822.98	14,571,024.77	4,156,209.45	88,842,638.30
Incl.: Transportation equipments	15,757,096.00	393,631.00	706,711.00	15,444,016.00
Electrical equipments	7,194,627.60	1,458,926.77	210,907.00	8,442,647.37
Computers	40,034,208.88	10,706,934.76	3,048,244.45	47,692,899.19
Other	15,441,890.50	2,011,532.24	190,347.00	17,263,075.74
II. Accumulated depreciation total	50,331,531.53	13,394,114.54	3,827,712.51	59,897,933.56
Incl.: Transportation equipments	11,063,894.43	2,487,033.66	540,672.75	13,010,255.34
Electrical equipments	2,824,210.13	1,341,776.71	201,321.24	3,964,665.60
Computers	27,528,177.34	7,161,890.47	2,951,501.70	31,738,566.11
Other	8,915,249.63	2,403,413.70	134,216.82	11,184,446.51
III. Accumulated provision for impairment total				
Incl.: Transportation equipments				
Electrical equipments				
Computers				
Other				
IV. Book value total	28,096,291.45	—	—	28,944,704.74
Incl.: Transportation equipments	4,693,201.57	—	—	2,433,760.66
Electrical equipments	4,370,417.47	—	—	4,477,981.77
Computers	12,506,031.54	—	—	15,954,333.08
Other	6,526,640.87	—	—	6,078,629.23

xi. Intangible Assets

Account	Opening balance	Increase	Decrease	Closing balance
I. Original price total	38,965,110.00	11,167,070.36		50,132,180.36
Software	33,965,110.00	11,167,070.36		45,132,180.36
Trademark	5,000,000.00			5,000,000.00
II. Accumulated amortization total	11,842,566.93	5,375,601.55		17,218,168.48
Software	11,842,566.93	5,375,601.55		17,218,168.48
Trademark				
III. Accumulated provision for impairment total				

Account	Opening balance	Increase	Decrease	Closing balance
Software				
Trademark				
IV. Book value total	27,122,543.07	—	—	32,914,011.88
Software	22,122,543.07	—	—	27,914,011.88
Trademark	5,000,000.00	—	—	5,000,000.00

xii. Long-Term Unamortized Expenses

Account	Opening balance	Increase	Amortization of current period	Other decrease	Closing balance
Remodeling expenses	8,970,466.25	29,882,214.72	14,486,275.40		24,366,405.57
Software utility fees	896,584.22	5,311,948.00	1,061,915.42		5,146,616.80
Housing rent	3,044,220.00	23,070,709.84	18,265,320.00		7,849,609.84
Other	364,682.94	587,239.39	466,876.42		485,045.91
<u>Total</u>	<u>13,275,953.41</u>	<u>58,852,111.95</u>	<u>34,280,387.24</u>		<u>37,847,678.12</u>

xiii. Deferred income tax assets and deferred income tax liabilities

Account	Closing balance		Opening balance	
	Deferred income tax assets/ liabilities	Temporary difference	Deferred income tax assets/ liabilities	Temporary difference
I. Deferred income tax assets:	567,014,719.73	2,268,058,878.89	505,899,511.55	2,023,598,046.20
Provision for impairment of assets	48,723,100.88	194,892,403.50		
Accrued not paid payroll	527,758,506.86	2,111,034,027.43	474,992,210.74	1,899,968,842.96
Fair value changes of available-for-sale financial assets	-11,995,509.21	-47,982,036.84	35,108,799.02	140,435,196.08
Valuation of held-for-trading financial assets and financial derivatives	174,284.42	697,137.68	-4,201,498.21	-16,805,992.84
Deductible losses	2,354,336.78	9,417,347.12		

xiv. Other Assets

Name asset	Closing balance	Opening balance
Equity investment on China Trust Industry Security Fund		750,000,000.00
<u>Total</u>		<u>750,000,000.00</u>

xv. Placements from banks and other financial institutions

Account	Closing balance	Opening balance
Placements from banks		
Placements from other financial institutions	<u>1,700,000,000.00</u>	
<u>Total</u>	<u>1,700,000,000.00</u>	

xvi. Accounts Payable

Account	Closing balance	Opening balance
Investment advisory fees	312,320.07	4,056,324.92
Client maintenance expenses	5,434,812.08	641,406.02
collateral fee	116,311.35	
<u>Total</u>	<u>5,863,443.50</u>	<u>4,697,730.94</u>

xvii. Receipts in Advance

Account	Closing balance	Opening balance
Within 1 year	61,908,571.72	10,384,851.06
Over 1 year	10,731,819.89	9,946,094.69
<u>Total</u>	<u>72,640,391.61</u>	<u>20,330,945.75</u>

xviii. Payroll Payable

1. Presented by type

Account	Opening balance	Increase	Decrease	Closing balance
I. Short-term remuneration	1,061,013,561.31	1,101,685,984.20	595,427,203.18	1,567,272,342.33
II. Post-employment benefits – defined contribution plan	336,201.89	57,726,681.14	57,451,630.29	611,252.74
III. Termination benefits		1,976,506.83	1,976,506.83	
IV. Other				
<u>Total</u>	<u>1,061,349,763.20</u>	<u>1,161,389,172.17</u>	<u>654,855,340.30</u>	<u>1,567,883,595.07</u>

2. Short-term remuneration

Account	Opening balance	Increase	Decrease	Closing balance
I. Wage, bonus, allowance, subsidy	1,056,180,517.46	1,005,458,385.74	501,580,142.51	1,560,058,760.69
II. Employee benefits		3,365,867.25	3,365,867.25	
III. Government benefit plans	177,731.12	30,170,470.61	30,020,456.93	327,744.80
Incl.: 1. medical insurance	157,239.05	26,794,309.50	26,662,226.76	289,321.79
2. Occupational injury insurance	7,953.55	1,168,924.57	1,161,143.77	15,734.35
3. Maternity insurance	12,538.52	2,207,236.54	2,197,086.40	22,688.66
IV. Housing fund	42,017.88	33,115,943.50	33,010,476.94	147,484.44
V. Union fund and education fund	4,613,294.85	29,563,853.98	27,438,796.43	6,738,352.40
VI. Short-term paid leave				
VII. Short-term profit sharing plan				
VIII. Other		11,463.12	11,463.12	
Total	<u>1,061,013,561.31</u>	<u>1,101,685,984.20</u>	<u>595,427,203.18</u>	<u>1,567,272,342.33</u>

3. Defined contribution plan liabilities in post-employment benefits

Account	Paid in current period	Payable of current period
Basic retirement insurance	54,444,135.37	582,847.94
Unemployment insurance	3,007,494.92	28,404.80
Total	<u>57,451,630.29</u>	<u>611,252.74</u>

xix. Taxes Payable

Account	Opening balance	Payable of current period	Amount paid in current period	Closing balance
Value-added tax	1,690,207.21	4,132,139.35	4,876,542.95	945,803.61
Business tax	71,137,620.74	289,016,355.40	278,729,837.53	81,424,138.61
Corporate income tax	309,358,682.69	874,386,376.23	798,715,988.45	385,029,070.47
City maintenance and construction tax	5,097,273.01	20,384,220.07	19,718,545.39	5,762,947.69
Personal income tax	21,553,267.28	371,429,705.09	371,837,604.32	21,145,368.05
Education fee affixture	3,640,909.28	14,664,738.47	14,179,746.35	4,125,901.40
Other taxes	271,537.33	493,902.87	699,920.49	65,519.71
Total	<u>412,749,497.54</u>	<u>1,574,507,437.48</u>	<u>1,488,758,185.48</u>	<u>498,498,749.54</u>

xx. Interest Payable

Account	Closing balance	Opening balance
Interests of long-term loan with installment on interest and principal paid at maturity		
Corporate bond interests	3,652,650.00	
Interests of placements from banks and other financial institutions	6,195,555.57	
<u>Total</u>	<u>9,848,205.57</u>	

xxi. Dividend Payable

Account	Closing balance	Opening balance	Reason for due over 1 year
Common share dividends	600,000,000.00		
Dividends on preferred share / perpetual bond classified as equity instruments			
<u>Total</u>	<u>600,000,000.00</u>		

xxii. Other Payables

1. Presented by age

Account	Closing balance	Opening balance
Within 1 year	48,047,550.52	20,714,558.76
1-2 years	10,051,430.41	13,129,068.14
2-3 years	1,426,512.48	
Over 3 years		
<u>Total</u>	<u>59,525,493.41</u>	<u>33,843,626.90</u>

2. Important other payable with age over 1 year

Account	Closing balance	Reason for not being paid or carry forward
Trustee reward to be distributed	8,972,766.96	Not paid
<u>Total</u>	<u>8,972,766.96</u>	

xxiii. Bonds Payable

1. Presented by details

Name of bond	Face value	Date of issue	Years to maturity	Issuance price	Closing balance
The 6.00 per cent. guaranteed notes due 2018	1,461,060,000.00	June 15, 2015	3 years	1,438,095,448.54	
<u>Total</u>	<u>1,461,060,000.00</u>			<u>1,438,095,448.54</u>	

Continue:

Amount issued of current period	Interest accrued based on face value	Amortization of premium/ discount	Repaid amount of current period	Closing balance
1,438,095,448.54		3,827,595.31		1,441,923,043.85
<u>1,438,095,448.54</u>		<u>3,827,595.31</u>		<u>1,441,923,043.85</u>

2. Changes in interests of bonds payable

Name of bond	Opening balance	Accrual interest of current period	Paid interest of current period	Closing balance
The 6.00 per cent. guaranteed notes due 2018		47,484,450.00	43,831,800.00	3,652,650.00
<u>Total</u>		<u>47,484,450.00</u>	<u>43,831,800.00</u>	<u>3,652,650.00</u>

xxiv. Long-term Payroll Payable

Account	Closing balance	Opening balance
Performance bonus	1,010,911,029.88	861,955,490.33
<u>Total</u>	<u>1,010,911,029.88</u>	<u>861,955,490.33</u>

xxv. Paid-in Capital

Name of investor	Opening balance		Increase	Decrease	Closing balance	
	Book amount	Proportion			Book amount	Proportion
Jingwei Textile Machinery Company Limited	2,248,185,140.63	37.4 7%			2,248,185,140.63	37.47%
Zhongzhi Enterprise Company Co., Ltd.	1,979,185,171.87	32.98%			1,979,185,171.87	32.98%
Harbin Investment Company Limited	1,292,287,500.00	21.54%			1,292,287,500.00	21.54%
Shengyang An Tai Da Commercial Trading Ltd.	480,342,187.50	8.01%			480,342,187.50	8.01%
<u>Total</u>	<u>6,000,000,000.00</u>	<u>100.00%</u>			<u>6,000,000,000.00</u>	<u>100.00%</u>

xxvi. Additional Paid-in Capital

Account	Opening balance	Increase	Decrease	Closing balance
Capital premium (stock premium)	232,537,248.16			232,537,248.16
Other additional paid-in capital		1,425,000.00	1,830,862.00	-405,862.00
<u>Total</u>	<u>232,537,248.16</u>	<u>1,425,000.00</u>	<u>1,830,862.01</u>	<u>232,131,386.16</u>

Notes: 1. Increase in additional paid-in capital is due to shareholders' capital increase at premium in the Company's investee Beijing Joy Media Technology Company. Additional paid-in capital is recognized at RMB 1,425,000.00 according to proportion of shareholding.

2. In the current period, the Company's investee Xihu Wealth Investment Management Company accepted new shareholders, which diluted the Company's share. Additional paid-in capital is adjusted at RMB -1,975,066.12.

3. In the current period, the Company's investee Xihu Wealth Investment Management Company performed a business combination under common control, in which consideration paid by Xihu Wealth was less than the acquiree's net asset. Additional paid-in capital is adjusted at RMB 144,204.12 according to proportion of shareholding.

xxvii. Other Comprehensive Income

1. Other comprehensive income accounts and their influences on tax, and the situations of transferring to profit or loss

Account	Changes in current period			Changes in previous period		
	Pretax amount	Income tax	After-tax amount	Pretax amount	Income tax	After-tax amount
1. Other comprehensive income to be reclassified into gains or losses	192,441,191.96	47,104,308.23	145,336,883.73	36,177,166.79	9,070,585.39	27,106,581.40
(1). Share of other comprehensive income can be classified into gains or losses in the invested firms under equity method						
Deduct: amount accounted in other comprehensive income in previous period and transferred into profit and loss in current period						
<u>Subtotal</u>	190,080,069.52	47,104,308.23	142,975,761.29	36,282,341.56	9,070,585.39	27,211,756.17
(2). Gains or losses from changes in fair value of available-for-sale financial assets						
Deduct: amount accounted in other comprehensive income in previous period and transferred into profit and loss in current period						
<u>Subtotal</u>	190,080,069.52	47,104,308.23	142,975,761.29	36,282,341.56	9,070,585.39	27,211,756.17
(3) Foreign currency translation differences	2,361,122.44		2,361,122.44	-105,174.77		-105,174.77
Deduct: amount accounted in other comprehensive income in previous period and transferred into profit and loss in current period						
<u>Subtotal</u>	2,361,122.44		2,361,122.44	-105,174.77		-105,174.77
2. Other comprehensive income total	192,441,191.96	47,104,308.23	145,336,883.73	36,177,166.79	9,070,585.39	27,106,581.40

2. Adjustments on other comprehensive income accounts

Account	Changes of net liabilities or net assets due to remeasurement of defined benefit plan	Share of other comprehensive income cannot be reclassified into gains or losses in the invested firms under equity method	Share of other comprehensive income can be reclassified into gains or losses in the invested firms under equity method	Gains or losses from changes in fair value of available-for-sale financial assets	Gains or losses from reclassifying held-to-maturity investments into available-for-sale financial assets	Effective part of gains and losses from cash flow hedging	Foreign currency translation differences	Other	Subtotal
1. Opening balance of previous year				-132,538,153.21					-132,538,153.21
2. Changes in of previous year ("-" indicates decrease)				26,769,995.45			-105,174.77		26,664,820.68
3. Opening balance of current year				-105,768,157.76					-105,873,332.53
4. Changes in of current year ("-" indicates decrease)				147,291,336.08			2,361,122.44		149,652,458.52
5. Closing balance of current year				41,523,178.32			2,255,947.67		43,779,125.99

xxviii. Surplus Reserve

Account	Opening balance	Increase	Decrease	Closing balance
Legal reserve	826,347,809.72	241,711,753.48		1,068,059,563.20
Free reserve				
<u>Total</u>	<u>826,347,809.72</u>	<u>241,711,753.48</u>		<u>1,068,059,563.20</u>

Note: Increase in surplus reserve refers to that 10% of net profit is accrued in legal reserve.

xxix. General Risk Reserve

Account	Closing balance	Opening balance
General risk reserve	133,739,362.73	113,747,542.90
Trust compensation reserve	561,509,972.90	440,654,096.16
<u>Total</u>	<u>695,249,335.63</u>	<u>554,401,639.06</u>

Note: 1. According to the regulations in "Cai Jin" (2012) No. 20, the higher of the amount of potential risk estimation lower than provision for impairment of assets and 1.5% of ending balance of risk assets, is accrued in provision of general risk reserve from after-tax net profit.

2. According to Article 49 in the Regulations on Trust Companies, 5% of the Company's after-tax net profit is accrued in trust compensation reserve, with a limit of 20% of the Company's registered capital. The major purpose of the trust compensation reserve is to offset any losses in entrusted assets due to possible management and operating mistake.

xxx. Retained Earnings

Account	Amount of current year	Amount of previous year
Opening balance of current period	2,179,483,106.17	3,736,867,334.02
Increase in current period	2,534,520,938.26	2,430,038,423.58
Incl.: Transferred from net profit of current period	2,534,520,938.26	2,430,038,423.58
Other adjustment to increase		
Decrease in current period	1,282,559,450.05	3,987,422,651.43
Incl.: Withdrawal from surplus reserve	241,711,753.48	241,308,192.31
Provision for general risk reserve of current period	140,847,696.57	219,814,459.12
Cash dividends paid in current period	900,000,000.00	300,000,000.00
Capitalization		3,226,300,000.00
Other adjustment to decrease		
Closing balance of current period	3,431,444,594.38	2,179,483,106.17

xxxi. Net Interest Income

Account	Changes in current period	Changes in previous period
Interest income	216,267,396.27	428,368,448.67
- Interest income from deposits in other banks	216,267,396.27	428,368,448.67
- Interest income from issuing loans and advances		
- Interest income from buying resold financial assets		
Interest expenses	92,546,111.12	
- Placements from banks and other financial institutions	92,546,111.12	
<u>Net interest income</u>	<u>123,721,285.15</u>	<u>428,368,448.67</u>

xxxii. Net Fee and Commission Income

Account	Changes in current period	Changes in previous period
Net commission income on trust	4,423,173,014.63	4,390,316,936.81
Mutual fund management fees	194,526,780.05	56,654,884.45
<u>Total</u>	<u>4,617,699,794.68</u>	<u>4,446,971,821.26</u>

xxxiii. Operating Income, Other Operating Income and Operating Cost

Account	Changes in current period		Changes in previous period	
	Income	Cost	Income	Cost
<u>1. Operating income subtotal</u>	<u>201,771,770.58</u>	<u>461,886.79</u>	<u>20,398,347.16</u>	
Incl.: Asset Management income	105,773,701.84		20,398,347.16	
Consulting services income	92,940,747.78			
Financial advisory services income	1,514,239.90			
Human resources services income	583,271.42			
Technical services income	504,339.64	461,886.79		
Intermediary services income	455,470.00			
<u>2. Other operating income subtotal</u>	<u>884,698,773.96</u>		<u>305,057,051.74</u>	
Incl.: Interest income from loans to banks and other financial institutions	1,628,319.38			
Financial advisory services income			24,346,233.01	
Project issuance income	866,765,766.34		273,290,866.09	
Sales service income	13,962,247.59		4,170,485.90	
Other	2,342,440.65		3,249,466.74	
<u>Total</u>	<u>1,086,470,544.54</u>	<u>461,886.79</u>	<u>325,455,398.90</u>	

xxxiv. Investment Income

Account	Changes in current period	Changes in previous period
Investment income from held-for-trading financial assets	315,075,999.85	163,394,543.82
Investment income from available-for-sale financial assets	381,249,316.53	17,270,579.80
Investment income from long-term equity investments	95,768,216.33	30,009,712.55
Investment income from held-to-maturity investments		
<u>Total</u>	<u>792,093,532.71</u>	<u>210,674,836.17</u>

xxxv. Gains From Changes in Fair Values

Account	Changes in current period	Changes in previous period
Held-for-trading financial assets	-33,067,269.52	118,727,136.67
<u>Total</u>	<u>-33,067,269.52</u>	<u>118,727,136.67</u>

xxxvi. Foreign Exchange Gains

Account	Changes in current period	Changes in previous period
Foreign exchange gains	901,142.69	1,294,069.16
<u>Total</u>	<u>901,142.69</u>	<u>1,294,069.16</u>

xxxvii. Business Tax and Surcharges

Type of tax	Changes in current period	Changes in previous period
Business tax	289,016,355.40	242,875,556.37
City construction and maintenance tax	20,384,220.07	17,169,630.70
Education fee affixture	14,664,738.47	12,264,021.93
Other	24,402.25	1,150,326.74
<u>Total</u>	<u>324,089,716.19</u>	<u>273,459,535.74</u>

xxxviii. Operation and Administrative Expenses

Account	Changes in current period	Changes in previous period
1. Administrative expenses	2,742,984,495.62	2,046,580,646.41

Account	Changes in current period	Changes in previous period
Incl.: Staff expenses	2,172,300,202.05	1,536,644,357.64
Depreciation expenses	13,393,249.30	14,230,653.83
Maintenance expenses	534,192.49	279,134.36
Intangible assets amortization expenses	5,375,601.55	4,911,097.48
Business related hospitality expenses	44,084,222.35	35,072,791.85
Travel expenses	41,042,138.57	35,431,203.14
Office expenses	9,711,894.06	8,114,214.28
Conference expenses	5,542,532.06	5,798,203.02
Expenses on Intermediaries	26,273,132.61	24,680,011.41
Consulting expenses	135,317,594.22	200,477,238.09
Rental expenses	159,778,114.73	104,062,349.13
Tax expenses	2,500,438.59	3,513,726.96
Long-term unamortized expenses	15,975,862.41	13,896,035.43
Other	111,155,320.63	59,469,629.79
2. Finance expenses	47,974,189.44	-1,910,071.01
<u>Total</u>	<u>2,790,958,685.06</u>	<u>2,044,670,575.40</u>

xxxix. Losses of Assets Impairment

Account	Changes in current period	Changes in previous period
1. Bad debt losses		
2. Inventory depreciation losses		
3. Available-for-sale financial assets depreciation losses	194,892,403.50	
4. Held-to-maturity investment depreciation losses		
<u>Total</u>	<u>194,892,403.50</u>	

xi. Non-Operating Income

1. Presented by account

Account	Changes in current period	Changes in previous period	Amount recognized in non-recurring gains and losses in current period
1. Subtotal of gains on disposal of non-current assets	103,409.03	291,720.86	103,409.03
Incl.: gains on disposal of fixed assets	103,409.03	291,720.86	103,409.03

Account	Changes in current period	Changes in previous period	Amount recognized in non-recurring gains and losses in current period
gains on disposal of intangible assets			
2. Gains on debt restructuring			
3. Gains on exchange of non-monetary assets			
4. Gains from donation			
5. Government subsidy	10,000,000.00		10,000,000.00
6. Gain on physical inventory			
7. Other	88,825,644.01	3,243,177.00	88,825,644.01
<u>Total</u>	<u>98,929,053.04</u>	<u>3,534,897.86</u>	<u>98,929,053.04</u>

Note: "other" here above refers to execution funds of court.

2. Details of government subsidy

Account	Changes in current period	Changes in previous period	Description
Financial allocation	10,000,000.00		Incentives to newly registered financial institution, according to the announcement "Shen Fu Jin Fa [2015] No. 56" issued by Financial Development Services Office of Shenzhen Municipal People's Government and Shenzhen Municipal Fiscal Committee
<u>Total</u>	<u>10,000,000.00</u>		-

xli. Non-Operating Expenses

Account	Changes in current period	Changes in previous period	Amount recognized in non-recurring gains and losses in current period
1. Subtotal of losses on disposal of non-current assets	151,947.73		151,947.73
Incl.: losses on disposal of fixed assets	151,947.73		151,947.73
losses on disposal of intangible assets			
2. Losses on debt restructuring			
3. Losses on exchange of non-monetary assets			
4. Public Welfare donation	475,000.00	1,000,000.00	475,000.00
5. Extraordinary losses			
6. Compensation		128,490.20	

Account	Changes in current period	Changes in previous period	Amount recognized in non-recurring gains and losses in current period
7. Other	4,144,439.65	86,506.68	4,144,439.65
<u>Total</u>	<u>4,771,387.38</u>	<u>1,214,996.88</u>	<u>4,771,387.38</u>

Note: "other" above refers to breach penalty.

xlii. Income Tax Expenses

1. Presented by account

Account	Changes in current period	Changes in previous period
Income tax expenses	766,166,859.82	782,887,562.97
Incl.: Income tax of current period	874,386,376.23	850,847,434.35
Deferred tax	-108,219,516.41	-67,959,871.38

2. Statement of the relationship between income tax expenses (gains) and accounting profit

Account	Changes in current period	Changes in previous period
Total profit	3,371,574,004.37	3,215,681,500.67
Income tax expenses based on legal (or applicable) tax rate	842,893,501.09	803,920,375.17
Influences by subsidiaries applied on different tax rates	-4,169,453.08	
Adjustment on previous periods' income tax		
Gains and losses attributable to joint venture and affiliated enterprises	-24,865,423.77	-7,502,428.14
Tax-free income	-58,049,432.08	-17,710,708.60
Non-deductible expenses	4,165,555.76	3,512,293.09
Influences of tax rate change on deferred tax beginning balance		
Influences of recognized deferred income tax temporary deductible differences and deductible losses in previous year		
Influences of unrecognized temporary deductible differences and deductible losses	6,192,111.90	668,031.45
Income tax expenses total	766,166,859.82	782,887,562.97

xliii. Supplementary Information For Cash Flow Statement

1. Net profit adjusted to cash flow from operating activities

Account	Changes in current period	Changes in previous period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	2,605,407,144.55	2,432,793,937.70
Add: Provision for impairment of assets	194,892,403.50	
Depreciation of fixed assets, oil and gas assets and biological assets	13,393,249.30	14,230,653.83
Amortization of intangible assets	5,375,601.55	4,911,097.48
Amortization of long-term prepaid expenses	34,273,182.39	19,984,475.43
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by "—")	48,538.70	-291,720.86
Losses on write-off of fixed assets (gains are indicated by "—")		
Losses on changes of fair values (gains are indicated by "—")	33,067,269.52	-118,727,136.67
Finance expense (gains are indicated by "—")	49,554,868.84	-1,294,069.16
Investment losses (gains are indicated by "—")	-95,768,216.33	-210,674,836.17
Decrease in deferred tax assets (an increase indicated by "—")	-108,219,516.41	-67,959,871.38
Increase in differed tax liabilities (a decrease indicated by "—")		
Decrease in inventory (an increase indicated by "—")		
Decrease in receivables from operating activities (increase is indicated by "—")	-2,188,013,708.31	-28,206,966.17
Increase in payables from operating activities (decrease is indicated by "—")	2,592,059,225.89	346,884,132.25
Other		
Net cash flow from operating activities	3,136,070,043.19	2,391,649,696.28
2. Significant investing and financing activities not involving cash receipts and payments:		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets acquired through finance lease		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	7,734,154,186.97	4,111,623,631.75
Less: Opening balance of cash	4,111,623,631.75	8,431,528,471.74
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	3,622,530,555.22	-4,319,904,839.99

2. Cash and cash equivalent

Account	Changes in current period	Changes in previous period
1. Cash	7,734,154,186.97	4,111,623,631.75
Incl.: (1) Cash on hand	24,554.93	60,690.88
(2) Bank deposits that can be used for making payments anytime	7,724,503,706.04	4,014,682,369.92
(3) Other monetary capital that can be used for making payments anytime	9,625,926.00	96,880,570.95
(4) Fund at central bank that can be used for making payments anytime		
(5) Fund at other financial institutions		
(6) Loans to other financial institutions		
2. Cash equivalents		
Incl.: Investments in debt securities due within three months		
3. Closing balance of cash and cash equivalents	7,734,154,186.97	4,111,623,631.75
Incl.: Cash and cash equivalents with restricted use of parent company or subsidiaries		

xliv. Monetary Accounts in Foreign Currency

Account	Foreign currency closing balance	Exchange rate	RMB closing balance as translated to
Cash and cash equivalent			
Incl.: USD	15,027,727.16	6.4936	97,584,049.06
HKD	35,724,483.19	0.8378	29,929,972.02
Prepayments			
Incl.: USD			
HKD	686,358.53	0.8378	575,017.45
Other receivables			
Incl.: USD	33,787,590.75	6.4936	219,403,099.29
HKD	3,020,000.00	0.8387	2,532,842.16
Bonds payable			
Incl.: USD	222,052,951.19	6.4936	1,441,923,043.85
HKD			
Interest payable			
Incl.: USD	562,500.00	6.4936	3,652,650.00
HKD			

VII. CHANGES IN SCOPE OF CONSOLIDATION

Entities started being included in scope of consolidation from the current period are listed below:

Name of entity	Investment cost	Mode of acquiring	Net assets closing balance	Net profit of current year
Dazi Dingrui Capital Investment Company	2,000,000.00	Invest in	1,992,934.55	-7,065.45
Zhongrong Dayou Commercial Factoring Company	100,000,000.00	Invest in	99,554,508.05	-445,491.95
Zhongrong Guofu Investment Management Company	7,500,000.00	Invest in	11,322,340.58	3,822,340.58
Shenzhen Zhongrong Rong Yi Tong Internet Finance Services Company	25,000,000.00	Invest in	16,170,386.68	-8,829,613.32
Dazi Dingcheng Capital Investment Company		Invest in	1,473,841.51	1,473,841.51
Beijing Zhongrong Jin Tong Network Technology Company		Invest in	25,852.63	25,852.63
Zhongrong Huixing Asset Management Company		Invest in	-744,616.49	-744,616.49
Dazi Zhongrong Dingsheng Asset Management Company		Invest in	-358,665.41	-358,665.41
Shenzhen Zhongrong Silk Road Asset Management Company	5,000,000.00	Invest in	15,468,744.18	10,468,744.18
Zhongrong Dayou Capital Investment Management Company		Invest in	-132,438.40	-132,438.40
Zhongrong Yicheng Asset Management Company	5,000,000.00	Invest in	4,980,610.04	-19,389.96
Zhongrong Shengyu Asset Management Company	5,000,000.00	Invest in	5,722,529.25	722,529.25
Zhongrong Huijin Asset Management Company		Invest in	16,230,115.98	16,230,115.98
Beijing Zhongrong Hengrui Capital Investment Management Company	5,000,000.00	Invest in	4,993,114.02	-6,885.98
Zhongrong Zhang Yun Xing Asset Management Company	5,000,000.00	Invest in	4,997,500.00	-2,500.00
Zhongrong Huizhi Financial Services (Shanghai) Company		Invest in		
Zhongrong Dingxing Asset Management Company		Invest in	3,546,940.48	3,546,940.48
Jundun Investment Management (Shanghai) Company	5,000,000.00	Invest in	1,813,103.75	-3,186,896.25
Dazi Dingsheng Capital Investment Company		Invest in	-9,068.44	-9,068.44
Beijing Zhongrong Dinghong Investment Company		Invest in	-3,689.00	-3,689.00
Shanghai Dingmu Investment Management Company		Invest in	-19,664.95	-19,664.95
Zhongrong Juchuang Asset Management Company		Invest in	-3,000.00	-3,000.00

Note: List above only discloses subsidiaries at the first to the third levels.

VIII. EQUITY IN OTHER ENTITIES

1. Equity in subsidiaries

(1) Structure of the Company

Name of subsidiary	Location of operation	Location of registration	Main business	Proportion of shareholding (%)		Proportion of voting right (%)	Mode of acquiring
				Directly	Indirectly		
Beijing Zhongrong Dingxin Investment Management Company	Beijing	Beijing	Investment management	100.00		100.00	Invest in
Zhongrong Mutual Fund Management Company	Shenzhen	Shenzhen	Fund management	51.00		51.00	Merger & Acquisition
Zhongrong (Beijing) Asset Management Company	Shenzhen	Shenzhen	Asset Management		100.00	100.00	Merger & Acquisition
Huzhou Rong Rui Investment Management Company	Zhejiang	Zhejiang	Investment management		100.00	100.00	Invest in
Beijing Rong Xin Ding Fu Investment Management Company	Beijing	Beijing	Investment management		100.00	100.00	Invest in
Dazi Dingrui Capital Investment Company	Dazi	Dazi	Asset Management		100.00	100.00	Invest in
Beijing Zhongrong Huizhi Human Resources Company	Beijing	Beijing	Asset Management		100.00	100.00	Invest in
Zhongrong Dayou Commercial Factoring Company	Shanghai	Shanghai	Asset Management		100.00	100.00	Invest in
Zhongrong Guofu Investment Management Company	Shenzhen	Shenzhen	Asset Management		80.00	80.00	Invest in
Shanghai Longshan Investment Management Company	Shanghai	Shanghai	Asset Management		100.00	100.00	Invest in
Zhongrong International Holdings Limited	Virgin Islands	Virgin Islands	Asset Management		100.00	100.00	Invest in
Zhongrong International Capital Management Limited	Hong Kong	Hong Kong	Asset Management		100.00	100.00	Invest in
Zhongrong International Bond 2015 Limited	Virgin Islands	Virgin Islands	Asset Management		100.00	100.00	Invest in
Shanghai Ruiyang Investment Management Company	Shanghai	Shanghai	Asset Management		100.00	100.00	Invest in
Zhongrong Holdings Limited	Cayman	Cayman	Asset Management		100.00	100.00	Invest in
Foremost Worldwide Company Limited	Virgin Islands	Virgin Islands	Asset Management		100.00	100.00	Invest in
Zhongrong Ruiyang Asset Management Limited	Cayman	Cayman	Asset Management		100.00	100.00	Invest in
Zhongrong Worldwide Wealth Management Limited	Virgin Islands	Virgin Islands	Asset Management		100.00	100.00	Invest in
Zhongrong International Wealth Management Limited	Hong Kong	Hong Kong	Asset Management		100.00	100.00	Invest in
Zhongrong Worldwide Alternative Asset Management Limited	Virgin Islands	Virgin Islands	Asset Management		100.00	100.00	Invest in

Name of subsidiary	Location of operation	Location of registration	Main business	Proportion of shareholding (%)		Proportion of voting right (%)	Mode of acquiring
				Directly	Indirectly		
Zhongrong International Alternative Asset Management Limited	Hong Kong	Hong Kong	Asset Management		100.00	100.00	Invest in
Zhongrong Worldwide Capital Management Limited	Virgin Islands	Virgin Islands	Asset Management		100.00	100.00	Invest in
Shenzhen Zhongrong Baosheng Asset Management Company	Shenzhen	Shenzhen	Asset Management		100.00	100.00	Invest in
Zhongrong Changhe Capital Investment Management Company	Shanghai	Shanghai	Asset Management		100.00	100.00	Invest in
Shanghai Changkun Investment Management Company	Shanghai	Shanghai	Asset Management		100.00	100.00	Invest in
Shenzhen Zhongrong Rongyi Internet Finance Services Company	Shenzhen	Shenzhen	Asset Management		80.00	80.00	Invest in
Beijing Ai Si Pi Wei Asset Management Company	Beijing	Beijing	Asset Management		100.00	100.00	Invest in
Dazi Dingcheng Capital Investment Company	Dazi	Dazi	Asset Management		100.00	100.00	Invest in
Beijing Zhongrong Jintong Network Technology Company	Beijing	Beijing	Asset Management		80.00	80.00	Invest in
Zhongrong Huixing Asset Management Company	Beijing	Beijing	Asset Management		80.00	80.00	Invest in
Dazi Zhongrong Dingsheng Asset Management Company	Dazi	Dazi	Asset Management		80.00	80.00	Invest in
Beijing Zhongrong Wenda Asset Management Company	Beijing	Beijing	Asset Management		100.00	100.00	Invest in
Shenzhen Zhongrong Silk Road Asset Management Company	Shenzhen	Shenzhen	Asset Management		80.00	80.00	Invest in
Zhongrong Dayou Capital Investment Management Company	Shanghai	Shanghai	Asset Management		80.00	80.00	Invest in
Zhongrong Yicheng Asset Management Company	Shanghai	Shanghai	Asset Management		80.00	80.00	Invest in
Zhongrong Shengyu Asset Management Company	Shanghai	Shanghai	Asset Management		80.00	80.00	Invest in
Zhongrong Huijin Asset Management Company	Shanghai	Shanghai	Asset Management		80.00	80.00	Invest in
WealthIn Financial Holdings Limited	Virgin Islands	Virgin Islands	Asset Management		100.00	100.00	Invest in
Beijing Zhongrong Hengrui Capital Investment Management Company	Beijing	Beijing	Asset Management		80.00	80.00	Invest in
Zhongrong Zhang Yun Xing Asset Management Company	Beijing	Beijing	Asset Management		80.00	80.00	Invest in

Name of subsidiary	Location of operation	Location of registration	Main business	Proportion of shareholding (%)		Proportion of voting right (%)	Mode of acquiring
				Directly	Indirectly		
Zhongrong Dingxing Asset Management Company	Shanghai	Shanghai	Asset Management		80.00	80.00	Invest in
Zhongrong Huizhi Financial Services (Shanghai) Company	Shanghai	Shanghai	Asset Management		100.00	100.00	Invest in
Jundun Investment Management (Shanghai) Company	Shanghai	Shanghai	Asset Management		80.00	80.00	Invest in
Shaorong Investment Management (Shanghai) Company	Shanghai	Shanghai	Asset Management		100.00	100.00	Invest in
Dazi Dingsheng Capital Investment Company	Dazi	Dazi	Asset Management		100.00	100.00	Invest in
Beijing Zhongrong Dinghong Investment Company	Beijing	Beijing	Asset Management		100.00	100.00	Invest in
Shanghai Dingmu Investment Management Company	Shanghai	Shanghai	Asset Management		100.00	100.00	Invest in
Zhongrong Juchuang Asset Management Company	Shenzhen	Shenzhen	Asset Management		80.00	80.00	Invest in
Zhong Ding Hong Dao Securities Investment Fund			Securities investment		98.04	98.04	Share purchase
Zhongrong-China Railway Construction Investment Stand-alone Trust			Equity investment		100.00	100.00	Share purchase

Note: The Company holds 100% of the equity of Zhongrong-China Railway Construction Investment Stand-alone Trust, and is as well performing real management on this structured entity, therefore, the Company controls this structured entity.

The Company holds 98.04% of the equity of Zhong Ding Hong Dao Securities Investment Fund. An actual management is delegated to manage this structured entity following the Company's order, therefore, the Company controls this structured entity.

(2) Important non-wholly owned subsidiary

Name of subsidiary	Proportion of minority share	Proportion of minority voting right	Profit or loss attributable to minority shareholders of current period	Dividends to minority shareholders of current period	Closing balance of minority interest
Zhongrong Fund Management Company	49.00%	49.00%	66,728,445.25		401,401,474.25

(3) Major financial information of important non-wholly owned subsidiary

Account	Closing balance or changes in current		Opening balance or changes in previous	
	period		period	
	Zhongrong Fund Management Company		Zhongrong Fund Management Company	
Current assets	713,101,544.86		225,959,171.39	
Non-current assets	206,534,503.10		50,626,897.75	
Total assets	919,636,047.96		276,586,069.14	
Current liabilities	100,449,365.82		34,472,074.51	
Non-current liabilities			300,517.50	
Total liabilities	100,449,365.82		34,772,592.01	
Operating income	336,966,355.75		91,220,394.46	
Net profit (net loss)	136,180,500.51		5,623,498.21	
Total comprehensive income	127,373,205.01		6,525,050.71	
Cash flow from operating activities	-385,179,214.58		13,625,481.73	

(4) Structuralized entities included in the scope of consolidated financial statement

The structuralized entities that have been included in the scope of consolidated financial statement in the current period are: Zhongding Hong Dao Security Investment Fund and Zhongrong - China Railway Construction Investment Stand-alone Trust. Their detailed information is as follows:

1) Zhongding Hong Dao Security Investment Fund

This mutual fund was established on April 23, 2015 with a long-term duration. This fund invests on securities, security investing mutual funds, national bonds, central bank bills, corporate bonds, state-owned company bonds and stock index futures. The Company's wholly owned subsidiary Zhongrong Dingxin Investment Management Company has subscribed 50,000,000.00 shares at RMB 50,000,000.00, which takes up 98.04% of the total shares.

2) Zhongrong - China Railway Construction Investment Stand-alone Trust

This trustee plan refers to China Railway Construction Investment (Beijing) Investment Management Company which is commonly established by trustee and China Railway Construction Engineering Group, of which 50% shares are held by each of the establisher. Size of the fund is RMB 2,000,000.00, which is 100% subscribed by the Company's subsidiary Zhongrong Dingxin Investment Management Company.

Name of fund	Proportion of shareholding	Capital size	Net asset size	Investment return	Net profit
Zhongding Hong Dao Security Investment Fund	98.04%	41,466,011.01	40,885,515.20	-8,437,004.80	-10,114,484.80
Zhongrong - China Railway Construction Investment Stand-alone Trust	100.00%	2,000,000.00	2,000,000.00		

2. Equity in joint arrangement or affiliated enterprises

(1) Important joint ventures or affiliated enterprises

Name of investee	Location of operation	Location of registration	Main business	Proportion of shareholding (%)		Proportion of voting right (%)	Whether strategic for the Company
				Directly	Directly		
1. Affiliated enterprises							
Rui Yuan Bao Xing Fund Management Company	Shenzhen	Shenzhen	Fund Management		49.00	49.00	Yes
Shanghai Rongou Equity Investment Fund Management Company	Shanghai	Shanghai	Investment Management		40.00	40.00	Yes
Lhasa Rongzheng Investment Management Consulting Company	Beijing	Tibet	Investment Management		49.00	49.00	Yes
Beijing Joy Media Technology Company	Beijing	Beijing	Wireless Network		25.00	25.00	No
Shenzhen Huarong Equity Investment Fund Management Company	Shenzhen	Shenzhen	Investment Management		49.00	49.00	Yes
Xinhu Wealth Investment Management Company	Beijing	Beijing	Investment Management		18.46	18.46	Yes
China Trust Industry Security Fund	Beijing	Beijing	Industry Management		13.04	13.04	Yes

Note: The proportion of shareholding in China Trust Industry Security Fund of the Company is 13.04% which is lower than 20%. However, the Company assigns a director of board into China Trust Industry Security Fund to participate in significant decision making.

(2) Major financial information of important joint ventures or affiliated enterprises

Account	Closing balance or changes in current period		
	China Trust Industry Security Fund	Xinhu Wealth Investment Management Company	Shanghai Rongou Equity Investment Fund
Current assets	29,386,838,313.67	507,529,280.61	11,209,054.61
Non-current assets	1,598,994,943.65	30,609,976.62	2,000,000.00

Account	Closing balance or changes in current period		
	China Trust Industry	Xinhu Wealth	Shanghai Rongou
	Security Fund	Investment	Equity Investment
		Management Company	Fund
Total Assets	30,985,833,257.32	538,139,257.23	13,209,054.61
Current liabilities	16,018,051,510.11	235,609,514.69	32,691.20
Non-current liabilities	3,000,000,000.00	1,046,816.30	
Total liabilities	19,018,051,510.11	236,656,330.99	32,691.20
Net asset	11,967,781,747.21	301,482,926.24	13,176,363.41
Shares in net asset calculated by shareholding proportion	1,560,598,739.84	55,653,748.18	5,270,545.36
Adjusted items			
Book value of the equity investment to affiliated enterprises	1,560,598,739.84	55,653,748.18	5,270,545.36
The fair value of the equity investment with public offer price			
Operating income	1,072,314,526.60	1,275,150,722.99	1,989,539.66
Net profit	467,781,747.21	201,202,028.25	1,711,243.74
Other comprehensive income			
Total comprehensive income	467,781,747.21	201,202,028.25	1,711,243.74
Dividends received from the affiliated enterprises			

Continue:

Account	Opening balance or changes in previous period	
	Xinhu Wealth Investment	Shanghai Rongou Equity
	Management Company	Investment Fund
Current assets	319,972,684.81	9,484,284.11
Non-current assets	8,104,544.62	2,000,000.00
Total Assets	328,077,229.43	11,484,284.11
Current liabilities	154,621,028.02	19,684.86
Non-current liabilities		
Total liabilities	154,621,028.02	19,684.86
Net asset	173,456,201.41	11,464,599.25
Shares in net asset calculated by shareholding proportion	40,033,691.29	4,585,839.70
Adjusted items		
Book value of the equity investment to affiliated enterprises	40,033,691.29	4,585,839.70

Account	Opening balance or changes in previous period	
	Xinhu Wealth Investment	Shanghai Rongou Equity
	Management Company	Investment Fund
The fair value of the equity investment with public offer price		
Operating income	1,043,562,589.17	1,650,022.81
Net profit	100,265,603.27	1,482,955.83
Other comprehensive income		
Total comprehensive income	100,265,603.27	1,482,955.83
Dividends received from the affiliated enterprises		

(3) Basic financial information of unimportant joint ventures or affiliated enterprises

Account	Closing balance	Opening balance
Affiliated enterprises:		
Book value of the investment	26,196,984.81	8,541,407.67
Sum of the following account calculated based on proportion of shareholding		
Net profit	-3,769,422.86	37,875.13
Other comprehensive income	1,425,000.00	
Total comprehensive income	-2,344,422.86	37,875.13

3. Equity in structuralized entities not included in the scope of consolidated financial statement

On December 31, 2015, the structuralized entities that are related to the Company but not included in the scope of consolidated financial statement are: Guojin Hengsheng No.2 Collective Fund Asset Management Plan, Guojin Hengsheng No.4 Collective Fund Asset Management Plan, Zhongrong-Rongli No.10 Collective Fund Trust Plan, Zhongrong-Rongshuo No.6 Collective Fund Trust Plan, Zhongrong Assets-Wenying No.7 Asset Management Plan, Zhongrong-Kanjin No. 24 Security Investment Collective Fund Trust Plan, Manulife Teda Dingxin Communication Bank Private Issuance No.1, Manulife Teda Dingxin Communication Bank Private Issuance No.2, Zhongrong Dingxin Tianshi Equity Investment Fund No.1, Dinghong NEEQ Preferred Fund No.1, No.2 and No.4, Zhongrong Dingxin Shooter IPO Fund No.1, Zhongrong-Featured Jinqu Asset Management Plan No.2 to No.6, Zhongrong Fund Fine Selection and Allocation No. 1 Asset Management Plan, Zhongrong Fund-Ruiying No.1 Asset Management Plan, Datang Fortune Tangnuo No.12 Investment Fund, Ronghe Sunshine No.5 Asset Management Plan, and Huasheng Hengli No.1 Congrong Growth Security Collective Fund Trust Plan:

(1) Guojin Hengsheng No.4 Collective Fund Asset Management Plan

This asset management plan was established on April 1, 2015 with duration of 14 months. It mainly invests in financing plan of commercial banks, fixed income products and cash management assets. The Company's wholly owned subsidiary Zhongrong Dingxin Investment Management Company subscribed 10

million risky shares with RMB 10 million.

Details of the book value of equity-related assets and liabilities, as well as maximum risk exposure are given below:

Name of plan	Dec 31, 2015		Dec 31, 2014	
	Book value	Maximum risk exposure	Book value	Maximum risk exposure
Guojin Hengsheng No.4 Collective Fund Asset Management Plan	10,934,000.00	10,934,000.00		

(2) Zhongrong-Rongli No.10 Collective Fund Trust Plan

This trust plan was established on February 3, 2015 with duration of 3 years. It mainly invests in M&A funds in medical and related industries. At the end of December 2015, the Company's wholly owned subsidiary Zhongrong Dingxin Investment Management Company subscribed 30 million shares with RMB 30 million.

Details of the book value of equity-related assets and liabilities, as well as maximum risk exposure are given below:

Name of plan	Dec 31, 2015		Dec 31, 2014	
	Book value	Maximum risk exposure	Book value	Maximum risk exposure
Zhongrong-Rongli No.10 Collective Fund Trust Plan	30,000,000.00	30,000,000.00		

(3) Zhongrong-Rongshuo No.6 Collective Fund Trust Plan

This trust plan is issued and entrusted to manage by the Company with duration of 3 years (December 30, 2014 - December 30, 2017). The fund raised in is mainly used to subscribe the limited partnership shares of Xin Jing Chen Lan. The Company's wholly owned subsidiary Zhongrong Dingxin Investment Management Company started investing in this trust plan from 2014 with an initial investment amount of RMB 100 million, in which RMB 50 million were redeemable, and the redeemable part has been redeemed in 2015.

Details of the book value of equity-related assets and liabilities, as well as maximum risk exposure are given below:

Name of plan	Dec 31, 2015		Dec 31, 2014	
	Book value	Maximum risk exposure	Book value	Maximum risk exposure
Zhongrong-Rongshuo No.6 Collective Fund Trust Plan	50,000,000.00	50,000,000.00	100,000,000.00	100,000,000.00

(4) Zhongrong Assets-Wenying No.7 Asset Management Plan

This plan was established on June 30, 2015 with duration of 18 months. It mainly invests in the fixed income assets and equity securities of inter-bank and stock exchange markets. The Company's wholly owned subsidiary Zhongrong Dingxin Investment Management Company subscribed 30 million shares with RMB 30 million.

Details of the book value of equity-related assets and liabilities, as well as maximum risk exposure are given below:

Name of plan	Dec 31, 2015		Dec 31, 2014	
	Book value	Maximum risk exposure	Book value	Maximum risk exposure
Zhongrong Assets-Wenying No.7 Asset Management Plan	32,790,000.00	32,790,000.00		

(5) Manulife Teda Dingxin Communication Bank Private Issuance

Manulife Teda Dingxin Communication Bank Private Issuance No. 1 and No. 2 were established on January 14, 2015 and March 9, 2015 respectively, both with duration of 18 months. The fund raised in is mainly used to participate in private issuance of listed companies. The Company's wholly owned subsidiary Zhongrong Dingxin Investment Management Company respectively subscribed 10.01 million shares and 53 million shares with RMB 10.01 million and RMB 53 million.

Details of the book value of equity-related assets and liabilities, as well as maximum risk exposure are given below:

Name of plan	Dec 31, 2015		Dec 31, 2014	
	Book value	Maximum risk exposure	Book value	Maximum risk exposure
Manulife Teda Dingxin Communication Bank Private Issuance No. 1	14,930,916.00	14,930,916.00		
Manulife Teda Dingxin Communication Bank Private Issuance No. 2	101,966,700.00	101,966,700.00		

(6) Zhongrong Dingxin Tianshi Equity Investment Fund No.1

This mutual fund was established on April 1, 2015, and mainly invests in subscription of shares of pre-IPO companies. During this year the Company's wholly owned subsidiary Zhongrong Dingxin Investment Management Company subscribed 40 million shares of this fund with RMB 40 million. The Company's wholly owned subsidiary Zhongrong Dingxin Investment Management Company is the manager of this fund.

Details of the book value of equity-related assets and liabilities, as well as maximum risk exposure are given below:

Name of plan	Dec 31, 2015		Dec 31, 2014	
	Book value	Maximum risk exposure	Book value	Maximum risk exposure
Zhongrong Dingxin Tianshi Equity Investment Fund No.1	39,508,000.00	39,508,000.00		

(7) Zhongrong Dingxin Shooter IPO Fund No.1

This mutual fund was established on May 7, 2015 with duration of 24 months. The fund raised is mainly invested in the Manulife Teda Dingxin Chuangying No.1 Asset Management Plan started and managed by Manulife Teda Fund Management. The Company's wholly owned subsidiary Zhongrong Dingxin Investment Management Company subscribed 12.5 million shares of this fund with RMB 12.5 million.

Details of the book value of equity-related assets and liabilities, as well as maximum risk exposure are given below:

Name of plan	Dec 31, 2015		Dec 31, 2014	
	Book value	Maximum risk exposure	Book value	Maximum risk exposure
Zhongrong Dingxin Shooter IPO Fund No.1	12,113,750.00	12,113,750.00		

(8) Zhongrong-Featured Jinqu Asset Management Plan No.2 to No.6

The scope of investment of these entities includes, new shares legally issued in the primary market and stocks in secondary market in China, fixed income assets such as bonds legally issued in primary market and bonds and convertible bonds legally issued in secondary market, central bank bills, reverse purchase bonds, bank deposits, and money market instruments etc., as well as stock index futures, publicly offered funds (including planned manager's fund products) and other financial instruments which are approved by laws, regulations, regulators and all clients. The company is the manager of these plans.

In July 2015, net value of Zhongrong-Featured Jinqu Asset Management Plan No.4 touched the warning line, priority beneficiaries exited at the expected rate of return, and the Company's wholly owned subsidiary Zhongrong Dingxin Investment Management Company additionally bought in as secondary beneficiary. Since then this product has turned into non-structural product from a structured product. RMB 28,080,000.00 has been invested in and it has been agreed in additional buy-in agreement that the additional payment is to be returned to beneficiary as soon as the net value is reversed, and share in this product does not increase for the additional buy-in.

In July 2015, net value of Zhongrong-Featured Jinqu Asset Management Plan No.3 went lower than the stop-loss line, secondary beneficiary bought in at the same proportion, and the Company's wholly owned

subsidiary Zhongrong Dingxin Investment Management Company bought in RMB 9,282,975.22. It has been agreed in additional buy-in agreement that the additional payment is to be returned to beneficiary as soon as the net value is reversed, and share in this product does not increase for the additional buy-in.

Up to December 31, 2015, the information of the Featured Jinqu series products is as follows:

Name of product	Date of establishment	Size of fund raised	Held by the Company	Proportion of shareholding	Type of structure
Zhongrong-Featured Jinqu No.2	March 25, 2015	219,317,526.34	15,000,000.00	6.84%	Non-structured
Zhongrong-Featured Jinqu No.3	May 5, 2015	202,707,148.00	10,000,000.00	4.93%	Aggressive
Zhongrong-Featured Jinqu No.4	April 23, 2015	104,134,247.20	15,000,000.00	14.40%	Non-structured
Zhongrong-Featured Jinqu No.5	May 5, 2015	23,422,956.03	1,520,000.00	6.49%	Non-structured
Zhongrong-Featured Jinqu No.6	May 19, 2015	41,358,869.82	2,640,000.00	6.38%	Non-structured

Details of the book value of equity-related assets and liabilities, as well as maximum risk exposure are given below:

Name of plan	Dec 31, 2015		Dec 31, 2014	
	Book value	Maximum risk exposure	Book value	Maximum risk exposure
Zhongrong-Featured Jinqu No.2	13,325,011.38	13,325,011.38		
Zhongrong-Featured Jinqu No.3	7,470,896.40	7,470,896.40		
Zhongrong-Featured Jinqu No.4	8,746,849.86	8,746,849.86		
Zhongrong-Featured Jinqu No.5	1,479,721.06	1,479,721.06		
Zhongrong-Featured Jinqu No.6	3,060,000.00	3,060,000.00		

(9) Zhongrong Fund Fine Selection and Allocation No. 1 Asset Management Plan

This entity was established on March 30, 2015 with RMB 505 million fund raised. The Company's subsidiary Zhongrong Mutual Fund Management Company subscribed 5 million preferred shares of with RMB 5 million. The scope of investment of this entity include: new shares legally issued in the primary market and stocks in secondary market in China, fixed income assets such as bonds legally issued in primary market and bonds and convertible bonds legally issued in secondary market, central bank bills, reverse purchase bonds, bank deposits, and money market instruments etc., as well as stock index futures, publicly offered funds (including planned manager's fund products) and other financial instruments which are approved by laws, regulations, regulators and all clients. The Company's subsidiary Zhongrong Mutual Fund Management Company is the manager of this plan.

Details of the book value of equity-related assets and liabilities, as well as maximum risk exposure are given below:

Name of plan	Dec 31, 2015		Dec 31, 2014	
	Book value	Maximum risk exposure	Book value	Maximum risk exposure
Zhongrong Fund Fine Selection and Allocation No. 1 Asset Management Plan	4,845,000.00	4,845,000.00		

(10) Zhongrong Fund-Ruiying No.1 Asset Management Plan

This entity was established on March 30, 2015 with RMB 30,002,400 fund raised. The Company's subsidiary Zhongrong Mutual Fund Management Company subscribed 10.85 million preferred shares of with RMB 10.85 million. The scope of investment of this entity include: Index classified security investment funds, equity assets, fixed income assets, cash management assets and stock index futures. The Company's subsidiary Zhongrong Mutual Fund Management Company is the manager of this plan.

Details of the book value of equity-related assets and liabilities, as well as maximum risk exposure are given below:

Name of plan	Dec 31, 2015		Dec 31, 2014	
	Book value	Maximum risk exposure	Book value	Maximum risk exposure
Zhongrong Fund-Ruiying No.1 Asset Management Plan	9,971,947.69	9,971,947.69		

(11) Datang Fortune Tangnuo No.12 Investment Fund

This entity was established on December 11, 2015, and it mainly invests in Contractual Type Funds recognized or appointed by fund manager, as well as products approved by CBRC and China Securities Regulatory Commission (CSRC). Other spare funds can be invested in: fixed income assets, cash assets and equity assets. Datang Fortune is the manager of this fund.

Details of the book value of equity-related assets and liabilities, as well as maximum risk exposure are given below:

Name of plan	Dec 31, 2015		Dec 31, 2014	
	Book value	Maximum risk exposure	Book value	Maximum risk exposure
Datang Fortune Tangnuo No.12 Investment Fund	100,369,863.01	100,369,863.01		

(12) Ronghe Sunshine No.5 Asset Management Plan

The scope of investment of this entity is mainly A-share stocks in Shanghai and Shenzhen Stock Exchange markets, and other spare funds can be invested in cash type financial instruments such as bank deposits,

monetary funds, security investment funds, national bonds with maturity less than 1 year and central bank bills etc. The Company's subsidiary Zhongrong (Beijing) Asset Management Company is the manager of this plan.

This asset management plan was established on May 20, 2015 with RMB 30,000,600 fund raised. The Company's subsidiary Zhongrong (Beijing) Asset Management Company subscribed 15 million preferred shares of with RMB 15 million.

Details of the book value of equity-related assets and liabilities, as well as maximum risk exposure are given below:

Name of plan	Dec 31, 2015		Dec 31, 2014	
	Book value	Maximum risk exposure	Book value	Maximum risk exposure
Ronghe Sunshine No.5 Asset Management Plan	15,000,000.00	15,000,000.00		

(13) Huasheng Hengli No.1 Congrong Growth Security Collective Fund Trust Plan

The trust product of Huasheng Hengli No.1 Congrong Growth Security Collective Fund Trust Plan was issued in August 2009, with the issuing scale of RMB 601.00 million. The Company acts as a secondary client buying RMB 89.9 million of the trust products 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 benefits of the priority beneficiaries had been fully allocated, and the supplementary contracts with secondary beneficiaries have been signed. The maturity date of the product was extended to August 23, 2016, which has changed its planned product structure, and the fund raised has been changed to RMB 300.50 million.

On December 31 2015, the structured entity's total asset is RMB 146.185 million (RMB146.254 million in December 31, 2014).

Details of the book value of equity-related assets and liabilities, as well as maximum risk exposure are given below:

Name of plan	Dec 31, 2015		Dec 31, 2014	
	Book value	Maximum risk exposure	Book value	Maximum risk exposure
Huasheng Hengli No.1 Congrong Growth Security Collective Fund Trust Plan	43,676,132.72	43,676,132.72	43,754,534.47	43,754,534.47

IX. RISKS RELATED TO FINANCIAL INSTRUMENTS

The major financial instruments of the Company include: held-for trading financial assets, available-for-sale

financial assets, bonds, placements from banks and other financial institutions, other interest-bearing loans and monetary capital. The major purpose of these financial instruments is for the Company's operations and financing. The Company has multiple other financial assets and liabilities directly created in operations, such as, accounts receivable and accounts payable, etc.

Main risks caused by the Company's financial instruments are credit risk, liquidity risk and market risk.

1. Classification of financial instruments

Book value of all types of financial instruments on balance sheet date is listed below:

Financial asset accounts	Closing balance				Total
	Monetary capital	Financial assets measured at fair value through profit and loss	Loans and receivables	Available-for-sale financial assets	
Monetary capital	7,734,154,186.97				7,734,154,186.97
Financial assets measured at fair value through profit and loss		6,152,546,921.81			6,152,546,921.81
Accounts receivable			72,867,484.49		72,867,484.49
Interest receivable			45,007,209.28		45,007,209.28
Available-for-sale financial assets				2,052,901,625.35	2,052,901,625.35

Continue:

Financial asset accounts	Opening balance				Total
	Monetary capital	Financial assets measured at fair value through profit and loss	Loans and receivables	Available-for-sale financial assets	
Monetary capital	4,111,623,631.75				4,111,623,631.75
Financial assets measured at fair value through profit and loss		6,039,319,045.43			6,039,319,045.43
Accounts receivable			10,986,783.16		10,986,783.16
Interest receivable			67,466.67		67,466.67
Available-for-sale financial assets				604,920,674.97	604,920,674.97

Note: financial instruments here do not include prepayments, receipts in advance, taxes payable and estimated liabilities.

2. Credit risk

The Company only trade with the third parties with approval and good credit record. Accounts receivable of the Company are mainly trustee reward to be received, which are primarily because that the trust projects' final paying date limits have not reached according to contracts. Additionally, the Company continuously monitors the balance of accounts receivable in order to avoid significant bad debt risks.

The Company's other financial assets include monetary capital, held-for-trading financial assets, available-for-sale financial assets and other receivables. The credit risks of these financial assets are mainly from default of trading partners, and the maximum risk exposure equals to the face value of these financial assets.

Because the Company only trade with the third parties with approval and good credit record, no collateral is required. Credit risks are centrally managed according to the trading partners' area and industries. The Company's accounts receivable are from clients from a diversity of industries, which means there is no highly concentrated significant credit risk. Other receivables of the Company are mainly housing rent deposits, cash advances of trust projects and employee borrowings. Balance of the Company's receivables does not involve any collateral or other credit enhancement.

The Company's financial assets that are considered as being impaired is analyzed as follows:

Account	Total	Closing balance			
		Overdue without impairment	Less than 1 month	Overdue for 1-3 months	Other applicable periods
Accounts receivable	72,867,484.49	72,867,484.49			
Other receivables	455,826,925.93	455,826,925.93			
Interest receivable	45,007,209.28	45,007,209.28			
Dividends receivable	20,806,048.57	20,806,048.57			

Continue:

Account	Total	Opening balance		Overdue for
		Overdue without impairment	Less than 1 month	
Accounts receivable	10,986,783.16	10,986,783.16		
Other receivables	55,440,288.91	55,440,288.91		
Interest receivable	67,466.67	67,466.67		

3. Liquidity risk

The Company manages capital shortage risks using the circulation liquidity plan instrument. This

instrument considers both the maturity dates of financial instruments and forecasted cash flows from operating.

The objective of the Company is to maintain the sustainability and flexibility of financing using multiple financial methods such as placements from banks and other financial institutions and long-term bonds, etc.

Time to maturity of the financial liabilities according to non-discounted contract cash flows is analyzed as follows:

Account	Closing balance					Total
	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Over 5 years	
Placements from banks and other financial institutions		1,700,000,000.00				1,700,000,000.00
Accounts payable			5,863,443.50			5,863,443.50
Other payables			47,981,850.52	11,477,942.89		59,459,793.41
Bonds payable				1,441,923,043.85		1,441,923,043.85

Continue:

Account	Opening balance					Total
	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Over 5 years	
Placements from banks and other financial institutions						
Accounts payable			4,697,730.94			4,697,730.94
Other payables			32,417,114.42	1,426,512.48		33,843,626.90
Bonds payable						

4. Market risk

Market risk is mainly referring to the risk of fluctuated fair value or future cash flows of financial instruments caused by market price changes. Market risk includes interest rate risk, foreign exchange risk, and other price related risk such as price risk of equity instrument investment.

(1) Interest risk

Bond instruments issued by the Company are long-term bonds with fixed interest, and bank deposits' interest rate only changes along with the base interest rate of the central bank. Therefore, the interest rate risk of Company is fairly low.

(2) Foreign exchange risk

The risk of changes in foreign exchange exposed to the Company is mainly related to the operations of the Company's overseas subsidiaries. During the current period the Company has issued dollar bonds of USD 225,000,000.00, whereas the bookkeeping primary currency of the Company is RMB, which means that fluctuations of foreign exchange rate have impacts on the Company's operating results and the bond's interest or the principal amount at maturity due to foreign exchange purchasing. Currently the Company has not adopted forward exchange contract to hedge foreign exchange risk.

As of December 31, 2015, the bonds principal payable of the Company is USD225,000,000.00, accrued interest is USD562,500.00 and finance expenses – interest expenses is USD7,901,941.19. A sensitive analysis on foreign exchange risk has been presented in the table below, which reflecting the impacts on net profit when US dollar exchange rate reasonably and possibly changes, assuming other variables are kept constant.

Account	Current period	
	[USD] Exchange rate increase/decrease	Total profit/net profit increase/decrease
RMB to [USD] decrease	-0.10	+790,194.12/+ 592,645.59
RMB to [USD] decrease	+0.10	-790,194.12/- 592,645.59

Continue:

Account	Previous period	
	[USD] Exchange rate increase/decrease	Total profit/net profit increase/decrease
RMB to [USD] decrease		
RMB to [USD] decrease		

(3) Price risk of equity instrument investment

Price risk of equity instrument investment refers to the risk of fair value decrease of equity securities due to the changes in stock index level and individual stock's value.

As of December 31, 2015, the Company is exposed to the price risk of equity instrument investment due to some particular held-for-trading equity instrument investments and available-for-sale equity instrument investments. The listed equity instrument investments held by the Company are listed in Shanghai and Shenzhen Stock Exchange markets, and are measured at market price on balance sheet date.

The closing market stock index of Shanghai and Shenzhen Stock Exchange markets on the date closest to balance sheet date, as well as the highest and lowest closing points of the year are listed below:

Stock Exchange	Closing balance	Highest/ lowest closing point of current year	Opening balance	Highest/ lowest closing point of previous year
Shanghai – A share index	3539.18	5178.19/2927.29	3234.68	3234.68/1974.38
Shenzhen – A share index	12664.90	18211.76/9259.65	11014.63	11014.63/6959.25

The table below presents the sensitivity of the Company's net profit and owners' equity to every 10% change in the fair value of equity instrument investment, assuming other variables are kept constant.

Type	Face value	Current period	
		Increase/(decrease) of net profit	Increase/(decrease) of owners' equity
Listed equity instrument investments			
Shanghai -			
Available-for-sale equity instrument investment	129,107,596.50		±9,683,069.74

Continue:

Type	Face value	Previous period	
		Increase/(decrease) of net profit	Increase/(decrease) of owners' equity
Listed equity instrument investments			
Shanghai -			
Available-for-sale equity instrument investment	338,310,670.50		±25,373,300.29

5. Capital management

The major objective of asset management by the Company's is to maintain the capability of sustainable operating, to keep healthy capital ratios, so as to support business development and maximize shareholders' value.

The Company manages capital structure and makes necessary adjustment according to economic situation and changes in particular assets' risk characteristics. In order to meet the management requirements on trust companies according to Manual of Net Asset Management by CBRC, based on the its own business scope and trusted assets' characteristics, the Company decides on the target size of the trust service business, adjusts the Company's target capital size, and makes share allocation plans or proposes to shareholders for additional investment. In 2015 and 2014, objective, policies and procedures of asset management have not been changed.

X. RELATED PARTIES RELATIONS AND TRANSACTIONS

1. Judging standards of related parties: in the cases of one party has control or joint control over

the other party, or has significant influence over the reporting entity, or two or more parties are under control or joint control or significant influence by a same party, it is considered as related party.

2. Information of the Company's parent company

Name of parent company	Industry	Location of registration	Legal representative	Location of operations	Registered capital
Jingwei Textile Machinery Company Limited	Manufacturing	Beijing	Ye Maoxin	Beijing	704,130,000.00

Continue:

Proportion of shareholding in the Company (%)	Proportion of voting right in the Company (%)	Ultimate controlling entity of the Company	Social credit code
37.47	37.47	China Hi-Tech Group Corporation	91110000100008886U

3. Information of the Company's subsidiaries

Details are given in part VIII: Equity in Other Entities.

4. Information of the Company's joint venture and affiliated enterprises

Details are given in part VI (ix) ix: Long-term Equity Investment.

5. Information of related party collateral

The Company's subsidiary Zhongrong International Bond 2015 Limited has issued corporate bonds with face value of USD225,000,000.00 and maturity of 3 years, and the Company is signed a keep well deed on this event.

XI. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

Until December 31, 2015, the Company does not have any significant commitments to be disclosed.

2. Contingencies

None

XII. EVENTS AFTER THE BALANCE SHEET DATE

None

XIII. OTHER SIGIFICANT EVENTS

Foreign currency exchange: in the current year, the Company's foreign currency translation difference is recognized in profit and loss of current period at RMB 901,142.69.

XIV. NOTES TO IMPORTANT ACCOUNTS IN THE PARENT COMPANY'S FINANCIAL STATEMENTS

i. Accounts Receivable

1. Presented by type

Type	Amount	Closing balance			Opening balance			
		Proportion of total (%)	Bad debt reserve	Reserve ratio (%)	Amount	Proportion of total (%)	Bad debt reserve	Reserve ratio (%)
Individual accounts receivable with significant amount and bad debt reserve is individually accrued								
Accounts receivable on which bad debt reserve is accrued by group								
Group 1 aging analysis	48,275,167.63	100.00						
Group subtotal	48,275,167.63	100.00						
Individual account receivable without significant amount but bad debt reserve is individually accrued								
<u>Total</u>	<u>48,275,167.63</u>	—						

2. In groups, accounts receivables are accrued bad debt reserve using aging analysis method

Age	Closing balance	Closing balance of bad debt	Reserve ratio (%)
Within 1 year	48,275,167.63		
1-2 years			
<u>Total</u>	<u>48,275,167.63</u>		

ii. Other Receivables

1. Presented by type

Type	Closing balance				Opening balance			
	Book value		Bad debt reserve		Book value		Bad debt reserve	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Individual other receivables with significant amount and bad debt reserve is individually accrued								
Other receivables on which bad debt reserve is accrued by group								
Grouped by age	21,149,831.23		468,542.06		21,857,422.39		468,542.06	
Grouped by nature of receivable	39,423,462.27				25,028,225.18			
<u>Group subtotal</u>	<u>60,573,293.50</u>		<u>468,542.06</u>		<u>46,885,647.57</u>		<u>468,542.06</u>	
Individual other receivable without significant amount but bad debt reserve is individually accrued								
<u>Total</u>	<u>60,573,293.50</u>	--	<u>468,542.06</u>	--	<u>46,885,647.57</u>	--	<u>468,542.06</u>	--

2. In groups, other receivable are accrued bad debt reserve using aging analysis method

Age	Closing balance	Closing balance of bad debt	Reserve ratio (%)
Within 1 year	20,681,289.17		
1-2 years			
2-3 years			
3-4 years			
4-5 years	468,542.06	468,542.06	100.00
Over 5 years			
<u>Total</u>	<u>21,149,831.23</u>	<u>468,542.06</u>	--

3. In groups, other receivables with accrued bad debt reserve using aging analysis method

Group name	Closing balance	Closing balance of bad debt reserve	Reserve ratio (%)	Accrual reason
Group 1: Grouped by nature of receivable	39,423,462.27			Deposits and petty cash that do not need to accrue bad debt reserve
<u>Total</u>	<u>39,423,462.27</u>			

iii. Long-term Equity Investment

Name of investee	Opening balance	Changes in current period	
		Increase in investment	Decrease in investment
1. Beijing Zhongrong Dingxin Investment Management Company	1,000,000,000.00		
2. Zhongrong Mutual Fund Management Company	153,000,000.00	229,500,000.00	
3. Shenzhen Huarong Equity Investment Fund Management	5,603,005.34		
4. Xinhua Wealth Investment Management Company	40,033,691.29		
5. China Trust Industry Security Fund		1,500,000,000.00	
<u>Total</u>	<u>1,198,636,696.63</u>	<u>1,729,500,000.00</u>	

Continue:

Investment income or loss under equity method	Investment income or loss under equity method	Changes in current period	
		Investment income or loss under equity method	Investment income or loss under equity method
-73,221.30			
38,254,193.69		-1,830,862.00	20,803,274.80
60,598,739.84			
<u>98,779,712.23</u>		<u>-1,830,862.00</u>	<u>20,803,274.80</u>

Continue:

Changes in current period		Closing balance	Total provision for impairment Provision for impairment of current period
Provision for impairment of current period	Other		
		1,000,000,000.00	
		382,500,000.00	
		5,529,784.04	
		55,653,748.18	
		1,560,598,739.84	
<u>Total</u>		<u>3,004,282,272.06</u>	

iv. Net Fee and Commission Income

Account	Changes in current period	Changes in previous period
Net commission income on trust	4,424,055,218.55	4,390,316,936.81
<u>Total</u>	<u>4,424,055,218.55</u>	<u>4,390,316,936.81</u>

v. Investment Income

Account	Changes in current period	Changes in previous period
Investment income from held-for-trading	256,661,731.43	167,954,700.89
Investment income from	220,623,424.65	8,520,442.81
Investment income from long-term equity	98,779,712.23	29,404,564.65
Investment income from held-to-maturity		
<u>Total</u>	<u>576,064,868.31</u>	<u>205,879,708.35</u>

XV. ADDITIONAL MATERIALS

1. Details of non-recurring gains and losses of the current period

Details of non-recurring gains and losses	Amount	Description
(1) Gains and losses from disposal of non-current assets, including the written-off part in the provision for impairment of assets	-48,538.70	
(2) Ultra vires approval, or without formal approval, or occasionally tax returns and deductions		
(3) Government subsidy recognized in profit and loss of current period, except for the continuous fixed amount government subsidies closely related to the Company's normal operations according to the government's policies	10,000,000.00	

Details of non-recurring gains and losses	Amount	Description
and standards		
(4) Fees for possession of capital charged on non-financial institutions that is recognized in profit and loss of current period		
(5) Gains created when the Company acquires subsidiaries, joint ventures or affiliated enterprises, the amount of investment cost is less than the interest in the acquiree's recognizable net assets' fair value		
(6) Gains and losses from exchange of non-monetary assets		
(7) Gains and losses from entrusting other parties to invest or manage assets		
(8) Provision for impairment of assets due to force majeure, such as natural disaster		
(9) Gains and losses from debt restructuring		
(10) Corporate restructuring expenses, such as expenses on placement of employees, and integration		
(11) Gains and losses from the surplus of the fair value in trading showed by the trading price		
(12) Net gains and losses of current period from business combination under common control from the beginning of period to the date of combination		
(13) Gains and losses from events not related to the Company's normal operation or contingencies		
(14) Gains and losses from fair value changes caused by holding held-for-trading financial assets and liabilities, as well as disposal of held-for-trading financial assets and liabilities and available-for-sale financial assets, apart from effective hedging businesses relevant to the Company's normal operations		
(15) Reverse of provision for impairment of accounts receivable on which bad debt reserve is individually accrued		
(16) Gains and losses from external entrusted loans		
(17) Gains and losses from fair value changes of investment properties which are subsequently measured using fair value model		
(18) Influences on gains and losses of current period by one-time adjustment on profit and loss of current period required by tax and accounting laws and regulations		
(19) Management fees from entrusted operations		
(20) Non-operating income and expenses other than above mentioned items	84,206,204.36	
(21) Other gains and losses in accordance with the standards of non-recurring gains and losses		
Total non-recurring gains and losses	94,157,665.66	
Less: Influences from income tax	23,539,416.42	
Non-recurring gains and losses after removing influences from income tax	70,618,249.25	
Incl.: Non-recurring gains and losses attributable to parent company's interest	70,618,249.25	
Non-recurring gains and losses attributable to minority shareholders		

2. As for the non-recurring gains and losses accounts defined by the Company according "Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their

Securities to the Public” and the non-recurring gains and losses accounts listed in “Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public” but defined as recurrent gains and losses, the reasons are explained as follows:

Account	Amount involved	Reason
Investment income	792,093,532.71	The Company considers financial assets investment business as a major operating activity

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.



Chinese Certified Public
Accountant:



Chinese Certified Public
Accountant:



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:							
Cash and bank balances	1						
Balances with clearing agencies	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)
Removal of funds	3						
Financial assets measured by fair value through profit or loss	4						
Notes receivable	5	6,039,319,045.43	239,097,846.44	5,175,923,422.67	239,097,846.44	VIII. (2)	XVI. (2)
Accounts 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	
Liabilities and Shareholders' Equity:						
Short-term borrowings	39					
Loans from the central bank	40					
Customer deposits and deposits from banks and other financial institution	41					
Taking from banks and other financial institution	42					
Financial liabilities measured by fair value through profit or loss	43					
Notes payable	44					
Accounts payable	45					
Receipts in advance	46	4,697,730.94	316,466.21			VIII. (13)
Financial assets sold under repurchase agreements	47	20,330,945.75	23,921,136.53	18,741,075.77	23,886,172.03	VIII. (14)
Fees and commissions payable	48					
Employee benefits payable	49					
Taxes payable	50	1,061,349,765.20	941,574,670.92	1,042,673,313.58	928,780,097.75	VIII. (15)
Interest payable	51	412,749,497.54	460,371,082.11	407,997,586.22	459,065,960.81	VIII. (16)
Dividends payable	52					
Amounts payable under reinsurance contracts	53					
Insurance contract reserves	54					
Funds from securities trading agency	55					
Funds from underwriting securities agency	56					
Available-for-sale financial liabilities	57					
Long-term payroll payable	58					
Bonds payable	59	861,955,490.33	585,675,181.32	861,955,490.33	585,675,181.32	VIII. (18)
Long-term payables	60					
Special payables	61					
Provisions	62					
Deferred Income	63					
Other liabilities	64					
Inc: Other account payable	65	33,843,626.90	30,163,399.90	28,231,287.47	27,325,636.08	VIII. (17)
Deferred Income	66	33,843,626.90	30,163,399.90	28,231,287.47	27,325,636.08	
Total Liabilities	67	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)	68	6,000,000,000.00	1,600,000,000.00	6,000,000,000.00	1,600,000,000.00	VIII. (19)
Other equity instrument	69					
Capital reserve	70	232,537,248.16	1,406,237,248.16	232,537,248.16	1,406,237,248.16	VIII. (20)
Deduct: Treasury shares	71					
Other comprehensive income	72	-105,873,332.53	-132,538,153.21	-106,227,949.54	-132,538,153.21	VIII. (21)
Special reserve	73					
Surplus reserve	74	826,347,809.72	585,039,617.41	826,347,809.72	585,039,617.41	VIII. (22)
General risk reserve	75	554,401,639.06	334,587,179.94	554,401,639.06	334,587,179.94	VIII. (23)
Unappropriated profits	76	2,179,483,106.17	3,736,867,334.02	2,190,608,786.78	3,764,949,515.03	VIII. (24)
Total Owners' Equity Attributable To the Company	77	9,686,896,470.58	7,530,193,226.32	9,697,667,634.18	7,558,275,407.33	
Minority interests	78	118,488,603.79	115,291,328.95			
Total Owners' Equity	79	9,805,385,074.37	7,645,484,555.27	9,697,667,634.18	7,558,275,407.33	
Total Liabilities and Owners' Equity	80	12,200,312,129.03	9,687,506,492.26	12,057,266,287.55	9,583,009,455.32	
	81					

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

Year 2014

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	VIII. (25)	XVI. (11)
Interest net income	2	428,368,448.67	340,742,194.17	423,593,115.31	337,848,791.68		
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)	XVI. (15)
Other operating income	11	305,057,051.74	64,095,504.74	276,540,332.83	64,095,504.74	VIII. (31)	
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 reclassified 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:						
Net increase in customer deposits and deposits from banks and other financial institutions	1					
Net increase in loans from the central bank	2					
Net increase in taking from banks and other financial institutions	3					
Cash receipts from interest, fees and commissions	4					
Net increase in repurchasing	5	5,182,971,221.21	4,941,858,117.65	5,082,055,821.95	4,936,742,367.84	
Other cash receipts relating to operating activities	6	12,795,992.78	23,818,301.85	8,285,088.94	21,735,067.22	
Sub-total of cash inflows from operating activities	7	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	8					
Net increase in deposits in the central bank and due from banks and other financial institutions	9					
Cash payments for interest, fees and commissions	10					
Cash payments to and on behalf of employees	11					
Payments of various types of taxes	12	1,182,546,436.79	795,282,974.73	1,136,642,860.13	755,533,305.80	
Other cash payments relating to operating activities	13	1,134,090,413.73	957,082,438.47	1,129,636,908.78	953,722,260.77	
Sub-total of cash outflows from operating activities	14	487,480,667.19	576,895,916.60	449,484,924.62	552,360,667.54	
Net Cash Flow from Operating Activities	15	2,804,117,517.71	2,329,261,329.80	2,715,764,693.53	2,261,816,234.11	VIII. (1)
II. Cash Flows from Investing Activities:	16	2,391,649,696.28	2,638,415,089.70	2,374,576,217.36	2,696,861,200.95	
Cash receipts from disposals and recovery of investments	17					
Cash receipts from investment income	18	3,497,360,090.82	273,292,975.56	2,067,050,090.82	273,292,975.56	
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	19	42,086,956.82	13,199,511.14	33,325,899.66	13,199,511.14	
Net cash receipts from disposals of subsidiaries and other business units	20	206,446.14	110,000.00	206,446.14	110,000.00	
Other cash receipts relating to investing activities	21					
Sub-total of cash inflows from investing activities	22	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	23	22,217,310.15	46,089,288.93	20,068,662.15	31,574,928.53	
Cash payments to acquire investments	24	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	25					
Other cash payments relating to investing activities	26					
Sub-total of cash outflows from investing activities	27	9,952,385,838.23	323,414,643.17	8,367,585,061.05	452,960,282.77	
Net Cash Flow from Investing Activities	28	-6,412,732,344.45	-36,812,156.47	-6,267,002,624.43	-166,357,796.07	
III. Cash Flows from Financing Activities:	29					
Cash receipts from capital contributions	30					
Including: cash receipts from capital contributions from minority owners of subsidiaries	31	1,147,000,000.00	1,147,000,000.00	1,000,000,000.00	1,000,000,000.00	
Cash receipts from borrowings	32					
Cash receipts from issue of bonds	33					
Other cash receipts relating to financing activities	34					
Sub-total of cash inflows from financing activities	35	1,147,000,000.00	1,147,000,000.00	1,000,000,000.00	1,000,000,000.00	
Cash repayments of borrowings	36					
Cash payments for distribution of dividends or profits or settlement of interest expenses	37					
Including: payments for distribution of dividends or profits to minority owners of subsidiaries	38	300,000,000.00	250,000,000.00	300,000,000.00	250,000,000.00	
Other cash payments relating to financing activities	39					
Sub-total of cash outflows from financing activities	40	300,000,000.00	250,000,000.00	300,000,000.00	250,000,000.00	
Net Cash Flow from Financing Activities	41	-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	42	1,177,808.18	-2,074,191.54	45,377.30	-372,253.07	
V. Net Increase in Cash and Cash Equivalents	43	-4,319,904,839.99	3,494,528,741.69	-4,192,381,029.77	3,280,131,151.81	VIII. (1)
Add: Opening balance of cash and cash equivalents	44	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	45	4,111,623,631.75	8,431,528,471.74	3,910,303,456.26	8,102,684,486.03	VIII. (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

Year: 2014

Unit: RMB

Item	No.	Amount for the current period										Amount for the prior period												
		Attributable to owners of the Company					Minority interests	Total owners' equity	Attributable to owners of the Company					Minority interests	Total owners' equity									
		Paid-in capital/Share capital	Capital reserves	Less: Treasury shares	Special reserves	Surplus reserves			General risk reserves	Unappropriate profits	Others	Subtotal	Paid-in capital/Share capital			Capital reserves	Less: Treasury shares	Special reserves	Surplus reserves	General risk reserves	Unappropriate profits	Others	Subtotal	
I. Closing balance of the preceding year	1	1,600,000,000.00	1,405,237,246.16	-	-132,538,153.21	585,038,617.41	334,587,179.94	3,736,867,334.02	-	7,530,193,226.32	115,291,329.95	7,645,484,555.27	1,475,000,000.00	511,237,246.16	-	-20,026,280.12	375,880,022.91	204,799,168.33	2,276,493,508.30	-	4,643,391,688.28	4,943,391,688.28		
Adj. Changes in accounting policies	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Connectors of prior period errors	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
II. Opening balance of the current year	4	1,600,000,000.00	1,405,237,246.16	-	-132,538,153.21	585,038,617.41	334,587,179.94	3,736,867,334.02	-	7,530,193,226.32	115,291,329.95	7,645,484,555.27	1,475,000,000.00	511,237,246.16	-	-20,026,280.12	375,880,022.91	204,799,168.33	2,276,493,508.30	-	4,643,391,688.28	4,943,391,688.28		
III. Changes for the year (Decrease is indicated by "-")	5	4,400,000,000.00	-1,173,700,000.00	-	26,694,820.98	241,308,182.31	219,814,459.12	-1,557,394,227.85	-	2,430,038,423.58	3,197,274.84	2,159,900,519.10	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	-	2,898,801,558.04	115,291,329.95	2,922,092,888.99	
(I) Net profit	6	-	-	-	26,694,820.98	-	-	2,430,038,423.58	-	2,430,038,423.58	2,755,514.12	2,432,793,937.70	-	-	-	-	-	-	2,049,313,451.13	-	2,049,313,451.13	31,708,871.05	2,077,064,780.08	
(II) Other comprehensive income	7	-	-	-	26,694,820.98	-	-	-	-	26,694,820.98	441,769.72	27,106,581.40	-	-	-	-112,511,893.09	-	-	-	-	-112,511,893.09	-	-112,511,893.09	
Subtotal comprehensive income	8	-	-	-	26,694,820.98	-	-	2,430,038,423.58	-	2,456,733,244.26	3,197,274.84	2,460,000,519.10	-	-	-	-112,511,893.09	-	-	-	-	-112,511,893.09	-	-112,511,893.09	
(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	-	-	-	-	241,308,182.31	219,814,459.12	-761,122,651.43	-300,000,000.00	-	-	-300,000,000.00	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer to surplus reserves	17	-	-	-	-	241,308,182.31	-	-241,308,182.31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Including: Legal reserves	18	-	-	-	-	241,308,182.31	-	-241,308,182.31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to owners/shareholders	24	-	-	-	-	-	-	-300,000,000.00	-300,000,000.00	-	-300,000,000.00	-	-	-	-	-	-	-	-	-250,000,000.00	-	-250,000,000.00	-	-250,000,000.00
4. Others	25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Transfer 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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance of the current year	31	6,000,000,000.00	282,537,246.16	-	-106,873,322.53	828,347,809.72	554,401,639.06	2,179,463,106.17	-	9,696,896,470.59	118,489,603.79	9,805,385,074.37	1,600,000,000.00	1,406,237,246.16	-	-12,538,153.21	585,038,617.41	334,587,179.94	3,736,867,334.02	-	7,530,193,226.32	115,291,329.95	7,645,484,555.27	

Chief accountant: Liu Jinhua

Person in charge of accounting body:

Legal representative: Liu Yang

Statement of Changes in Owners' Equity

Company: Zhongrong International Trust Co., Ltd

Year 2014

Unit: RMB

Item	No.	Amount for the current period						Amount for the prior period						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	Paid-in capital/ Share capital	Capital reserves	Less: Treasury shares	Other comprehensive income		Surplus reserves	General risk reserves	Unappropriate profits
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	7,559,276,407.33	1,475,000,000.00	531,237,248.16		-20,026,260.12	375,888,002.91	204,799,168.53	2,282,372,995.88	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	7,559,276,407.33	1,475,000,000.00	531,237,248.16	-	-20,026,260.12	375,888,002.91	204,799,168.53	2,282,372,995.88	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	128,788,011.41	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							1,000,000,000.00
1. Capital contribution from owners	11									125,000,000.00							1,000,000,000.00
2. Share-based payment recognised in owners' equity	12																
3. Others	13																
(IV) Profit distribution	14							-761,122,651.43	-300,000,000.00					209,151,614.50	128,788,011.41	-588,939,625.91	-250,000,000.00
1. Transfer to surplus reserves	15							-241,308,192.31						209,151,614.50		-209,151,614.50	
2. Transfer to general risk reserves	16							219,814,459.12							128,788,011.41	-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	7,558,276,407.33

Legal representative: Liu Yang

Chief accountant: Lian Jihua

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	Total	Reversal	Cancellation	Decrease for consolidated	Decrease for others					Total
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 assets 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: Lu Yang Chief accountant: Lien 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			Decrease for current year			Closing balance	Item	No.	Amount
			Provision for current year	Increase for consolidated	Increase for others	Total	Reversal	Cancellation				
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 assets 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 Jihua

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 Hacı 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 recent 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

6.1.1 Financial 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.

6.1.5 Buying 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 occurred, 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 which arises 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 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.

6.2.1 Impairment 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 depreciation

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 Company needs 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 includes short-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 manage 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 Taxes 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 AND ACCOUNTING 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, there was no 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 the reporting 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	2	1	Beijing	Beijing	Equity investment and asset management	1,000,000,000.00	100.00	100.00
Investment Management Co., Ltd										
Shanghai	Longshan	Investment	3	1	Shanghai	Shanghai	Equity investment and asset management	20,000,000.00	100.00	100.00
Management Co., Ltd.										
Zhongrong	International	Holdings	4	3	British Virgin Island	British Virgin Island	Asset management	158,344,69.52	100.00	100.00
Limited										

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 management	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.Public 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. NOTES TO IMPORTANT ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

“The opening balance” refers to the balance on 1 January 2014 and “the closing balance” refers to the balance on 31 December 2014. “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 in RMB
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
<u>Total</u>	<u>4,111,623,631.75</u>	<u>8,431,528,471.74</u>

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		
<u>Total</u>	<u>6,039,319,045.43</u>	<u>239,097,846.44</u>

Note1: At the end of 2014, the financial assets held for trading that the Company held are money funds purchased by the Company.

3. Accounts receivable

Items	Closing balance	Opening balance
Management Fee	10,986,783.16	436,252.30
<u>Total</u>	<u>10,986,783.16</u>	<u>436,252.30</u>

4. Prepayment

Items	Closing balance	Opening balance
Prepayment	399,000.00	
<u>Total</u>	<u>399,000.00</u>	

5. Interest Receivable

Items	Closing balance	Opening balance
Fixed Deposit Interest Receivable	67,466.67	64,114.99
<u>Total</u>	<u>67,466.67</u>	<u>64,114.99</u>

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
<u>Total</u>	<u>604,920,674.97</u>	<u>406,442,393.41</u>

6.2 Available-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 congong 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 congong investment securities assemble funds trust” was issued in August 2009. The Company acts as a secondary client buying 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 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 funds are 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 establishing China 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 postponed to 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 Trust Co., Ltd. on December 10, 2014. The fund of this trust product is primarily 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 an asset management plan for one year duration by Zhongrong Fund Management Co., Ltd. The company spent RMB 20 million buying 20 million shares of both prior fund and progressive fund. The investment orientations are good liquid financial instruments including all kinds of legally listed bond, securities investment funds, central bank 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 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 in the 9 million increase of capital stock of Liuguo Chemical held 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 RMB6.63 per share on December 31, 2014.

- ② 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 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 27,804,060.00 subordinated 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 in Jianghai 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 at the 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		
<u>Subtotal</u>	<u>53,160,938.66</u>	<u>45,454,624.37</u>
Minus: Depreciation reserves		
<u>Total</u>	<u>53,160,938.66</u>	<u>45,454,624.37</u>

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 Mngement 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%
	<u>Total</u>	--	<u>45,454,624.37</u>	<u>7,706,314.29</u>	<u>53,160,938.66</u>	

7.3 Main financial information of significant associated enterprises

December 31, 2014 or 2014

Items	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, 2013 or 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, 2013 or 2013			
	Shenzhen Huasheng Integrating Equity Investment Fund Management Co., LTD	Xinhu Wealth Investment Management Co., LTD	Shenzhen Ruiyuan Baoxing 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	<u>71,750,575.40</u>	<u>8,656,644.28</u>	<u>1,979,396.70</u>	<u>78,427,822.98</u>
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	<u>37,849,713.46</u>	<u>14,230,653.83</u>	<u>1,748,835.76</u>	<u>50,331,531.53</u>
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	<u>33,900,861.94</u>			<u>28,096,291.45</u>
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	<u>25,374,571.55</u>			<u>27,122,543.07</u>

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
<u>subtotal</u>	<u>505,899,511.55</u>	<u>2,023,598,046.19</u>	<u>447,010,225.56</u>	<u>1,788,040,902.20</u>
Deferred tax liabilities:				
Fair value changes of Held-for-trading financial assets				
Fair value changes of Held-for-trading financial assets				
<u>subtotal</u>				
<u>total</u>	<u>505,899,511.55</u>	<u>2,023,598,046.19</u>	<u>447,010,225.56</u>	<u>1,788,040,902.20</u>

Note 1: The deferred 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	
<u>Total</u>	<u>818,716,242.32</u>	<u>58,197,129.96</u>

Note 1: Other accounts receivable assessed by the aging analysis

Aging	Closing balance		Opening balance	
	Carrying amount		Carrying amount	
	Amount	Proportion	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 3 years				
More than 3 years	468,542.06	0.84%	468,542.06	1.22%
<u>Total of other accountsreceivable</u>	<u>55,908,830.97</u>	<u>100.00%</u>	<u>37,942,241.58</u>	<u>100.00%</u>
Minus:Provision of bad debt	468,542.06		468,542.06	
<u>Book value of other accounts receivable</u>	<u>55,440,288.91</u>		<u>37,473,699.52</u>	

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
<u>Total</u>	<u>20,723,430.44</u>	<u>12,536,998.40</u>	<u>19,984,475.43</u>	<u>13,275,953.41</u>

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
<u>Total</u>		<u>750,000,000.00</u>		<u>750,000,000.00</u>

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					
<u>Total</u>	<u>468,542.06</u>				<u>468,542.06</u>

13. Accounts payable

Items	Closing balance	Opening balance
Accounts payable	4,697,730.94	316,466.21
<u>Total</u>	<u>4,697,730.94</u>	<u>316,466.21</u>

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
<u>Total</u>	<u>20,330,945.75</u>	<u>23,921,136.53</u>

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 which will 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	<u>941,574,670.92</u>	<u>674,636,217.97</u>	<u>554,861,125.69</u>	<u>1,061,349,763.20</u>

(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	<u>940,973,153.05</u>	<u>628,665,900.87</u>	<u>508,625,492.61</u>	<u>1,061,013,561.31</u>

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	<u>460,371,082.11</u>	<u>1,408,946,088.21</u>	<u>1,456,567,672.78</u>	<u>412,749,497.54</u>

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	<u>33,843,626.90</u>	<u>30,163,399.90</u>

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	<u>585,675,181.32</u>	<u>861,955,490.33</u>	<u>585,675,181.32</u>	<u>861,955,490.33</u>

19. 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 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%
<u>Total</u>	<u>1,600,000,000.00</u>	<u>100.00%</u>	<u>4,400,000,000.00</u>		<u>6,000,000,000.00</u>	<u>100.00%</u>

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				
<u>Total</u>	<u>1,406,237,248.16</u>		<u>1,173,700,000.00</u>	<u>232,537,248.16</u>

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	<u>-132,538,153.21</u>	<u>37,058,255.23</u>	<u>881,088.44</u>	<u>9,070,585.39</u>	<u>26,664,820.68</u>	<u>441,760.72</u>	<u>-105,873,332.53</u>
1. Share enjoyed by other comprehensive income of investee under equity method reclassified into gain or loss							
2. gain or loss from fair 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 hedges gain or loss							
5. Exchange difference of foreign financial statements		-105,174.77			-105,174.77		-105,174.77
Total	<u>-132,538,153.21</u>	<u>37,058,255.23</u>	<u>881,088.44</u>	<u>9,070,585.39</u>	<u>26,664,820.68</u>	<u>441,760.72</u>	<u>-105,873,332.53</u>

22. Surplus reserves

Item	Opening balance	Closing balance
Statutory surplus reserves	826,347,809.72	585,039,617.41
Total	<u>826,347,809.72</u>	<u>585,039,617.41</u>

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
<u>Total</u>	<u>554,401,639.06</u>	<u>334,587,179.94</u>

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	<u>3,736,867,334.02</u>	<u>2,276,493,508.80</u>
Add for the period:	<u>2,430,038,423.58</u>	<u>2,049,313,451.13</u>
Including: Net profit attributable to owners of the Company for the period	2,430,038,423.58	2,049,313,451.13
Cover the deficit of surplus reserves		
Others		
Less for the period:	<u>3,987,422,651.43</u>	<u>588,939,625.91</u>
Including: Withdrawal of legal surplus	241,308,192.31	209,151,614.50
Withdrawal of 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		
<u>Un-appropriated profits at the end of the period</u>	<u>2,179,483,106.17</u>	<u>3,736,867,334.02</u>

25. Net interest income

Item	Amount of the current period	Amount of the prior period
Interest income	<u>428,368,448.67</u>	<u>340,742,194.17</u>
—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		
<u>Interest expense</u>		
<u>Net interest income</u>		
<u>Net interest income</u>	<u>428,368,448.67</u>	<u>340,742,194.17</u>

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
<u>Net income</u>	<u>4,446,971,821.26</u>	<u>4,542,050,100.01</u>

27. Operating income and operating costs

Item	Amount recognized in the current period		Amount recognized in the prior period	
	Income	Cost	Income	Cost
Operating income	20,398,347.16			
<u>total</u>	<u>20,398,347.16</u>			

28. 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	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		
<u>Total</u>	<u>210,674,836.17</u>	<u>-36,589,452.81</u>

29. 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	118,727,136.67	-10,108,433.46
<u>Total</u>	<u>118,727,136.67</u>	<u>-10,108,433.46</u>

30. Exchange gains and losses

Items	Amount recognized in the current period	Amount recognized in the prior period
Exchange gains and losses	1,294,069.16	-2,074,191.54
<u>Total</u>	<u>1,294,069.16</u>	<u>-2,074,191.54</u>

31. 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	277,461,351.99		63,533,429.74	
Other	27,595,699.75		562,075.00	
<u>Total</u>	<u>305,057,051.74</u>		<u>64,095,504.74</u>	

32. Business tax and levies

Item	Amount incurred in the current period	Amount incurred in the 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
<u>Total</u>	<u>273,459,535.74</u>	<u>262,216,891.70</u>

33. Operation and administrative expenses

<u>Item</u>	<u>Amount incurred in the current period</u>	<u>Amount incurred in the prior period</u>
<u>Operation and administrative expenses</u>	<u>2,044,670,575.4</u>	<u>1,928,909,796.80</u>
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

<u>Item</u>	<u>Amount recognized in the current period</u>	<u>Amount recognized in the prior period</u>
Gains on disposal of fixed assets	291,720.86	7,450.48
Others	3,243,177.00	3,541,699.01
<u>Total</u>	<u>3,534,897.86</u>	<u>3,549,149.49</u>

35. Non-operating expenses

<u>Item</u>	<u>Amount incurred in the current period</u>	<u>Amount incurred in the prior period</u>
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	
<u>Total</u>	<u>1,214,996.88</u>	<u>2,128,016.11</u>

36. Income tax expenses

<u>Item</u>	<u>Amount incurred in the current period</u>	<u>Amount incurred in the prior period</u>
Current tax expenses	850,847,434.35	818,741,965.58
Deferred tax	-67,959,871.38	-127,936,579.67
<u>Total</u>	<u>782,887,562.97</u>	<u>690,805,385.91</u>

37. Other net comprehensive income after tax

Item	Amount for the current period	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	<u>27,106,581.40</u>	<u>-112,511,893.09</u>
Gain or loss of available-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 loss available-for-sale financial assets	<u>27,211,756.17</u>	<u>-112,511,893.09</u>
2. Exchange difference of foreign financial statements	<u>-105,174.77</u>	
<u>Total</u>	<u>27,106,581.40</u>	<u>-112,511,893.09</u>

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	<u>2,391,649,696.28</u>	<u>2,636,415,089.70</u>
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	<u>-4,319,904,839.99</u>	<u>3,494,528,741.69</u>

2 Information of cash and cash equivalents

Item	Closing balance	Opening balance
I. Cash	<u>4,111,623,631.75</u>	<u>8,431,528,471.74</u>
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	<u>4,111,623,631.75</u>	<u>8,431,528,471.74</u>
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 Hengtian Company 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
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., Ltd have 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 company subscribed all the limited partnership shares of XinjingChenlan with no more than USD 50 million of the trust capital. XinjingChenlan raised 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 bank 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 buying 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 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 its planned product structure, the fund raising scale changed to RMB 300.50 million.

On December 31, 2014, the structuralized subject total asset is RMB 146.254 million (RMB 146.72163 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 largest loss 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 are used for establishing China 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. During the current period, these trust projects with one year duration are postponed to 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) redeemable trust 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	Opening balance
	Amount in RMB	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
<u>Total</u>	<u>3,910,303,456.26</u>	<u>8,102,684,486.03</u>

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	
<u>Total</u>	<u>5,175,923,422.67</u>	<u>239,097,846.44</u>

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		
<u>Subtotal</u>	1,198,636,696.63	291,535,530.24
Minus: Depreciation reserves	<u>1,198,636,696.63</u>	<u>291,535,530.24</u>

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%
	<u>Total</u>	--	<u>291,535,530.24</u>	<u>907,101,166.39</u>	<u>1,198,636,696.63</u>	

3.2. Investment to major associated enterprises

Items	December 31, 2014 or 2014		December 31, 2013 or 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, 2013 or 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
<u>Subtotal</u>	<u>507,606,171.75</u>	<u>2,030,424,686.99</u>	<u>447,010,225.56</u>	<u>1,788,040,902.20</u>
Deferred tax liabilities:				
Fair value changes of Held-for-trading financial assets				
Fair value changes of Available-for-sale financial assets				
<u>Subtotal</u>				
<u>Total</u>	<u>507,606,171.75</u>	<u>2,030,424,686.99</u>	<u>447,010,225.56</u>	<u>1,788,040,902.20</u>

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 welfare provision				
<u>Total</u>	<u>928,780,097.75</u>	<u>622,978,515.47</u>	<u>509,085,299.64</u>	<u>1,042,673,313.58</u>

(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	<u>928,363,121.79</u>	<u>579,842,569.63</u>	<u>465,548,522.93</u>	<u>1,042,657,168.49</u>

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
Additional education 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	<u>459,065,960.81</u>	<u>1,390,469,665.49</u>	<u>1,441,538,040.08</u>	<u>407,997,586.22</u>

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
<u>Total</u>	<u>28,231,287.47</u>	<u>27,326,636.08</u>

Note: Early stage project expenses are early stage investigation fees received in advance from proposed financing clients.

8. Long-term employee benefits payable

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Merit bonus	585,675,181.32	861,955,490.33	585,675,181.32	861,955,490.33
<u>Total</u>	<u>585,675,181.32</u>	<u>861,955,490.33</u>	<u>585,675,181.32</u>	<u>861,955,490.33</u>

9. 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
<u>Total</u>	<u>554,401,639.06</u>	<u>334,587,179.94</u>

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	<u>3,764,949,515.03</u>	<u>2,262,372,995.88</u>
Add for the period:	<u>2,413,081,923.18</u>	<u>2,091,516,145.06</u>
Including: Net profit attributable to owners of the Company for the period	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		
Less for the period:	<u>3,987,422,651.43</u>	<u>588,939,625.91</u>
Including: Withdrawal legal surplus	241,308,192.31	209,151,614.50
Withdrawal of 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		
<u>Un-appropriated profits at the end of the period</u>	<u>2,190,608,786.78</u>	<u>3,764,949,515.03</u>

11. Net interest income

Item	Amount of the current period	Amount of the prior period
<u>Interest income</u>	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		
<u>Interest expense</u>		
<u>Net interest income</u>	<u>423,593,115.31</u>	<u>337,848,791.68</u>

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
<u>Net income</u>	<u>4,390,316,936.81</u>	<u>4,540,657,245.93</u>

13. Investment income

Details of investment income

Item	Amount recognized in the current period	Amount recognized in the prior period
Investment income		
onheld-for-trading financial 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		
<u>Total</u>	<u>205,879,708.35</u>	<u>-36,568,546.94</u>

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
<u>Total</u>	<u>113,102,565.85</u>	<u>-10,108,433.46</u>

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		
<u>Non-operating profit</u>	<u>276,540,332.83</u>	<u>64,095,504.74</u>

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
<u>Total</u>	<u>268,983,040.64</u>	<u>262,136,933.84</u>

17. Operation and administrative expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
<u>Operation and administrative expenses</u>	<u>1,949,330,202.102</u>	<u>1,851,834,254.02</u>
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 in the current period	Amount recognized in the prior period
Gains on disposal of fixed assets	291,720.86	7,450.48
Others	3,089,285.76	2,779,699.01
<u>Total</u>	<u>3,381,006.62</u>	<u>2,787,149.49</u>

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	
<u>Total</u>	<u>1,162,247.08</u>	<u>2,128,016.11</u>

20. Income tax expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Income tax expenses	<u>780,301,630.07</u>	<u>690,724,109.34</u>
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
<u>Total</u>	<u>26,310,203.67</u>	<u>-112,511,893.09</u>

XVII. APPROVAL OF THE FINANCIAL STATEMENTS

The Company's financial statements have been approved by the Board of Directors.



BAKER TILLY
HONG KONG | 天職香港

Independent auditor's report to the member of Zhongrong International Holdings Limited

(Incorporated in the British Virgin Islands with limited liability)

We have audited the consolidated financial statements of Zhongrong International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 3 to 37, which comprise the consolidated and Company's statements of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Director's responsibility for the consolidated financial statements

The director of the Company is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and for such internal control as the director determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Independent auditor's report to the member of
Zhongrong International Holdings Limited (continued)**
(Incorporated in the British Virgin Islands with limited liability)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2015, and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.



Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 18 MAY 2016

Gao Yajun

Practising certificate number P06391

Zhongrong International Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2015

(Expressed in Renminbi ("RMB"))

		1.1.2015 to 31.12.2015 RMB	12.5.2014 (date of incorporation) to 31.12.2014 RMB
	Note		
Turnover	3	5,885,538	-
Other income	4	15,544,013	1,571
Loss on change in fair value of financial assets at fair value through profit or loss		(15,564,139)	-
Administrative expenses		(15,242,073)	(340,772)
Finance costs	5	<u>(49,986,986)</u>	<u>-</u>
Loss before taxation	6	(59,363,647)	(339,201)
Income tax expense	8	<u>(192,193)</u>	<u>-</u>
Loss for the year/period		(59,555,840)	(339,201)
Other comprehensive income/(expense), net of tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		2,361,123	(105,175)
Change in fair value of available-for-sale financial assets		<u>1,662,836</u>	<u>-</u>
Other comprehensive income/(expense) for the year/period		<u>4,023,959</u>	<u>(105,175)</u>
Total comprehensive expense for the year/period		<u>(55,531,881)</u>	<u>(444,376)</u>

The notes on pages 8 to 37 form part of these consolidated financial statements.

Zhongrong International Holdings Limited
Consolidated statement of financial position
at 31 December 2015

(Expressed in Renminbi ("RMB"))

	Note	2015 RMB	2014 RMB
Non-current assets			
Property, plant and equipment	9	428,700	-
Available-for-sale financial assets	11	<u>1,042,970,039</u>	<u>-</u>
		<u>1,043,398,739</u>	<u>-</u>
Current assets			
Other receivables	12	220,691,233	831,206
Financial assets at fair value through profit or loss	13	35,621,534	-
Amounts due from fellow subsidiaries	15	45,184,342	-
Cash and cash equivalents	16	<u>120,757,842</u>	<u>14,724,869</u>
		<u>422,254,951</u>	<u>15,556,075</u>
Current liabilities			
Accrued expense and other payables		3,854,575	165,981
Tax payable		<u>192,193</u>	<u>-</u>
		<u>4,046,768</u>	<u>165,981</u>
Net current assets		<u>418,208,183</u>	<u>15,390,094</u>
Total assets less current liabilities		<u>1,461,606,922</u>	<u>15,390,094</u>
Non-current liability			
Debentures	17	<u>1,441,923,044</u>	<u>-</u>
Net assets		<u>19,683,878</u>	<u>15,390,094</u>
Capital and reserves			
Share capital	18	61,235,166	15,834,470
Reserves		<u>(41,551,288)</u>	<u>(444,376)</u>
Total equity		<u>19,683,878</u>	<u>15,390,094</u>

Approved and authorised for issue by the sole director on 18 MAY 2016



Director - Huang Wei

The notes on pages 8 to 37 form part of these consolidated financial statements.

Zhongrong International Holdings Limited
Statement of financial position at 31 December 2015
(Expressed in Renminbi ("RMB"))

	Note	2015 RMB	2014 RMB
Non-current asset			
Investments in subsidiaries	10	<u>74,732,670</u>	<u>15,212,865</u>
Current assets			
Amounts due from subsidiaries	14	67,867	31,586
Cash and cash equivalents		<u>1,201,630</u>	<u>579,860</u>
		<u>1,269,497</u>	<u>611,446</u>
Current liability			
Amount due to a subsidiary	14	<u>1,558,464</u>	<u>-</u>
Net current (liabilities)/assets		<u>(288,967)</u>	<u>611,446</u>
Net assets		<u>74,443,703</u>	<u>15,824,311</u>
Capital and reserve			
Share capital	18	61,235,166	15,834,470
Reserves		<u>13,208,537</u>	<u>(10,159)</u>
Total equity		<u>74,443,703</u>	<u>15,824,311</u>

Approved and authorised for issue by the sole director on 18 MAY 2016



Director - Huang Wei

The notes on pages 8 to 37 form part of these consolidated financial statements.

Zhongrong International Holdings Limited
Consolidated statement of changes in equity
for the year ended 31 December 2015
(Expressed in Renminbi (“RMB”))

	Share capital RMB	Share premium RMB	Foreign currency translation reserve RMB	Fair value reserve RMB	Accumulated losses RMB	Total RMB
Issue of shares	15,834,470	-	-	-	-	15,834,470
Loss for the period	-	-	-	-	(339,201)	(339,201)
Other comprehensive expense for the period, net of tax	-	-	(105,175)	-	-	(105,175)
At 31 December 2014 and 1 January 2015	15,834,470	-	(105,175)	-	(339,201)	15,390,094
Issue of shares	45,400,696	14,424,969	-	-	-	59,825,665
Loss for the year	-	-	-	-	(59,555,840)	(59,555,840)
Other comprehensive income for the year, net of tax	-	-	2,361,123	1,662,836	-	4,023,959
At 31 December 2015	61,235,166	14,424,969	2,255,948	1,662,836	(59,895,041)	19,683,878

The notes on pages 8 to 37 form part of these consolidated financial statements.

Zhongrong International Holdings Limited
Consolidated statement of cash flows
for the year ended 31 December 2015
(Expressed in Renminbi (“RMB”))

	1.1.2015 to 31.12.2015 RMB	12.5.2014 (date of incorporation) to 31.12.2014 RMB
Operating activities		
Loss before taxation	(59,363,647)	(339,201)
Adjustments for:		
Bank interest income	(26,867)	(185)
Depreciation	249,101	-
Dividend income	(10,471,597)	-
Exchange gain, net	(500,230)	-
Finance cost	49,986,986	-
Loss on change in fair value of financial assets at fair value through profit or loss	<u>15,564,139</u>	<u>-</u>
Operating cash flows before movements in working capital	(4,562,115)	(339,386)
Increase in other receivables	(223,104,721)	(831,206)
Increase in financial assets at fair value through profit or loss	(43,493,509)	-
Increase in amounts due from fellow subsidiaries	(45,184,342)	-
(Decrease)/increase in accrued expenses and other payables	<u>(757,367)</u>	<u>165,981</u>
Net cash used in operating activities	<u>(317,102,054)</u>	<u>(1,004,611)</u>
Investing activities		
Bank interest income received	26,867	185
Dividend income received	10,471,597	-
Purchase of property, plant and equipment	(648,615)	-
Payment for acquisition of available-for-sales financial assets	<u>(1,035,011,759)</u>	<u>-</u>
Net cash (used in)/generated from investing activities	<u>(1,025,161,910)</u>	<u>185</u>
Financing activities		
Debentures interest paid	(43,831,800)	-
Proceeds from issuance of shares	59,825,665	15,729,295
Proceeds from issuance of debentures	<u>1,354,121,857</u>	<u>-</u>
Net cash generated from financing activities	<u>1,370,115,722</u>	<u>15,729,295</u>
Net increase in cash and cash equivalents	27,851,758	14,724,869
Cash and cash equivalents at the beginning of the year/period	14,724,869	-
Effect of foreign exchange rate changes	<u>78,181,215</u>	<u>-</u>
Cash and cash equivalents at the end of the year/period	<u>120,757,842</u>	<u>14,724,869</u>

The notes on pages 8 to 37 form part of these consolidated financial statements.

Zhongrong International Holdings Limited

Notes to the consolidated financial statements

(Expressed in Renminbi ("RMB"))

1 General

Zhongrong International Holdings Limited (the "Company") is a private limited company incorporated in the British Virgin Islands. Its immediate holding company is Shanghai Longshan Capital Investment Limited which is established in The People's Republic of China (the "PRC"). Its intermediate holding company is Jingwei Textile Machinery Co., Limited which is established in the PRC with its shares listed on The Shenzhen Stock Exchange. Its ultimate holding company is China Hengtian Group Company Limited, a company established in the PRC. The addresses of the registered office and principal place of business of the Company are P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands ("BVI") and 16th Floor, Taikang International Tower, No.2, Wudinghou Street, Xicheng District, Beijing, the PRC respectively.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in investment holding, provision of consultancy and financing services. The principal activities of the subsidiaries of the Group are set out in note 10.

2 Significant accounting policies

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs"), Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Group. There have been no significant changes to the accounting policies applied in these consolidated financial statements as a result of these developments.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 23).

(b) Basis of preparation of the consolidated financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis, except for available-for-sale financial assets and financial assets at fair value through profit or loss that are measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi (“RMB”))

2 Significant accounting policies (continued)

(b) Basis of preparation of the consolidated financial statements (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Renminbi (“RMB”), which is the Group’s presentation currency.

(c) Subsidiaries and basis of consolidation

The consolidated financial statements incorporated the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group’s voting rights in an investee are sufficient to give it power, including:

- the size of the Group’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi ("RMB"))

2 Significant accounting policies (continued)

(c) Subsidiaries and basis of consolidation (continued)

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustment are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between member of the Group are eliminated in full on consolidation.

Change in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

(d) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi ("RMB"))

2 Significant accounting policies (continued)

(d) Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another HKFRSs.

When the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi ("RMB"))

2 Significant accounting policies (continued)

(d) Business combinations (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(e) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- | | |
|--------------------------|-----------------------|
| - Furniture and fixtures | - over 3 years |
| - Leasehold improvement | - over the lease term |

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi ("RMB"))

2 Significant accounting policies (continued)

(f) Impairment of assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- investments in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior period. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi ("RMB"))

2 Significant accounting policies (continued)

(g) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Advisory service, consultancy fee and management fee income

Revenue from the provision of services is recognised when services are rendered.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iii) Dividend income

Dividend income from investments is recognised when the shareholders right to receive payment have been established.

(h) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into RMB using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of "foreign currency translation reserve".

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi (“RMB”))

2 Significant accounting policies (continued)

(h) Foreign currencies (continued)

In addition, in relation to a partial disposal that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of “foreign currency translation reserve”.

(i) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi ("RMB"))

2 Significant accounting policies (continued)

(k) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss and available-for-sale financial assets) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss and available-for-sale financial assets are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the specified categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss of the Group represent financial assets held for trading which has been acquired principally for the purpose of selling in the near term. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised directly in profit or loss. The net gain or loss recognised in profit and loss excludes any dividend or interest earned on the financial assets.

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi (“RMB”))

2 Significant accounting policies (continued)

(k) Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including other receivables, amounts due from fellow subsidiaries and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term, receivables when the effect of discounting is immaterial.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are designated as available-for-sale or are not classified as other categories of financial assets.

Available-for-sale financial assets are stated at fair value at the end of each reporting period. Interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated in equity under the heading of “investment revaluation reserve”, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

Available-for-sale equity and trust investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Impairment of financial assets

Financial assets, other than those at financial assets at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi ("RMB"))

2 Significant accounting policies (continued)

(k) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as other receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity according with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Other financial liabilities (including accrued expenses and other payables and debentures) are subsequently measured at amortised cost using the effective interest method.

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi (“RMB”))

2 Significant accounting policies (continued)

(k) Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Effect interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised only when the contractual rights to receive cash flows from the assets expire, or when the Group has transferred substantially all the risks and rewards of ownership of the assets to another entity. If the Group neither transfers nor retains substantively all risks and rewards of ownership and continue to control the transferred asset, the Group recognised its retained interest in the asset and associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognise the financial asset and recognises a collateralised borrowing for proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss. On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. Financial liabilities are derecognised when, and only when, the obligations are discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi (“RMB”))

2 Significant accounting policies (continued)

(k) Financial instruments (continued)

Derecognition (continued)

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

(l) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi ("RMB"))

2 Significant accounting policies (continued)

(l) Taxation (continued)

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly to equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to approximate local defined contribution retirement schemes pursuant to the Hong Kong Mandatory Provident Fund Schemes Ordinance are expensed in the period in which they are incurred.

(o) Leasing

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.

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi (“RMB”))

2 Significant accounting policies (continued)

(o) Leasing (continued)

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(p) Related parties

- (a) A person, or a close member of that person’s family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group’s parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi ("RMB"))

2 Significant accounting policies (continued)

(p) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies: (continued)

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 Turnover

The principal activities of the Group are investment holding, provision of consultancy and financing services.

An analysis are as follows:

	1.1.2015 to 31.12.2015 RMB	12.5.2014 (date of incorporation) to 31.12.2014 RMB
Consultation services income	4,828,232	-
Interest income from a fellow subsidiary	138,388	-
Interest income from loan receivable	918,918	-
	<u>5,885,538</u>	<u>-</u>

4 Other income

	1.1.2015 to 31.12.2015 RMB	12.5.2014 (date of incorporation) to 31.12.2014 RMB
Bank interest income	26,867	185
Dividend income	10,471,597	-
Gain on disposal of financial assets at fair value through profit or loss	4,545,319	-
Net exchange gains	500,230	1,386
	<u>15,544,013</u>	<u>1,571</u>

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi ("RMB"))

5	Finance costs		12.5.2014 (date of incorporation) to 31.12.2014 RMB
		1.1.2015 to 31.12.2015 RMB	to 31.12.2014 RMB
	Interest expenses on debentures	<u>49,986,986</u>	<u>-</u>

6 **Loss before taxation**

Loss before taxation is arrived at after charging:

			12.5.2014 (date of incorporation) to 31.12.2014 RMB
		1.1.2015 to 31.12.2015 RMB	to 31.12.2014 RMB
(a)	Staff costs:		
	Salaries, wages and other benefits	7,756,166	-
	Contribution to defined contribution retirement plan	<u>25,808</u>	<u>-</u>
		<u>7,781,974</u>	<u>-</u>
(b)	Other items:		
	Auditors' remuneration	108,726	-
	Depreciation	249,101	-
	Operating lease charges in respect of office premises	<u>2,952,429</u>	<u>-</u>

7 **Director's remuneration**

No director received, or will receive, any fees or emoluments in respect of services to the Group during the year (2014: RMBnil).

8 **Income tax expense**

(a) No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profits arising in Hong Kong for the year/period.

PRC income tax is calculated at 25% (2014: 25%) of the estimated assessable profit of the Group as determined in accordance with relevant tax rules and regulations in the PRC for the year/period.

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)

(Expressed in Renminbi ("RMB"))

8 Income tax expense (continued)

- (b) The charge for the year/period can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	1.1.2015 to 31.12.2015 RMB	12.5.2014 (date of incorporation) to 31.12.2014 RMB
Loss before taxation	<u>(59,363,647)</u>	<u>(339,201)</u>
Notional tax on loss before taxation, calculated at 16.5%	(9,795,002)	(55,968)
Tax effect of income not taxable for tax purpose	(1,988,272)	(249)
Tax effect of expenses not deductible for tax purpose	8,585,071	5,287
Tax effect of unused tax losses not recognised	3,344,751	60,352
Tax effect of utilisation of tax losses not previously recognised	(27,713)	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	<u>73,358</u>	<u>(9,422)</u>
Income tax expense	<u>192,193</u>	<u>-</u>

- (c) At 31 December 2015, the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately RMB20,271,219 (2014: RMB308,668) as it is not probable that future taxable profits, against which the assets can be utilized, will be available in the relevant tax jurisdictions. The tax losses have no expiry date under current tax legislation. Other temporary differences are not material.

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)

(Expressed in Renminbi ("RMB"))

9	Property, plant and equipment	Furniture and fixtures RMB	Leasehold improvement RMB	Total RMB
	Cost:			
	At 31 December 2014 and 1 January 2015	-	-	-
	Additions	144,746	503,869	648,615
	Exchange realignment	<u>8,314</u>	<u>28,942</u>	<u>37,256</u>
	At 31 December 2015	<u>153,060</u>	<u>532,811</u>	<u>685,871</u>
	Accumulated depreciation:			
	At 31 December 2014 and 1 January 2015	-	-	-
	Charge for the period	28,562	220,539	249,101
	Exchange realignment	<u>865</u>	<u>7,205</u>	<u>8,070</u>
	At 31 December 2015	<u>29,427</u>	<u>227,744</u>	<u>257,171</u>
	Carrying value:			
	At 31 December 2015	<u>123,633</u>	<u>305,067</u>	<u>428,700</u>
	At 31 December 2014	<u>-</u>	<u>-</u>	<u>-</u>

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi (“RMB”))

10 Investments in subsidiaries

	The Company	
	2015	2014
	RMB	RMB
Unlisted shares, at cost	<u>74,732,670</u>	<u>15,212,865</u>

Details of the Group’s subsidiaries at 31 December 2015 and 2014 are as follows:

<u>Name of subsidiary</u>	<u>Place of incorporation or registration/ operations</u>	<u>Proportion of equity interests attributable to the Company</u>		<u>Principal activities</u>
		<u>Direct 2015</u>	<u>Indirect 2015</u>	
Zhongrong Capital Holding Limited	Cayman Islands	100% (2014: 100%)	-	Investment holding
Zhongrong International Capital Management Limited (“Zhongrong International Capital”)	Hong Kong	100% (2014: 100%)	-	Advising on securities and asset management
Zhongrong International Bond 2015 Limited	BVI	100% (2014: -)	- (2014: 100%)	Bond issuance
Wealth Pointer Global Limited	BVI	- (2014: 100%)	100% (2014: -)	Financial investing
Zhongrong Universal Wealth Management Limited	BVI	-	100% (2014: 100%)	Investment holding
Zhongrong Universal Capital Management Limited	BVI	-	100% (2014: 100%)	Investment holding
Zhongrong Universal Alternative Asset Management Limited	BVI	-	100% (2014: 100%)	Investment holding
Zhongrong International Wealth Management Limited	Hong Kong	-	100% (2014: 100%)	Financial investing and lending
Zhongrong International Alternative Asset Management Limited	Hong Kong	-	100% (2014: 100%)	Financial investing

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi (“RMB”))

10 Investments in subsidiaries (continued)

Details of the Group’s subsidiaries at 31 December 2015 and 2014 are as follows: (continued)

Name of subsidiary	Place of incorporation or registration/ operations	Proportion of equity interests attributable to the Company		Principal activities
		Direct	Indirect	
		2015	2015	
Shanghai Reyond Investment Management Co Limited*	the PRC	-	100% (2014: 100%)	Provision of consultancy service
Zhongrong Ruiyang Asset Management Limited (“Zhongrong Ruiyang”)	Cayman Islands	-	100% (2014: -)	Asset management

* wholly-owned foreign enterprises in the PRC.

During the year, the Group obtained 100% controlling interests in Zhongrong Ruiyang through the Group’s wholly-owned subsidiary, Zhongrong Capital Holding Limited, so as to enlarge the Group’s business scope. No consideration was paid for this transaction due to Zhongrong Ruiyang was a newly incorporated company which does not have any asset acquired as at the acquisition date, also no paid-in capital was injected by its former shareholders. Upon the completion of the transaction, the effective shareholding the Group has in Zhongrong Ruiyang was 100%.

11 Available-for-sale financial assets

	2015 RMB	2014 RMB
Unlisted securities		
- Equity investments - the PRC, at cost (note a)	649,360,000	-
- Trust investments fund- the PRC, at fair value (note b)	<u>393,610,039</u>	<u>-</u>
	<u>1,042,970,039</u>	<u>-</u>

Notes:

- (a) Equity investments in the PRC are measured at cost less impairment losses at the end of each reporting period because there are no quoted market prices for these investments. In addition, the range of reasonable fair value estimates is significant. Accordingly, the management is of the opinion that a reasonable estimate of the fair value cannot be made.
- (b) Unlisted trust investments are stated at fair value using valuation techniques in which all significant inputs are directly or indirectly based on observable market data and nature of products.

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi (“RMB”))

12 Other receivables

	2015 RMB	2014 RMB
Loan receivable	218,481,288	-
Deposits and prepayments	1,271,378	831,206
Interest receivables	921,811	-
Others	<u>16,756</u>	<u>-</u>
	<u>220,691,233</u>	<u>831,206</u>

All other receivables are expected to be recovered or recognised as expenses within one year.

Loan receivable represents a short-term loan to a third party, Zhongrong International Finance Company Limited, of HKD260,000,000. Such loan is unsecured, carries interest at 22% per annum and repayable within 6 months.

13 Financial assets at fair value through profit or loss

	2015 RMB	2014 RMB
Listed securities – held for trading:		
- Equity securities listed in Hong Kong	<u>35,621,534</u>	<u>-</u>

The above listed investments in equity securities are stated at fair value using quoted price in active market.

14 Amounts due from/to subsidiaries

The amounts are unsecured, interest-free and repayable on demand.

15 Amount due from fellow subsidiaries

The amounts are unsecured, interest-free and repayable on demand except amounting to HKD35,000,000 (equivalent to RMB29,313,978) are interest bearing at 6% (2014: nil).

16 Cash and cash equivalents

Cash and cash equivalents denominated in:

	2015 RMB	2014 RMB
HKD	29,929,972	554,651
RMB	3,286,550	49,608
USD	<u>87,541,320</u>	<u>14,120,610</u>
	<u>120,757,842</u>	<u>14,724,869</u>

All bank balances are carried interests at the prevailing market rates.

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi (“RMB”))

17 Debentures

	2015 RMB	2014 RMB
Debentures	<u>1,441,923,044</u>	<u>-</u>
Analysed for reporting purposes:		
Non-current	<u>1,441,923,044</u>	<u>-</u>
The carrying amounts of the above borrowings are repayable:		
Within a period of more than two years but not exceeding five years	<u>1,441,923,044</u>	<u>-</u>

On 15 June 2015, the subsidiary of the Company, Zhongrong International Bond 2015 Limited (“the Issuer”), issued a three-year notes with aggregate principal amount of USD225,000,000. The notes are unconditionally and irrevocably guaranteed by the Company, and bear interest at the rate of 6% per annum, payable semi-annually in arrear on 15 June and 15 December in each year, commencing with the first interest payment date on 15 December 2015. The Issuer will redeem the notes at principal amount on 15 June 2018.

18 Capital and reserves

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each components of the Group’s consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company’s individual components of equity between the beginning and the end of the year/period are set out below:

The Company	Share capital RMB	Share premium RMB	Foreign currency translation reserve RMB	Accumulated losses RMB	Total RMB
Issue of shares	15,834,470	-	-	-	15,834,470
Loss for the period	-	-	-	(455)	(455)
Other comprehensive expense for the period	<u>-</u>	<u>-</u>	<u>(9,704)</u>	<u>-</u>	<u>(9,704)</u>
At 31 December 2014 and 1 January 2015	15,834,470	-	(9,704)	(455)	15,824,311
Issue of shares	45,400,696	14,424,969	-	-	59,825,665
Loss for the year	-	-	-	(1,237,848)	(1,237,848)
Other comprehensive income for the year	<u>-</u>	<u>-</u>	<u>31,575</u>	<u>-</u>	<u>31,575</u>
At 31 December 2015	<u>61,235,166</u>	<u>14,424,969</u>	<u>21,871</u>	<u>(1,238,303)</u>	<u>74,443,703</u>

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi ("RMB"))

18 Capital and reserves (continued)

(b) Share capital

	2015 USD	2014 USD
Authorised:		
10,000,000 ordinary shares of USD1 each	<u>10,000,000</u>	<u>10,000,000</u>
Ordinary shares, issued		
10,000,000 shares of USD1 each	<u>10,000,000</u>	<u>10,000,000</u>
Ordinary shares, not paid:		
7,421,810 shares of USD1 each	<u>-</u>	<u>7,421,810</u>
Ordinary shares, fully paid:		
10,000,000 shares of USD1 each/ 2,578,190 shares of USD1 each	<u>10,000,000</u>	<u>2,578,190</u>
	2015 RMB	2014 RMB
Shown in the financial statements as	<u>61,235,166</u>	<u>15,834,470</u>

During the year, the shareholder injected USD9,779,910 (equivalent to RMB59,825,665) for the 7,421,810 shares of USD1 each and therefore, 10,000,000 ordinary shares of USD1 each were fully paid.

(c) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements and the current account balances of subsidiaries in the PRC, Hong Kong, BVI and Cayman Islands. The reserve is dealt with in accordance with the accounting policies set out in note 2(h).

(d) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to the shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group represents equity attributable to equity holder of the Group, comprising share capital, reserves and accumulated losses.

The Group is not subject to externally imposed capital requirements.

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi (“RMB”))

19 Financial risk management and fair values

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group’s business. These risks are limited by the Group’s financial management policies and practices described below.

(a) Credit risk

The Group’s credit risk is primarily attributable to other receivable, amounts due from fellow subsidiaries and cash and cash equivalents. The maximum exposure to credit risk is represented by the carrying amount in the consolidated statement of financial position.

The Group reviews the recoverable amount of other receivables and amounts due from fellow subsidiaries at the end of each reporting period to ensure the adequate impairment loss is made for irrecoverable amount. Normally, the Group does not obtain collateral from customers.

Cash and cash equivalents are normally placed at financial institutions that have sound credit rating and the director considers that the credit risk in liquid funds is limited.

(b) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group’s operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on borrowings as a significant source of liquidity. Details of the Group’s borrowings are set out in note 17.

The following table details the Group’s remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Within 1 year or on demand	One to two years	Two to three years	Total undiscounted cash flows	Carrying amounts
At 31 December 2015					
Accrued expense and other payable	3,854,575	-	-	3,854,575	3,854,575
Debentures	<u>87,663,600</u>	<u>87,663,600</u>	<u>1,501,059,511</u>	<u>1,676,386,711</u>	<u>1,441,923,044</u>
	<u>91,518,175</u>	<u>87,663,600</u>	<u>1,501,059,511</u>	<u>1,680,241,286</u>	<u>1,445,777,619</u>
At 31 December 2014					
Accrued expense and other payable	<u>165,981</u>	-	-	<u>165,981</u>	<u>165,981</u>

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi ("RMB"))

19 Financial risk management and fair values (continued)

(c) Interest rate risk

The Group's exposure to interest rate risk arises primarily from its bank balances with floating interest rates which expose the Group to cash flow interest rate risk. The Group will monitor interest rate exposure and consider hedging significant interest rate exposure should the need arise.

(i) Interest rate profile

The following table details the interest rate profile of the Group's net balances at the end of the reporting periods:

	2015	2014
	RMB	RMB
<u>Variable rate balances:</u>		
Bank balances	<u>120,757,842</u>	<u>14,724,869</u>

(ii) Sensitivity analysis

At 31 December 2015, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's loss after tax and decrease/increase accumulated losses by RMB1,169,615 (2014: decrease/increase the Group's loss after tax and accumulated losses by RMB123,867). Other components of equity would not be affected by the changes in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for 2014.

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivable, amounts due from fellow subsidiaries and debentures.

(d) Foreign currency risk

The Group is exposed to foreign currency risk primarily through its financial assets, other receivable, amounts due from fellow subsidiaries, cash and cash equivalents and debentures. The management considers the Group mainly exposes to Renminbi ("RMB") and Hong Kong dollar ("HKD").

The Group manages their foreign currency risk by closely monitoring the movements of foreign currency exchange rates.

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi ("RMB"))

19 Financial risk management and fair values (continued)

(d) Foreign currency risk (continued)

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised monetary assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are translated into RMB at the exchange rate ruling as at the end of the reporting periods.

	Exposure to foreign currencies (expressed in RMB)			
	2015		2014	
	RMB	HKD	RMB	HKD
Other receivables	-	1,288,133	-	831,206
Financial assets at fair value through profit or loss	-	35,621,534	-	-
Amounts due from fellow subsidiaries	45,184,342	-	-	-
Cash and cash equivalents	3,286,550	29,929,972	49,608	554,651
Accrued expenses and other payables	(34,369)	(167,556)	(160,459)	(5,522)
	<u>48,436,523</u>	<u>66,672,083</u>	<u>(110,851)</u>	<u>1,380,335</u>

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2014: 5%) increase and decrease in USD against the relevant foreign currencies. 5% (2014: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for 5% (2014: 5%) change in foreign currency rates. A positive number indicates a increase in profit for the year when USD weakening 5% (2014: 5%) against the relevant foreign currencies. For a 5% (2014: 5%) strengthens of USD against the relevant currencies, there would be an equal but opposite impact on the profit for the year.

	2015	2014
	RMB	RMB
RMB	2,380,710	(4,157)
HKD	<u>2,887,545</u>	<u>57,629</u>

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi (“RMB”))

19 Financial risk management and fair values (continued)

- (e) Fair value measurements of financial instruments
- (i) Financial instruments that are measured at fair value on a recurring basis

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement.

The levels are defined as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs are unobservable inputs for the asset or liability.

	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
2015				
Financial assets at fair value through profit or loss				
- listed securities	35,621,534	-	-	35,621,534
Available-for-sale financial assets				
- unlisted securities – trust investments	-	-	393,610,039	393,610,039
	<u>35,621,534</u>	<u>-</u>	<u>393,610,039</u>	<u>429,231,573</u>

	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
2014				
Financial assets at fair value through profit or loss				
- listed securities	-	-	-	-
Available-for-sale financial assets				
- unlisted securities – trust investments	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi ("RMB"))

19 Financial risk management and fair values (continued)

(e) Fair value measurements of financial instruments (continued)

(i) Financial instruments that are measured at fair value on a recurring basis (continued)

During the year/period ended 31 December 2015 and 2014, there were no significant transfers between levels of the financial assets and financial liabilities.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quotes prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. The instruments are included in Level 1. Instruments includes in Level 1 comprise primarily Hong Kong Stock Exchange equity investments classified as trading securities.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

(ii) Financial instruments that are not measured at fair value on a recurring basis

The management considers the carrying amounts of the Group's financial assets and financial liabilities carried at cost or amortised cost were not materially different from their fair values as at 31 December 2015 and 2014.

20 Operating lease arrangements

At 31 December 2015, the total future minimum lease payments under non-cancellable operating leases are as follows:

	2015 RMB	2014 RMB
Within one year	1,750,290	-
After one year but within 5 years	<u>-</u>	<u>-</u>
	<u>1,750,290</u>	<u>-</u>

The Group is the lessee in respect of a property under operating leases. The leases typically run for a period of two years, at the end of which period all terms are renegotiated. The lease does not include any contingent rentals.

Zhongrong International Holdings Limited
Notes to the consolidated financial statements (continued)
(Expressed in Renminbi ("RMB"))

21 Material related party transactions

(a) Transactions with key management personnel

All members of key management personnel are the director of the company, and their remuneration is disclosed in note 7 to the financial statements.

(b) Transactions with other related parties

During the year, the Group entered into the following material related party transactions:

	1.1.2015 to 31.12.2015 RMB	12.5.2014 (date of incorporation) to 31.12.2014 RMB
Interest income charged to a fellow subsidiary	<u>138,388</u>	<u>-</u>

Balances with related parties are disclosed in the consolidated statement of financial position and in notes 14 and 15.

22 Comparative figures

Certain comparative figures have been reclassified to conform with current period's presentation.

23 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2015

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2015 and which have not been adopted in these consolidated financial statements.

The Group is assessing the impact of these amendments, new standards and new interpretations in the period of initial application. So far it has concluded that their adoption is unlikely to have a significant impact on the Group's results of operations and financial position.

ISSUER
Zhongrong International Bond 2016 Limited
Nemours Chambers
Road Town, Tortola
British Virgin Islands

GUARANTOR
Zhongrong International Holdings Limited
P.O. Box 957
Offshore Incorporation Centre
Road Town, Tortola
British Virgin Islands

COMPANY
Zhongrong International Trust Co. Ltd.
Room 1609, Taikang International Tower
No.2, Wudinghou Street, Xicheng District
Beijing 100033, PRC

TRUSTEE
Bank of Communications Trustee Limited
1/F, Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

PRINCIPAL PAYING AGENT
Bank of Communications Co., Ltd. Hong Kong Branch
20 Pedder Street
Central
Hong Kong

REGISTRAR AND TRANSFER AGENT
Bank of Communications Co., Ltd. Hong Kong Branch
20 Pedder Street
Central
Hong Kong

*To the Issuer, the Guarantor and the
Company as to English law*

*To the Issuer, the Guarantor and
the Company as to PRC law*

*To the Issuer and the Guarantor as
to the British Virgin Islands Law*

Linklaters
10th Floor, Alexandra House
Chater Road
Hong Kong

Global Law Office
15 & 20/F, Tower 1,
China Central Place
No. 81 Jianguo Road,
Chaoyang District
Beijing 100025
China

Ogier
11th Floor Central Tower
28 Queen's Road Central
Central
Hong Kong

*To the Joint Lead Managers and the Trustee
as to English law*

To the Joint Lead Managers as to PRC law

Clifford Chance
27th Floor, Jardine House
One Connaught Place
Central
Hong Kong

Commerce & Finance Law Offices
6F NCI Tower, A12 Jianguomenwai Avenue
Chaoyang District
Beijing 100022, PRC

AUDITOR
Baker Tilly China Certified Public Accountants
Building 12, Foreign Cultural and Creative Garden
No. 19 Chegongzhuang West Road
Haidian District
Beijing, PRC