LISTING PROSPECTUS FOR BONDS DATED 13 MARCH 2018

成都興城
BETTER CITY

Chengdu Xingcheng Investment Group Co., Ltd.

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

€135,000,000 2.95 per cent. Bonds due 2023

ISIN XS1791714493, Common Code 179171449, WKN A19X3G

ISSUE PRICE: 98.465 PER CENT.

The €135,000,000 2.95 per cent. Bonds due 2023 (the "**Bonds**") will be issued by Chengdu Xingcheng Investment Group Co., Ltd. (the "**Issuer**"), a company incorporated in the People's Republic of China (the "**PRC**") with limited liability, as English law governed registered bonds.

The Bonds will bear interest on their outstanding principal amount from and including 20 March 2018 (the "**Issue Date**") at the rate of 2.95 per cent. per annum. Interest on the Bonds is payable annually in arrear on 20 March each year, commencing on 20 March 2019. Payments on the Bonds will be made without deduction for or on account of taxes of the PRC or any political subdivision or authority therein or thereof having power to tax to the extent described in Condition 8 of the terms and conditions of the Bonds (the "**Terms and Conditions**").

Unless previously redeemed, or purchased and cancelled, the Issuer will redeem each Bond at its principal amount on 20 March 2023 (the "**Maturity Date**"). The Bonds may be redeemed at the option of the Issuer at the Make-Whole Price. At any time, the Issuer may redeem the Bonds in whole, but not in part, at their principal amount, together with unpaid interest accrued to (but not including) the date fixed for redemption, if, immediately before giving such notice, the Issuer has or will become obliged to pay Additional Tax Amounts as a result of any change in the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 13 March 2018, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it. At any time following the occurrence of a Relevant Event, each holder of Bonds (each a "**Bondholder**") will have the right, at such Bondholder's option, to require the Issuer to redeem all but not some only of that Bondholder's Bonds on the Put Settlement Date at 101 per cent. (in case of a redemption for a Change of Control) or 100 per cent. (in the case of redemption for a No Registration Event) of their principal amount, together with accrued interest to (but excluding) such Put Settlement Date.

For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this prospectus, see "*18. SUBSCRIPTION AND SALE*". This prospectus in respect of the Bonds (the "**Prospectus**") constitutes a prospectus within the meaning of Article 5.3 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (as amended, *inter alia*, by Directive 2010/73/EU) (the "**Prospectus Directive**"). This Prospectus will be published in electronic form on the website of the Frankfurt Stock Exchange (www.boerse-frankfurt.de). This Prospectus has been approved by the Bundesanstalt für Finanzdienstleistungsaufsicht ("**BaFin**") in its capacity as competent authority in the Federal Republic of Germany under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) for the purposes of the Prospectus Directive. BaFin examines the Prospectus only in respect of its completeness, coherence and comprehensibility pursuant to section 13 paragraph 1 sentence 2 German Securities Prospectus Act (*Wertpapierprospektgesetz*).

Application has been made to the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (the "**Frankfurt Stock Exchange**") for the Bonds to be admitted to listing and trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange and the Bonds will be available for trading on the China Europe International Exchange (**CEINEX**) (the "**China Europe International Exchange**"). References in this Prospectus to the Bonds being "**listed**" (and all related references) shall mean that the Bonds have been admitted to trading on the Frankfurt Stock Exchange's regulated market. The Frankfurt Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Prospectus, see "*18. SUBSCRIPTION AND SALE*".

Fitch Ratings Inc. ("**Fitch**") has assigned a corporate rating of BBB+ with a stable outlook to the Issuer. The Bonds are expected to be rated BBB+ by Fitch. A 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. Credit ratings included or referred to in this Prospectus have been issued by Fitch, which is established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**"). A list of credit rating agencies registered under the CRA Regulation is available for viewing at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk.

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

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

China International Capital Corporation **Société Générale Corporate & Investment Banking**

Joint Lead Managers and Joint Bookrunners

China Minsheng Banking Corp., Ltd., Hong Kong Branch **ICBC (Asia)** **SPD Bank Singapore**

The date of this Prospectus is 13 March 2018.

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1. RISK FACTORS

*Investors should carefully consider, together with all other information contained in this Prospectus, the risks and uncertainties described below. The business, financial condition or results of operations of the Issuer and its subsidiaries (collectively, the "**Group**") may be adversely affected by any of these risks. The Issuer believes the risks described below represent the principal risks inherent when considering an investment in the Bonds. Additional risks and uncertainties not presently known to the Issuer, or which the Issuer currently deems immaterial, may also have an adverse effect on an investment in the Bonds. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

This Prospectus also contains forward-looking statements that involve risks and uncertainties. The Issuer's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Prospectus.

As most of the business of the Issuer and the Group is carried out in China and their respective transactions are settled in RMB, all financial information contained in this Prospectus is presented in RMB. Prospective investors should take reference to the exchange rates contained in the section "8. EXCHANGE RATES" in this Prospectus when reading the respective information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

1.1 RISKS RELATING TO THE ISSUER'S BUSINESS

The Issuer, as a parent company within the Group, carries out its business through its subsidiaries within the Group and itself as further described in the section "14. DESCRIPTION OF THE ISSUER AND THE GROUP" in this Prospectus. The Group, comprising the Issuer and its subsidiaries, is exposed to risks described below, which may adversely affect the Group's business, financial condition, results of operations or future growth which includes the Issuer as the parent company within the Group. Consequently, reference is made in this section to the Group which includes the Issuer.

1.1.1 The Group's business, financial condition, results of operations and prospects depend heavily on the level of economic development in Chengdu City.

Substantially all of the Group's business and assets are located in Chengdu City. Therefore, the Group's business, financial condition, results of operations and prospects have been and will continue to depend heavily on the level of economic development in Chengdu City.

China's economic growth has experienced a slight slowdown in recent years. According to the statistics published on the official website of the National Bureau of Statistics of the People's Republic of China, China's Gross Domestic Product ("**GDP**") annual growth rates in the period from 2014 to 2016 were 7.3 per cent., 6.9 per cent. and 6.7 per cent., respectively. It is unclear how Chengdu City's economic development would be affected by the slowdown in the growth of the PRC economy. There can be no assurance that the level of economic development in Chengdu City will continue at the past rate of growth, if at all, or that the level of the Chengdu City People's Government's fixed asset investment will continue to grow, if at all. As the Group was established to implement the urban development plan of the Chengdu City People's Government, any slowdown in the economic development in Chengdu City may affect the implementation process of the Chengdu City People's Government's urbanisation plans, decrease the demand for the Group's services and adversely affect its business, financial condition, results of operations and prospects, and may adversely affect the performance of the Issuer under the Bonds.

1.1.2 The Group's business, prospects and role in Chengdu City's urban development depend heavily on the budget and spending of the Chengdu City People's Government on infrastructure development and fixed asset investments.

The Group is tasked to implement the Chengdu City People's Government's plans for infrastructure construction, primary land development and development of affordable housing in Chengdu City and its business, prospects and role in Chengdu City's urban development are heavily affected by the budget and spending of the Chengdu City People's Government on infrastructure development and fixed asset investments. The Group receives funding from the Chengdu City People's Government for these projects in various forms and generally reflects it as special payables on its balance sheet. Any decline in the spending of the Chengdu City People's Government would negatively impact the Group's infrastructure construction, primary land development and development of affordable housing operations and its role in the urban development of Chengdu City.

There are many factors affecting the amount, time and priority of the Chengdu City People's Government's budget and spending on infrastructure development and fixed asset investments, such as national and regional policies affecting the development of different industries and fiscal and monetary policies. Government budget and spending are also affected by government income and the general economic conditions in the PRC and Chengdu City. Any slowdown in the economic growth in the PRC and Chengdu City may adversely affect the financial condition and fiscal income of the Chengdu City People's Government, which may in turn cause the Chengdu City People's Government to reduce its spending and budget on infrastructure development and fixed asset investments. If the public spending and budget of the Chengdu City People's Government on infrastructure development and fixed asset investments decreases, the Group's business, prospects and role in Chengdu City's urban development may be materially and adversely affected, which may materially and adversely affect the Issuer's performance under the Bonds.

1.1.3 The decision of State-owned Assets Supervision and Administration Commission of Chengdu Municipal Government ("Chengdu SASAC") may not be strictly consistent with the interest of the Group.

The Group is wholly owned by Chengdu SASAC and plays as an integral part in implementing the urban development plan of the Chengdu City People's Government. Since its establishment, the Group has been designated by Chengdu SASAC to undertake many infrastructure construction and primary land development projects being significantly related with the social public welfare in Chengdu City which may not be so profitable in the short term as compared with other commercial property development projects. Such projects may help improve the Group's brand recognition and facilitate the Group's business growth in the long term. However, there can be no assurance that the Group will not undertake more municipal and infrastructure projects in the near future upon decision by Chengdu SASAC which could have a material and adverse effect on the Group's business, financial condition, results of operations and prospects, and may materially and adversely affect the Issuer's performance under the Bonds.

1.1.4 Any loss and/or reduction in the financial support and other preferential treatment from the local government may adversely affect the Group's business.

The Group receives financial support and other preferential treatments from the local government in various forms, such as government subsidies and grants. The government's continuous financial support to the Group and timely payment of the promised subsidies, grants and other preferential treatments depend on the future fiscal revenue and fiscal policies of the local and central government of China. There can be no assurance that the Group will continue to receive the same government subsidies, grants and other preferential treatment. Any loss or reduction in government subsidies and grants or other form of government support could have an adverse effect on the Group's business, financial condition, results of operations and prospects, and may adversely affect the Issuer's performance under the Bonds.

1.1.5 The Group may be adversely affected by the performance of its contractors.

The Group engages contractors for its infrastructure construction, primary land development, development of affordable housing and property development projects. The Group generally selects independent contractors through a public tender process. However, there can be no assurance that the services rendered by any of these contractors or subcontractors will always be satisfactory or meet the Group's quality and safety standards. If the performance of any contractor is not satisfactory, the Group may need to replace them or take other actions to remedy the situation, which could adversely affect the cost and construction progress of its projects. Further, the completion of the Group's projects may be delayed, and the Group may incur additional costs in some cases due to a contractor's financial or other difficulties. In addition, the Group may be asked to undertake additional infrastructure construction, primary land development and affordable housing projects by the Chengdu City People's Government on short notice, and there may be a shortage of contractors that meet the Group's quality requirements. Contractors may undertake projects for other companies and developers, engage in risky or unsound practices or encounter financial or other difficulties, which may affect their ability to complete their work for the Group on time or within budget. Any of these factors may have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, in accordance with applicable PRC laws and regulations, the Group provides statutory warranties on the quality of properties it sells to its customers. Generally, it receives quality warranties from the contractors it engages to construct its property development projects. If claims are brought against the Group under its warranties, and if the relevant contractor fails to indemnify the Group for these claims in a timely manner, or at all, or if the money retained by it is insufficient to cover its compensation obligations under the warranties, it could incur significant expenses to resolve these claims or face delays in rectifying the defects. This may harm the Group's reputation and have a material adverse effect on its reputation, business, results of operations and financial condition and may also materially and adversely affect the Issuer's performance under the Bonds.

1.1.6 The Group may not be able to acquire suitable land for future development at reasonable prices or at all.

The Group derives a significant portion of its revenue from the sale of properties that it has developed. It is important that the Group identifies suitable land for future development and replenish its land reserves to support a steady supply of properties for sale. The Group may also need to compete with other property developers which may be interested in sites it has identified. Competition among property developers can be further intensified by land policies adopted by the PRC government and local governments which, for instance, regulate the means of acquiring land. Any changes in land policies of the PRC government with regard to land supply and development may lead to an increase in the Group's costs of acquisition and limit its ability to successfully acquire land at reasonable prices. There can be no assurance that the Group will be able to successfully acquire any or all of the land use rights for projects planned for future development at reasonable prices, or at all and this may have a material adverse effect on the Group's business, results of operations and financial condition and this may materially and adversely affect the Issuer's performance under the Bonds.

1.1.7 PRC regulations on the administration of local government debts may have a material impact on the Group's financing sources, business and prospects.

In September 2014, the State Council of the PRC (the "**State Council**") released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments ("**Circular 43**"). According to this Circular 43, local financing companies wholly owned by local governments, such as the Issuer, are no longer permitted to function as the financing arm of the local government or incur new government debts and should carry on their operations and financing in accordance with market-oriented principles. As such, local government will not be liable for any of the debts incurred by those financing vehicles. As part of the implementation of Circular 43, the local branches of the Ministry of Finance of the PRC ("**MOF**") began an audit on the existing debts of financing vehicles of local governments. Debts reported by the local governments were classified into four categories, namely (i) the debts that shall be repaid with funds of the local governments (the "**First Type of Borrowing**"), (ii) the debts that are guaranteed by the local governments (the "**Second Type of Borrowing**"), (iii) the debts that may be repaid by the local governments with public funds at its option when the borrowing financing vehicles are not able to repay (the "**Third Type of Borrowing**"), and (iv) the debts that will not be repaid or financed with the funds of the local governments (the "**Fourth Type of Borrowing**").

The MOF subsequently rolled out a programme with an aim to control the significant increase in local government debts and related risks in the PRC's banking system in 2015 (the "**Debt Swap Programme**"). Under the Debt Swap Programme, local governments were allowed, at their discretion, to swap the outstanding debts of their financing vehicles that were classified as the Third Type of Borrowing with long-term and low-interest government bonds to be issued by local governments within the quota allocated by the MOF when the financing vehicles were not be able to repay the outstanding debt amounts. As at 30 June 2017, the Group's existing debt of RMB1,262.5 million were classified as the Third Type of Borrowing.

The Group believes that the PRC government will continue to implement Circular 43 to control local government debts. There can be no assurance that any indebtedness the Group incurs in the future to finance its projects will be classified as the Third Type of Borrowing to enjoy the benefit of the Debt Swap Programme, because the standards of classification are subject to the discretion of the PRC government. The Group may be required to change its financing model and business model significantly and going forward, creditors of the Group's indebtedness that is not classified as the Third Type of Borrowing will only have recourse to the Group's assets and not those of the local government.

To facilitate the implementation of Circular 43, the MOF, the National Development and Reform Commission of the PRC (the "**NDRC**"), the Ministry of Justice of the PRC, the People's Bank of China ("**PBOC**"), the China Banking Regulatory Commission ("**CBRC**") and the China Securities Regulatory Commission ("**CSRC**") jointly issued the Circular on Further Regulating the Debt Financing Behaviours of Local Government ("**Circular 50**") on 26 April 2017. The Circular 50 further expounds that debts incurred by the local financing vehicles during their onshore and offshore financing transactions after 1 January 2015 shall not be deemed as local government debts. According to this Circular 50, local financial institutions shall not request or accept local governments and their departments offering guarantees by any means, including by issuing letters of guarantee, letters of undertaking and letters of comfort when providing financing for the financing vehicles and other enterprises, and local financing vehicles shall voluntarily make a written declaration to the creditor on their non-performing governmental financing function and clarify that their debts newly incurred after 1 January 2015 shall not be categorized as local government debts when carrying out debt financing domestically and abroad.

Furthermore, in order to regulate the administration of government procurement of services and to curb local governments' illegal debt financing, on 28 May 2017, the MOF issued Circular on Firmly Curbing Local Governments' Illegal Financing Activities in the Name of Government Procurement of Services ("**Circular 87**"). According to this Circular 87, local governments and their departments shall not take advantage of or make up a contract for the government procurement of services in order to raise funds in a disguised manner for any construction project, and shall not make up a contract for accounts payable (receivable) by any means or enter into such a contract beyond their respective authority in an attempt to help financing vehicles and other types of enterprises raise funds.

In summary, although the Group undertakes many primary land development and infrastructure construction tasks which are the most important parts of the Chengdu City People's Government's urban development plan, the Group can only rely on its own financing sources, and the Group may need to raise capital through equity or debt from time to time, this may materially and adversely affect the Issuer's performance under the Bonds.

1.1.8 The Group's business operations are capital intensive and any failure by it to obtain sufficient capital resources on acceptable terms or in a timely manner may adversely affect the Group's business, financial condition and prospects.

The Group's business operations require substantial capital resources. For example, for the year ended 31 December 2014, the Group had a net operating cash outflow of RMB181.9 million whereas for the years ended 31 December 2015 and 2016 and the six months ended 30 June 2017, the Group had net operating cash outflows of RMB1,340.3 million, RMB2,274.2 million and RMB221.3 million, respectively. The Group has historically met its cash requirements primarily through (i) the cash flow generated from its operating activities, (ii) proceeds from bank and other borrowings, (iii) issuance of bonds and medium-term notes in the PRC capital markets and (iv) subsidies from the Chengdu City People's Government. The Group believes it will continue to require substantial capital resources to support its business operations.

The Group's ability to generate sufficient operating cash flow is affected by a number of factors, such as the Group's ability to carry on its business activities in an efficient manner, the Chengdu City People's Government's investment plans and performance, the Group's contractors' due performance of their obligations, changes in the general market conditions and regulatory environment and the competition in certain sectors in which it operates. Any adverse change in any of these factors, which may be out of the Group's control, may create capital shortfall. There can be no assurance that the Group's operating activities are able to generate sufficient cash to satisfy its cash needs.

A portion of the Group's cash requirements is satisfied through subsidies it receives from the Chengdu City People's Government. Governmental support is normally in the form of capital injection or government subsidies (reflected by reduction of policy lending interests or in the form of government grant). For the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017, the Group recorded government grants in its consolidated income statement of RMB13.3 million, RMB7.4 million, RMB4.1 million and RMB2.2 million, respectively. The Group typically funds its primary land development, infrastructure construction and affordable housing projects through government funding and external funding such as bank loans. The ability of the Chengdu City People's Government to provide continued financial support to the Group to a large extent depends on its future fiscal income and policies. There can be no assurance that the Group will continue to receive the same level of support from the Chengdu City People's Government in the future, since the relevant government policies may change over time. Any loss or reduction in government support could have a material and adverse effect on the Group's business, financial condition, results of operations and prospects and may adversely affect the Issuer's performance under the Bonds.

In addition, insufficient cash flow generated from the Group's operating activities may also increase its reliance on external financing. As at 30 June 2017, the Group's total indebtedness (comprising short-term and long-term borrowings, non-current liabilities due within one year and payable bonds) was RMB26,496.9 million. The Group's ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including:

- general economic and capital market conditions;
- changes in monetary policies with respect to bank interest rates and lending policy;
- interest rates and credit availability from banks or other lenders;
- investor confidence in the Group's business;
- the Group's ability to obtain the PRC government approvals required to access domestic or international financing;
- provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital; and
- political and economic conditions in the rest of the PRC generally.

There can be no assurance that additional financing, either on a short-term or a long-term basis, will be available, or that such financing will be obtained on terms favourable to the Group. If the Group is unable to obtain financing on a timely basis and at a reasonable cost, or at all, it may not be able to undertake new projects or implement them as planned. This would restrict the Group's ability to grow and, over time, may reduce the quality and reliability of the services it provides and adversely affect its business, financial condition, results of operations and prospects. In addition, substantial indebtedness may in turn increase the pressure on the Group's liquidity and cause additional operational risks. Any of these factors may materially and adversely affect the Issuer's performance under the Bonds.

1.1.9 The Group faces risks associated with dealing with public bodies, such as the Chengdu City People's Government.

As the Group is wholly owned by Chengdu SASAC, a portion of the Group's business activities are conducted with the Chengdu City People's Government and its controlled entities. As such, the Group is exposed to certain inherent risks relating to dealing with public bodies, such as the Chengdu City People's Government.

Any failure by the Chengdu City People's Government to fulfil its contractual obligations or comply with its minutes of meeting which provide the basis for the Group to implement new projects or any adverse change to its policies may require the Group to change its business plans and materially affect the Group's business and operating results. If there is any material disagreement between the Group and the Chengdu City People's Government, there can be no assurance that the Group will successfully resolve them in a timely manner, or at all. Any dispute or legal proceeding with or against the Chengdu City People's Government may last for a long period of time and cost considerable financial and managerial resources. Any of these may severely damage the business relationships between the Group and the Chengdu City People's Government, and in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects, which may also materially and adversely affect the Issuer's performance under the Bonds.

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

The Group relies on bank loans and proceeds from bond issuances to satisfy a portion of its capital requirements and the Group has a significant amount of outstanding indebtedness. As at 30 June 2017, the Group's total indebtedness (comprising short-term and long-term borrowings, non-current liabilities due within one year and payable bonds) was approximately RMB26,496.9 million, of which approximately RMB7,039.1 million would become due within 12 months.

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

- requiring the Group to divert its operating cash flow to service the Group's indebtedness;
- increasing the Group's finance costs, thus affecting its overall profits;
- decreasing the Group's financial flexibility in carrying on its business or responding to unexpected market changes;
- limiting, together with the financial and other restrictive covenants of its indebtedness, among other things, the Group's ability to borrow additional funds; and
- increasing the Group's vulnerability to adverse general economic and industry conditions.

Certain financing contracts entered into by members of the Group contain operational and financial restrictions that prohibit the borrower from incurring additional indebtedness unless it is able to satisfy certain financial ratios, restrict the borrower from creating security or granting guarantees or prohibit the borrower from changing its business and corporate structure, without the lender's prior consent. Such restrictions may negatively affect the relevant companies' ability to respond to changes in market conditions, pursue the business opportunities the Group believes to be desirable, to obtain future financing, fund capital expenditures, or withstand a continuing or future downturn in the Group's business. Any of these factors could materially and adversely affect the Group's ability to satisfy its obligations under outstanding financial obligations, such as the Bonds issued by the Issuer.

If the Issuer or any of the Group's relevant subsidiaries are unable to comply with the restrictions (including restrictions on future investments) and covenants in its current or future debt obligations and other financing agreements, a default under the terms of such agreements may occur. In the event of a default under such agreements, creditors may be entitled to terminate their commitments granted to the Group, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, depending on the provisions of the relevant agreements. Some financing agreements of the Group contain cross-acceleration or cross-default provisions. Creditors under these financing agreements can require the Group to immediately repay their loans or declare a default of borrower as a result of the acceleration or default of other financing agreements by any other member of the Group. If any of these events occur, there can be no assurance that the Group will be able to obtain the lenders' waiver in a timely manner or that the assets and cash flow of the Group would be sufficient to repay in full all of its respective debts as they become due, or that the Group would be able to find alternative financing. Even if the Group could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Group.

In addition, the Group mortgages some of its assets, primarily land use rights and its rights to land reserves, to secure its bank borrowings. Third-party security rights may limit the Group's use of the underlying collateral assets and adversely affect its operational efficiency. If the Group is unable to service and repay its debts under such loan facilities on a timely basis, the assets mortgaged or charged to secure the Group's bank loans may be disposed and the net sale proceeds from such disposal may be used to repay the loans in priority, which may adversely affect the Group's business, financial condition, results of operations and prospects and may adversely affect the Issuer's performance under the Bonds.

1.1.11 The Group is exposed to risks relating to the Group's high level of inventories.

As at 31 December 2014, 2015, 2016 and 30 June 2017, the Group's inventories amounted to RMB9,507.0 million, RMB10,906.7 million, RMB11,822.0 million and RMB11,258.3 million, respectively, representing approximately 15.3 per cent., 16.4 per cent., 16.8 per cent. and 16.6 per cent. of the Group's total assets as at the corresponding dates. The Group's inventories primarily consist of commodity properties and the affordable housing (that the Group develops as the developer) under construction. There can be no assurance that the Group will be able to sell any of these property developments for prices or on terms satisfactory to it, if at all.

A high level of inventories not only increases pressure on the Group's cash flows, it also requires the Group to make provisions for impairment of fair value of inventories. Any failure to effectively manage the Group's inventory level will have a material impact on its cash flow and adversely affect the Group's ability to carry on ordinary business activities and to serve its outstanding indebtedness, such as the Bonds, which in turn could materially and adversely affect the Group's business, financial condition, results of operations or prospects and may materially and adversely affect the Issuer's performance under the Bonds.

1.1.12 The Group's business operations are heavily regulated and any failure to comply with applicable laws, rules and regulations, including obtaining or maintaining necessary qualifications, permits and approvals for its operations may adversely affect the Group's business, financial condition and results of operations.

The Group needs to obtain a number of approvals, certificates, licences and permits from different governmental authorities and to comply with extensive procedural requirements in order to carry on its business activities under PRC law and regulations. For example, the Group is required to obtain a project approval and environmental assessment approval at the outset of a project before the Group is permitted to commence construction of the relevant project. As the projects progress, the Group also needs to obtain a construction land planning permit, construction project planning permit and construction permit. It normally takes 6 to 12 months to obtain all of these approvals and certificates. Governmental authorities in the PRC have broad discretion in implementing and enforcing applicable laws and regulations and in determining the grant of approvals, licences, permits and certificates necessary for conducting the business. For this reason, there are significant uncertainties in the interpretation and implementation of PRC laws, rules, regulations, policies and measures and verbal clarifications given by the PRC governmental authorities may be inconsistent with the regulations concerned, increasing the Group's compliance risk.

PRC governmental authorities from time to time amend existing laws and regulations and release new policies which may affect the Group's business operations. The Group may be unable to comply with new laws, regulations or policies or fail to respond to any changes in the regulatory environment in a timely manner. In addition, to ensure the restrictions and conditions of relevant business permits, licences and certificates are fulfilled, governmental authorities normally conduct regular or special inspections, investigations and inquiries. Any non-compliance could result in suspension or revocation of the Group's permits, licences and certificates as well as fines or other penalties, which could have a material adverse effect on its business, financial condition, results of operations and prospects and may have a material adverse effect on the Issuer's performance under the Bonds.

As at the date of this Prospectus, the Group has not received the requisite permits for the following projects: (i) the Group has not received the construction permit before it commenced the construction of road, electricity tunnel and ancillary construction in Shahebao New Customers Station Area; (ii) the Group has not received the construction project planning permit before it commenced the construction of the municipal infrastructure near Jinhekangcheng and has not received the construction land planning permit, the construction project planning permit, and the construction permit before it commenced the construction of the drainage project in Sansheng and Hongliu Area, both of which are projects located in the Eastern Development Area of the Eastern New Development Region; (iii) the Group has not received the construction land planning permit, the construction project planning permit and the construction permit of Chengdu-Chongqing Expressway (Beltway to Third Ring) Reconstruction Project; and (iv) the Group has not received the construction land planning permit, the construction project planning permit, and the construction permit before it commenced the construction of the underground utility tunnel project of Yuhong Road and has not received the construction land planning permit, the construction project planning permit and the construction permit before it commenced the construction of the South Island Group of Damian Area infrastructure project, both of which are projects located in the Damian Area of the Eastern New Development Region. Although the Group is now in the process of applying for all such permits aforesaid as at the date of this Prospectus, there can be no assurance that all such permits would be granted by the local authority in due time, or at all, and according to PRC laws and regulations, failure to obtain a construction land planning permit, construction project planning permit or construction permit could result in suspension of construction projects or penalty which may materially and adversely affect the Issuer's business and its performance under the Bonds.

1.1.13 The Group may not be able to complete or deliver its property development projects on time and the Group may be subject to liabilities as a result of such delays.

Various factors may materially and adversely affect the progress of a property development project, including delays in obtaining necessary permits or governmental approvals, delays in delivery of land to the Group, changes in governmental policies, changes in market conditions, labour disputes, poor work quality of construction contractors, construction accidents and adverse weather conditions. The Group may also experience delays in obtaining the relevant land, which may adversely affect its business, results of operations and financial conditions.

If the Group fails to complete the properties on time, its customers may demand compensation for late delivery under the sales contracts or relevant PRC laws and regulations. Further, if the Group's delay extends beyond a specified period, the Group's customers may terminate the sales contracts and claim compensation. In addition, any delays in completing the construction works on time may expose the Group to penalties and claims by the relevant government authorities.

There can be no assurance that the Group will not experience any significant delays in the completion or delivery of the Group's properties, or that the Group will not be subject to any liabilities for any such delays. If the Group experiences a delay and it is liable to compensate for any such delay, this may have a material adverse effect on the Group's business, results of operations and financial condition and may materially and adversely affect the Issuer's performance under the Bonds.

1.1.14 The Group does not generate operating income and profit from most of its primary land development projects and the infrastructure construction and affordable housing projects undertaken on an agency basis and the Group's income statement does not entirely reflect its operations relating to these businesses.

The project funds that the Group receives from the Chengdu City People's Government in connection with its primary land development projects as well as its infrastructure construction and affordable housing projects undertaken on an agency basis are recorded under special payables on the Group's balance sheet and are not reflected in its income statement. As at 31 December 2014, 2015, 2016 and 30 June 2017, the Group's special payables amounted to RMB9.8 billion, RMB9.8 billion, RMB6.3 billion and RMB8.2 billion, respectively. The limited amount of operating income in respect of the Group's infrastructure construction and primary land development businesses typically represents the agency construction management fee and the ancillary financing management fee, respectively. In 2016, the Group began to undertake certain infrastructure construction projects on a build, lease and transfer ("**BLT**") basis, where the Group completes the construction of the infrastructure and leases the project to the government for a certain period of time before the project is transferred to the government. Under the BLT business model, the Group records the rental income from the lease of the relevant infrastructure on its income statement. In addition, the operating income generated from the Group's development of affordable housing segment mainly comprises the sales of affordable housing developed by the Group as the developer and the agency construction management fee in relation to the development of affordable housing on an agency basis. As a result, the Group does not generate revenue and profit from most of its primary land development projects and the infrastructure construction and affordable housing projects undertaken on an agency basis, and its income statement does not reflect its operations relating to these businesses and thus may not be a useful indicator. Potential investors must exercise caution when using the Group's historical financial information to evaluate the Group's operations prior to making any investment decision.

1.1.15 Changes in PRC laws and regulations with respect to the pre-sale of the Group's properties may have a material adverse effect on its business performance.

The Group depends on cash flows from the pre-sale of its properties as one of the sources of funding for the Group's property development projects. Under current PRC laws and regulations, property developers are required to fulfil certain conditions before they are allowed to commence pre-sales of properties. The use of pre-sale proceeds is also restricted to financing project development. There can be no assurance that the PRC government will not implement further restrictions on property pre-sales, such as imposing additional conditions for obtaining pre-sale permits or imposing further restrictions on the use of pre-sale proceeds. The adoption of any such measures may materially and adversely affect the Group's cash flow position and it may have to seek alternative sources of funding to finance the Group's project development, which may not be available on commercially reasonable terms, or at all and this may materially and adversely affect the Issuer's performance under the Bonds.

1.1.16 The Group's financial condition and results of operations may be affected by material fluctuations of interest rates.

Most of the Group's bank loans bear interest at rates linked to the benchmark lending rates published by the PBOC. A material fluctuation in the benchmark lending rates may have a material impact on the Group's interest expenses and payables under the Group's bank loans and in turn negatively affect the Group's financing costs and results of operations. The PBOC from time to time adjusts interest rates in accordance with its economic and monetary policies. Since the global financial crisis in 2008, the PBOC started to lower the benchmark lending rates with an aim to encourage lending, increase liquidity in the market and promote the recovery of China's economy. Since 2008, the PBOC decreased the benchmark one-year lending rate from 7.47 per cent. to 5.31 per cent. in December 2008, which remained unchanged until September 2010. Since then, the one-year lending rate was gradually increased to 6.56 per cent. In recent years, a perceivable slowdown in the growth of the economy of the PRC again caused the PRC government to adopt more liberal monetary policies to stimulate the PRC's economic development. On 24 October 2015, the PBOC reduced the benchmark one-year lending rate to 4.35 per cent. which remained unchanged as at the date of this Prospectus. Although the Group's financial condition and results of operations may benefit from a low-interest environment, there can be no assurance that this environment will continue. Any increase in the benchmark lending rate by the PBOC in the future will increase the Group's financing costs and adversely affect its profitability, financial condition and results of operations, which may also adversely affect the Issuer's performance under the Bonds.

1.1.17 The Group's primary land development activities are exposed to certain risks associated with resettlement of local residents.

Many of the Group's primary land development projects involve resettlement of local residents. The Group develops and provides substitute properties in some cases to relocated residents as compensation for their resettlement. If any indigenous resident or business is dissatisfied with the compensation or the substitute properties and refuses to move, the relevant entity of the township government will seek to resolve the dispute by negotiating with the relevant resident or business to reach a mutually acceptable relocation compensation arrangement, or apply to the relevant land authority for its determination on whether the relocation compensation and relocation timetable is in compliance with PRC law. The relevant land authority will then make a decision as to the proper relocation compensation and timetable. There can be no assurance that the relocation of indigenous residents or businesses will proceed smoothly or that they will agree to the compensation. Any delays affecting such relocations of these indigenous residents or businesses may result in delays in the Group's development schedules and/or increases in the Group's development costs, any of which could have a material adverse effect on its business, financial condition and results of operations and may also materially and adversely affect the Issuer's performance under the Bonds.

1.1.18 The Group may not successfully implement its growth strategy.

The Group was originally established for the purpose of infrastructure construction, primary land development and development of affordable housing in Chengdu City. In recent years, the Group has successfully diversified its business into property development and property leasing and management. As one of the Group's strategies, it plans to continue to develop other new businesses while maintaining sustainable growth of its existing business and create synergies among its business segments. The Group's ability to successfully implement this strategy depends on its ability to identify attractive projects, obtain required approvals from relevant regulatory authorities in the PRC, obtain sufficient capital on acceptable terms in a timely manner and maintain close working relationships with various governmental authorities and agencies. The success of negotiations with respect to any particular project cannot be assured. There can be no assurance that the Group will be able to successfully implement this strategy, manage or integrate newly-acquired operations with the Group's existing operations. Failure to implement the Group's growth strategy could have a material adverse impact on its business, financial condition and results of operations and may further materially and adversely affect the Issuer's performance under the Bonds.

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

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

- operating limitations imposed by environmental or other regulatory requirements;
- work-related personal injuries;
- on-site occupational accidents;
- credit risks relating to the performance of customers or other contractual third parties;
- disruption in the global capital markets and the economy in general;
- loss on investments;
- environmental or industrial accidents; and
- catastrophic events such as fires, earthquakes, explosions, floods or other natural disasters.

The Group maintains insurance policies that provide different types of risk coverage and the Group believes the scope of the coverage is in line with industry norms in the PRC. However, claims under the Group's insurance policies may not be honoured full, on time or at all and its insurance coverage may not be sufficient to cover costs associated with accidents incurred in the Group's operations due to the above-mentioned operational risks. Certain types of losses (such as from wars, acts of terrorism or acts of God, business interruption, property risks and third party (public) liability) are not insured in the PRC because they are either uninsurable or not economically insurable. To the extent that the Group suffers loss or damage that is not covered by its insurance or that exceeds the limit of the its insurance coverage, the Group's business, financial condition, results of operations and cash flow may be materially and adversely affected and this may also materially and adversely affect the Issuer's performance under the Bonds.

1.1.20 The Group may be subject to potential liability for environmental problems which may result in losses.

The Group is subject to a variety of laws and regulations concerning the protection of the environment. In environmentally sensitive regions or areas, project development activities may be severely restricted or prohibited. Compliance with health and environmental laws and conditions may result in delays and increase in the Group's compliance costs.

As required by PRC laws, the Group has engaged independent third-party environmental consultants to conduct environmental impact assessment for its projects. These environmental impact assessments were submitted to the relevant government authorities for approval before beginning development. However, the environmental impact assessments may not address all environmental liabilities or their full impact and the Group may not be aware of the full exposure of all its material environmental liabilities. If any portion of a project is found to be in breach of relevant environmental standards and/or the environmental assessment approval is not obtained, the project may be suspended and the Group may be fined or penalised. If any of the above occurs, it may have a material adverse impact on the Group's business, results of operations and financial condition. As at the date of this Prospectus, the Group was subjected to penalties of RMB4,876,000 in total for commencing constructions of Chengdu-Chongqing Expressway (Beltway to Third Ring) Reconstruction Project, Shiling city park infrastructure project and South Island Group of Damian Area infrastructure project without obtaining environmental assessment approvals. As at the date of this Prospectus, the Group has submitted the environmental impact assessment reports of those three projects aforesaid to the relevant government authorities and obtained their approvals. However, there can be no assurance that the Group will not be subject to any penalties in the future, any loss arising out of these penalties or environmental liabilities in other forms may materially and adversely affect the Issuer's performance under the Bonds.

1.1.21 Labour shortages, labour disputes or increases in labour costs of the contractors engaged for the Group's projects could materially and adversely affect its business and results of operations.

The Group relies on contractors to carry out infrastructure construction, primary land development, development of affordable housing and property development projects. In recent years, work stoppages, employee suicide and other similar events in certain cities in the PRC have caused the PRC government to amend labour laws to enhance protection of employees' rights. Increasing awareness of labour protection as well as increasing minimum wages is likely to increase the labour costs afforded by PRC enterprises in general, including the Group and its contractors. As such, labour shortages, labour disputes or increases in labour costs could delay construction progress and result in an increase in the Group's fees payable to its contractors, which could in turn materially and adversely affect the Group's business and results of operations and this may also materially and adversely affect the Issuer's performance under the Bonds.

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

Under applicable PRC laws and regulations, the Ministry of Land and Resources of the PRC may impose an idle land fee equal to 20.0 per cent. of the land premium or allocation fees if the Group does not commence development of the land held by it for more than one year after the date specified in the relevant land use rights grant contract, or the Group commences development on an area which is less than one-third of the area granted, or the capital invested in the development is less than one-fourth of the total investment approved for the development, or the development is suspended for more than one year without governmental approval. The Ministry of Land and Resources of the PRC has the power to revoke the land use rights certificate without compensation if the Group does not commence development for more than two years after the date specified in the relevant land use rights grant contract without compelling causes. The State Council issued the Notice on Promoting the Saving and Intensification of Use of Land which states, among other things, that the Ministry of Land and Resources and other authorities in the PRC are required to research and commence the drafting of implementation rules concerning the levy of land appreciation fees on idle land. Furthermore, the Ministry of Land and Resources of the PRC issued in August 2009 the Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land which reiterates its policy on idle land. There can be no assurance that the Group will not be subject to any fines or penalties or its land use rights will not be revoked by the government in the future for its failure of meeting the requirements aforesaid, any fines or penalties or revocation of the land use rights may materially and adversely affect the Issuer's performance under the Bonds.

1.1.23 The Group is subject to extensive governmental regulations and may be affected by further measures implemented by the PRC government that aim to control the growth of the property sector.

The Group's business of developing and selling properties is extensively regulated in the PRC, and in particular, it is susceptible to policy changes that relate to the property development industry. The Group is required to comply with various PRC laws and regulations, as well as policies and procedures prescribed by local authorities to implement such laws and regulations.

Over the past few years, the PRC government introduced a number of policies to control the growth and curtail overheating in the PRC property market. These policies may limit the Group's ability to obtain financing, acquire land for future development and sell properties at profitable prices. In particular, measures and policies adopted by the PRC government to restrict the ability of purchasers to obtain mortgages, to resell their properties or to increase the cost of mortgage financing may reduce market demand for the Group's properties.

The Group cannot guarantee that the PRC government will not adopt additional measures which may further reduce market demand and slow down the growth of the property development industry. The Group cannot ascertain the extent of the impact of such measures or accurately estimate its sales volume and revenue if such measures are adopted. If the Group fails to adapt its operations to these measures or if the Group's marketing and pricing strategies are ineffective in promoting sales under the new measures, its business, results of operations and financial condition may be adversely affected and this may adversely affect the Issuer's performance under the Bonds.

1.1.24 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 other relevant jurisdictions. The Group's current internal policies and procedures may not detect all instances where the Group may be used by other parties to engage in money laundering and other illegal activities. In the event that the Group fails to detect money laundering or other illegal or improper activities or fails to fully comply with applicable laws and regulations, the relevant government agencies may freeze the Group's assets or impose fines or other penalties on it. Any of these may materially and adversely affect the Group's business reputation, financial condition and results of operations and may also materially and adversely affect the Issuer's performance under the Bonds.

1.1.25 The Group's success depends on the continuing service of its senior management.

The success of the Group's business has been, and will continue to be, heavily dependent upon the continuing service of the directors of the Issuer and members of its senior management. If the Group loses the services of any of the Group's key executives and cannot replace them in a timely manner, the Group's business may be materially and adversely affected.

In addition, the Group's success depends on its ability to attract and retain talented personnel. The Group may not be able to successfully attract, assimilate or retain all the personnel the Group needs. The Group may also need to offer superior compensation and other benefits to attract and retain key personnel and therefore there is no assurance that the Group will have the resources to fully achieve the Group's staffing needs. The Group's failure to attract and retain competent personnel and any increase in staffing costs to retain such personnel could have a negative effect on its ability to maintain the Group's competitive position and to grow the Group's business. As a result, the Group's business, results of operations and financial condition and the Issuer's performance under the Bonds may be materially and adversely affected.

1.1.26 The Group may be involved in disputes, legal and other proceedings arising out of its operations from time to time and may face significant liabilities as a result.

The Group may from time to time be involved in disputes with various parties involved in its businesses, including contractors, tenants, suppliers and purchasers. Such disputes may lead to legal or other proceedings and they may damage the Group's reputation, increase the Group's costs of operations and divert the Group's management's attention from daily business operations. In addition, where regulatory bodies or governmental authorities disagree with the Group's ways in respect of its operations, the Group may be subject to administrative proceedings and unfavourable decrees that could result in liabilities and delays to its projects. There can be no assurance that the Group will not be so involved in any major legal or other proceedings in the future which may subject the Group to any significant liabilities and this may materially and adversely affect the Issuer's performance under the Bonds.

1.1.27 Intensified competition in the property development industry may materially and adversely affect the Group's business, results of operations and financial condition.

Competition within the PRC property development industry is intense. Many of the Group's competitors may have more financial, marketing, technical and other resources than it and they may be more sophisticated than it in certain areas. Competition among property developers may lead to an increase in land and raw material costs, shortages in quality construction contractors, surplus in property supply. As a result, property prices may decrease while costs to attract or retain skilled employees may increase. If the Group fails to compete effectively, its business, results of operations and financial condition may be materially and adversely affected and this may also materially and adversely affect the Issuer's performance under the Bonds.

1.1.28 The Group relies heavily on information technology systems for its business and any information technology system limitations or failures could adversely affect its business, financial condition and results of operations.

The Group's business depends on the integrity and performance of its business, accounting and other data processing systems. If the Group's systems cannot effectively address the issues arising from any increased business or otherwise fails to perform, the Group could experience unanticipated disruptions in business, slower response times and limitation on the Group's ability to monitor and manage data and risk exposures, control financial and operation conditions, and keep accurate records. These consequences could result in operating outages, poor operating performance, financial losses, and intervention from regulatory authorities. There can be no assurance that the Group's system would not experience future systems failures and delays, or that the Group's measures for reducing the risk of system disruptions are adequate. If internet traffic and communication volume increase unexpectedly or other unanticipated events occur, the Group may need to expand and upgrade its technology, systems and network infrastructure. There can be no assurance that the Group will be able to accurately project the rate, timing or cost of any increases, or expand and upgrade its systems and infrastructure to accommodate any increases in a timely manner and this may adversely affect the Issuer's performance under the Bonds.

1.1.29 Acts of God, acts of war, epidemics and other disasters could affect the Group's business.

The Group's business is subject to the general and social conditions in the PRC. Acts of God such as natural disasters, epidemics, and other disasters which may materially and adversely affect the economy, infrastructure and livelihood of the people of the PRC are beyond the Group's control. The Group's business, results of operations and financial condition may be materially and adversely affected if these natural disasters occur. For instance, two serious earthquakes hit Sichuan Province in May 2008 and April 2013 and resulted in significant loss of lives and destruction of economic condition and development in Sichuan Province.

Apart from natural disasters, epidemics may materially and adversely affect people's livelihood and even threaten people's lives. Any outbreak of an epidemic is beyond the Group's control and there can be no assurance that epidemics like Middle East Respiratory Syndrome (MERS), Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, human swine flu (also known as Influenza A (H1N1)) or the recent cases of H7N9 will not happen again. In the event of an occurrence of epidemic in the PRC, the Group's business, results of operations and financial conditions may be materially and adversely affected.

Acts of war and terrorist attacks may cause damage or disruption to the Group, its employees, facilities, markets, suppliers and customers, any of which may materially and adversely affect its revenue, cost of sales, results of operations or financial condition. Potential war or terrorist attacks may also cause uncertainty and cause the Group's business to suffer in ways that it cannot currently predict. Any of the factors aforesaid may materially and adversely affect the Issuer's performance under the Bonds.

1.1.30 Future investments or acquisitions may have a material adverse effect on the Group's ability to manage its business.

The Group may make strategic investments and acquisitions that complement its operations. However, the Group's ability to make successful strategic investments and acquisitions depend on a number of factors, including its ability to identify suitable targets, obtaining required financing on reasonable and favourable terms and governmental approval. In the event that the Group fails to identify suitable targets or is prevented from making such strategic investments or acquisitions due to financial, regulatory or other constraints, it may not be able to effectively implement its investment or expansion strategies.

Acquisitions typically involve a number of risks, including, but not limited to (i) difficulties in integrating the operations and personnel of the acquired businesses; (ii) difficulties in maintaining uniform standards, controls and policies across the expanded group; (iii) liabilities associated with the acquired businesses that were unknown at the time of acquisition; and (iv) adverse impact on the Group's results of operations due to amortisation and/or impairment for goodwill associated with the acquisitions.

Further, there is no assurance that the Group will be able to make acquisitions or investments on favourable terms or within a desired time frame. There is also no assurance that such acquisitions or investments would yield the expected level of return. In addition, the Group may require additional financing in order to make such acquisitions and investments. Debt financing may result in an increase in the level of the Group's indebtedness. Any of these factors could have a material adverse effect on the Group's business, results of operations, financial condition and prospects and may also materially and adversely affect the Issuer's performance under the Bonds.

1.2 RISKS RELATING TO THE PRC

1.2.1 Economic, political and social conditions in the PRC and government policies could affect the Group's business and prospects.

Substantially all of the Group's assets are located in the PRC, and substantially all of the Group's operating income is derived from the Group's operations in the PRC. Accordingly, the Group's financial condition, results of operations and prospects are, to a material extent, subject to economic, political and legal developments in the PRC. The PRC economy differs from the economies of developed countries in many respects, including, among other things, government involvement, level of economic development, growth rate, foreign exchange controls and resources allocation.

Although the PRC economy has been transitioning from a planned economy to a more market-oriented economy for more than three decades, a substantial portion of productive assets in the PRC is still owned by the PRC government. The PRC government also exercises significant control over the economic growth of the PRC through allocating resources, controlling payments of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. In recent years, the PRC government has implemented measures emphasising the utilisation of market forces in economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adjusted or modified, or applied inconsistently from industry to industry or across different regions of the country. As a result, the Group may not benefit from some of these measures.

The PRC government has the power to implement macroeconomic measures affecting the PRC economy. For example, since 2012, the PBOC announced several decreases in benchmark interest rates for general lending and the deposit reserve ratio for commercial banks in the PRC. As at the date of this Prospectus, the reserve requirement ratio was 16.5 per cent., which took effect on 1 March 2016. The reserve requirement refers to the amount of funds that banks must hold in reserve with the PBOC against deposits made by their customers. Any further increases in the bank reserve requirement ratio may negatively impact the amount of funds available to lend to the Group, which may limit the Group's flexibility and ability to use bank loans or other forms of financing to finance the Group's businesses and therefore may require the Group to maintain a relatively high level of internally sourced cash. As a result, the Group's business, financial condition and results of operations may be materially and adversely affected, which may further materially and adversely affect the Issuer's performance under the Bonds.

1.2.2 Uncertainty with respect to the PRC legal system could affect the Group.

As substantially all of the Group's businesses are conducted, and substantially all of the Group's assets are located, in the PRC, the Group's operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes while prior court decisions can only be cited as reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. However, China has not developed a fully integrated legal system and recently enacted laws and regulations that may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the PRC legal system is based, in part, on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. There can be no assurance that the Group will always be aware of the change in the PRC legal system from time to time and there can be no assurance that the Group will not be subject to any penalty, fine or investigation in the future. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management's attention. All of these uncertainties including the 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 the Group's operations and to the holders of the Bonds.

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

The Issuer and its subsidiaries are incorporated in the PRC. Substantially all of the Group's assets are located in the PRC. In addition, most of the Group's directors, supervisors and executive officers reside within the PRC and the assets of the Group's directors and officers may be located within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon most of the Group's directors, supervisors and senior management, including for matters arising under applicable securities law. A judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. However, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with many countries, including Japan, the United States and the United Kingdom. Therefore, it may be difficult for prospective investors to enforce any judgments obtained from foreign courts against the Group or any of the Group's directors, supervisors or senior management in the PRC.

1.2.4 Fluctuation of the foreign exchange rates and government control of currency conversion may adversely affect the value of investors' investments.

Substantially all of the Group's operating income is denominated in Renminbi, which is also the reporting currency. Renminbi is not a freely convertible currency. Prospective investors shall take reference to the applied foreign exchange rates when making their decision to invest in the Bonds.

In addition, a portion of the Group's cash may be required to be converted into other currencies in order to meet the Group's foreign currency needs, including cash payments on declared dividends, if any, on the Bonds. However, the PRC government may restrict future access to foreign currencies for current account transactions at its discretion. If this were to occur, the Group might not be able to pay dividends to the holders of the Bonds in foreign currencies. On the other hand, foreign exchange transactions under capital account in the PRC continue to be not freely convertible and require the approval of the State Administration of Foreign Exchange or its local branch (the "**SAFE**"). These limitations could affect the Group's ability to obtain foreign currencies through equity financing, or to obtain foreign currencies for capital expenditures and may adversely affect the Issuer's performance under the Bonds.

1.2.5 The implementation of PRC employment regulations may increase labour costs in the PRC generally.

The PRC Labour Contract Law became effective on 1 January 2008 in the PRC and was amended on 28 December 2012. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, the employer is required to make compensation payment to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law. In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms.

In addition, under the Regulations on Paid Annual Leave for Employees, which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from five to fifteen days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. Under the National Leisure and Tourism Outline 2013-2020 which became effective on 2 February 2013, all workers must receive paid annual leave by 2020. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees and the National Leisure and Tourism Outline 2013-2020, the Group's labour costs (inclusive of those incurred by contractors) may increase. Further, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non-fixed-term employment contracts under the PRC Labour Contract Law without cause. In the event the Group decides to significantly change or decrease the Group's workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires, which could result in an adverse impact on the Group's business, financial condition and results of operations.

Further, in the event that there is a labour shortage or a significant increase to labour costs, the Group's business operation costs is likely to increase. In such circumstances, the profit margin may decrease and the financial results may be adversely affected. In addition, inflation in the PRC has increased in recent years. Inflation in the PRC increases the costs of raw materials required by the Group for conducting the Group's business and the costs of labour as well. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's operations and therefore negatively impact the Group's profitability, which may further adversely affect the Issuer's performance under the Bonds.

1.3 RISKS RELATING TO THE BONDS

1.3.1 The Bonds may be traded at a discount to their initial offering price and/or with limited liquidity.

The Bonds may be traded at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. If the Bonds are traded at a discount, investors may not be able to receive a favourable price for their Bonds, and in some circumstances investors may not be able to sell their Bonds at all or at the fair market value. Although application has been made to the Frankfurt Stock Exchange for the Bonds to be admitted to listing and trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange and for the Bonds to be available for trading on the China Europe International Exchange (CEINEX), there is no assurance that such application will be accepted, that the Bonds will be so admitted or that an active trading market will develop.

Further, the Bonds are a new issue of securities for which there is currently no trading market. No assurance can be given as to the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds. The Managers are not obligated to make a market in the Bonds, and if the Managers do so, they may discontinue such market making activity at any time at their sole discretions. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

The market for investment grade bonds has been subject to disruptions that have caused volatility in prices of securities similar to the Bonds. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that the disruptions will not occur, for the Bonds.

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

The NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with the NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 working days after the completion of the issue of the securities. The NDRC Circular is silent on the legal consequences of noncompliance with the pre-issue registration requirement. The Issuer has obtained the NDRC pre-issuance registration on 6 February 2018. Similarly, there is no clarity on the legal consequences of noncompliance with the post-issue notification requirement under the NDRC Circular. In the worst case scenario, such non-compliance with the post-issue notification requirement under the NDRC circular may result in it being unlawful for the Issuer to perform or comply with any of its obligations under the Bonds and the Bonds might be subject to enforcement as provided in Condition 9 (*Events of Default*) of the Terms and Conditions. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. The Issuer has undertaken to notify the NDRC of the particulars of the issue of the Bonds within 10 Registration Business Days after the Issue Date.

In accordance with the Administrative Measures for Foreign Debt Registration (the "**Foreign Debt Registration Measures**") issued by the SAFE on 28 April 2013, which came into effect on 13 May 2013, the Issuer shall complete foreign debt registration in respect of the issue of the Bonds with the local branches of SAFE in accordance with laws and regulations. According to the Operation Guidelines for Administration of Foreign Debt Registration promulgated together with the Foreign Debt Registration Measures, the Issuer is required to register the Bonds within 15 working days after execution of the Trust Deed and complete such registration in accordance with the Foreign Debt Registration Measures. Before such registration of the Bonds is completed, it is uncertain whether the Bonds are enforceable as a matter of PRC law and it may be difficult for Bondholders to recover amounts due from the Issuer, and the Issuer may not be able to remit the proceeds of the offering into the PRC or remit money out of the PRC in order to meet its payment obligations under the Bonds. Pursuant to article 27(5) of the Foreign Debt Registration Measures, a failure to comply with registration requirements may result in a warning and fine as set forth under article 48 of the Foreign Exchange Administrative Regulations promulgated by the State Council of the PRC (the "**State Council**") in 2008. However, pursuant to article 40 of the Foreign Debt Administration Provisional Rules promulgated by the MOF, the NDRC and SAFE, a failure by a domestic entity to register a foreign debt contract will render the contract not legally binding and unenforceable. Under the Conditions, the Issuer has undertaken to use its best endeavours, and it intends, to complete the registration of the Bonds with SAFE within 90 Registration Business Days of the Issue Date. The Issuer has already consulted with local SAFE in connection with the registration procedures and documentary requirements. The Issuer does not foresee any obstacle in completing the registration within the abovementioned period. If the Issuer is unable to complete the registration with the local branches of SAFE, the Issuer may have difficulty in remitting funds offshore to service payments in respect of the Bonds and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Bonds and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Bonds may also be materially and adversely affected.

1.3.3 The Bonds are unsecured obligations.

As the Bonds are unsecured obligations of the Issuer, the repayment of the Bonds may be compromised if:

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

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

1.3.4 Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts and the Bondholders 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 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 agreed between the Supreme People's Court and the Government of the Hong Kong, judgments of Hong Kong courts pertaining to civil and commercial matters 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 on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts 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 Bonds will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holder's ability to initiate a claim outside of Hong Kong will be limited.

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

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

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

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible economic scenarios, such as interest rate and other factors which may affect its investment and the ability to bear the applicable risks.

1.3.6 Payments on the Bonds may be affected by Foreign Account Tax Compliance Act ("FATCA") tax provisions.

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

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

The Bonds are denominated and payable in Euro. An investor who measures investment returns by reference to a currency other than Euro would be subject to foreign exchange risks by virtue of an investment in the Bonds, due to, among other things, economic, political and other factors over which the Issuer has no control. Depreciation of the Euro against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds.

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

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the Issuer's 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 Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There is no assurance that these developments will not occur in the future.

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

The market price of the Bonds may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Bonds is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers 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 Bonds could be adversely affected.

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

The Bonds will be redeemed at their principal amount upon their maturity, or following the occurrence of an event triggering the Bondholders' right to require the Issuer to redeem all, but not some only, of such Bondholder's Bonds. In such circumstances, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds in any of such circumstances may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's other indebtedness.

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

The Terms and Conditions provide that the Bonds may be redeemed at the option of the Issuer, in whole but not in part, at the pre-determined price pursuant to the Terms and Conditions. In addition, the Issuer may redeem the Bonds at its option, in whole but not in part, at a redemption price equal to their principal amount, together with interest accrued to the date fixed for redemption if, subject to certain conditions, as a result of a change in tax law, the Issuer has or will become obliged to pay additional tax amounts as further described in the relevant provision of the Terms and Conditions.

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

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

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

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

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

The Issuer is incorporated under the laws of the PRC. Any bankruptcy proceeding relating to the Issuer would likely involve PRC bankruptcy laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

1.3.14 The Issuer will follow the applicable corporate disclosure standards for debt securities listed on the Frankfurt Stock Exchange, which standards may be different from those applicable to companies in certain other countries.

The Issuer will be subject to reporting obligations in respect of the Bonds to be listed on the Frankfurt Stock Exchange. The disclosure standards imposed by the Frankfurt Stock Exchange may be different from those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to what investors in the Bonds are accustomed to.

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

If the Issuer is unable to comply with the restrictions and covenants in the Bonds, or 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, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of the debt agreements of the Issuer, contain cross-acceleration or cross-default provisions. As a result, the default by the Issuer under one debt agreement may cause the acceleration of repayment of debt, including the Bonds, or result in a default under its other debt agreements, including the Bonds. If any of these events occur, there can be no assurance that the Issuer's assets and cash flows would be sufficient to repay all of the Issuer's indebtedness in full, or that it would be able to find alternative financing. Even if the Issuer could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer.

1.3.16 A change in English law which governs the Bonds may adversely affect holders of the Bonds.

The Terms and Conditions 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 Bonds.

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

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

The Terms and Conditions also provide that the Trustee may, without the consent of the holders of the Bonds, agree to any modification of the Trust Deed, the Terms and Conditions and/or the Agency 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 the holders of the Bonds and to any modification of the Bonds, the Trust Deed or the Agency Agreement, which in the opinion of the Trustee is of a formal, minor or technical nature or is to correct a manifest error or to comply with any mandatory provision of applicable law.

In addition, the Trustee may, without the consent of the holders of the Bonds, authorise or waive any proposed breach or breach of the Bonds, the Trust Deed or the Agency Agreement (other than a proposed breach, or a breach relating to the subject of certain reserved matters) if, in the opinion of the Trustee, the interests of the holders of the Bonds will not be materially prejudiced thereby.

1.3.18 The Trustee may request holders of the Bonds to provide an indemnity and/or security and/or prefunding to its satisfaction.

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

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

Under the Enterprise Income Tax Law of the PRC (the "**EIT Law**"), which took effect on 1 January 2008 and was amended on 24 February 2017, and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "**Arrangement**") which was promulgated on 21 August 2006, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (the "**IIT Law**") as last amended on 30 June 2011, and the implementation regulations in relation to both the EIT Law and IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Bondholders may be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Bondholders and at a rate of 20 per cent. for non-resident individual Bondholders (or a lower treaty rate, if any).

On 23 March 2016, the MOF and the State Administration of Taxation issued the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform (Caishui [2016] No. 36) ("**Circular 36**"), which introduced a new value-added tax ("**VAT**") from 1 May 2016. VAT is applicable where entities or individuals provide services within the PRC. The Issuer will be obligated to withhold VAT of 6 per cent. and certain surcharges (as described below) on VAT for payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals, although the Issuer will be required pursuant to the Terms and Conditions to pay additional amounts such that Bondholders receive interest payments in full. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties. Pursuant to Interim Regulation of the PRC on City Maintenance and Construction Tax, Interim Provisions on the Collection of Educational Surcharges, Notice of the Ministry of Finance on the Relevant Matters regarding Unifying the Policies on Local Education Surcharges, Administrative Measures on the Collection and Utilisation of Local Educational Surcharges in Sichuan and based on consultation with the Sichuan local taxation bureau, a city maintenance and construction tax (7 per cent.), an educational surcharge (3 per cent.) and a local educational surcharge (2 per cent.) will be applicable when entities and individuals are obliged to pay VAT (for an aggregate of 12 per cent. on any VAT payable).

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

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

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

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

A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

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

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

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

1.3.22 The rating expected to be assigned to the Bonds may be downgraded or withdrawn in the future.

The Bonds are expected to be rated BBB+ by Fitch. The rating represents only the opinion of such rating agency and its assessment of the ability of the Issuer to perform its obligations under the Bonds, the Trust Deed and the Agency Agreement and credit risks in determining the likelihood that payments will be made when due under the Bonds. A rating is not a recommendation to buy, sell or hold the Bonds and may be subject to revision, qualification, suspension, reduction or withdrawn at any time. The Issuer cannot assure investors that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. Each rating should be evaluated independently of any other rating of the Bonds or other securities of the Issuer (if any). A revision, qualification, suspension or withdrawal at any time of any rating assigned to the Bonds may adversely affect the market price of the Bonds.

1.3.23 The Issuer may issue additional Bonds in the future.

The Issuer issued a US$300 million 3.25 per cent. bonds due 2021 on 29 November 2016, which are listed on The Stock Exchange of Hong Kong. The Issuer may, from time to time, and without prior consultation of the Bondholders, create and issue further securities having the same terms and conditions as the Bonds in all material respects (or in all material respects save for the first payment of interest on them and the timing for registering and completing the Foreign Debt Registration and the NDRC Post-issue filing) 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 Bonds.

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

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

2. RESPONSIBILITY STATEMENT

The Issuer, with its registered office in 99 Zhoujin East Road, Gaoxin District, 610041 Chengdu City, Sichuan Province, People's Republic of China, together with Société Générale assume responsibility for the contents of the Prospectus pursuant to section 5 (4) German Securities Prospectus Act (*Wertpapierprospektgesetz*) and hereby declare that, to the best of their knowledge (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

3. IMPORTANT NOTICES

The Issuer has prepared this Prospectus solely for use in connection with the proposed offering of the Bonds described in this Prospectus. The distribution of this Prospectus and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and China International Capital Corporation Hong Kong Securities Limited, Société Générale, China Minsheng Banking Corp., Ltd. Hong Kong Branch, Industrial and Commercial Bank of China (Asia) Limited and Shanghai Pudong Development bank Co., Ltd. Singapore Branch (each a "**Manager**" and collectively the "**Managers**") to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Prospectus in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Hong Kong, the PRC, Singapore, Japan and the European Economic Area and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds, and distribution of this Prospectus, see "*18. SUBSCRIPTION AND SALE*". By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Prospectus. This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Bonds. Distribution of this Prospectus to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Prospectus, agrees to the foregoing and to make no photocopies of this Prospectus or any documents referred to in this Prospectus.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Issuer and its subsidiaries (the "**Group**") or the Bonds other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Managers, The Bank of New York Mellon, London Branch (the "**Trustee**"), The Bank of New York Mellon, London Branch (the "**Principal Paying Agent**"), The Bank of New York Mellon SA/NV, Luxembourg Branch (the "**Transfer Agent**" and the "**Registrar**") and other agents appointed in connection with this issue (the Principal Paying Agent, the Transfer Agent, the Registrar and such other agents collectively, the "**Agents**") or their respective affiliates, directors, officers, agents, employees, representatives or advisers. Neither the delivery of this Prospectus nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer 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 Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, agents, employees, representatives or advisers to subscribe for or purchase the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

None of the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, agents, employees, representatives or advisers has independently verified the information contained in this Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted, by the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, agents, employees, representatives or advisers, as to the accuracy, completeness or sufficiency of the information contained in this Prospectus or any other information supplied in connection with the Bonds. Nothing contained in this Prospectus is, or shall be relied upon as, a promise, representation or warranty by the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, agents, employees, representatives or advisers. This Prospectus is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, agents, employees, representatives or advisers that any recipient of this Prospectus should purchase the Bonds. Each person receiving this Prospectus acknowledges that such person has not relied on the Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, agents, employees, representatives or advisers in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer and the merits and risks involved in investing in the Bonds. See "*1. RISK FACTORS*" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

To the fullest extent permitted by law, none of the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, agents, employees, representatives or advisers accepts any responsibility for the contents of this Prospectus and assume no responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, agents, employees, representatives or advisers or on their behalf in connection with the Issuer or the issue and offering of the Bonds. Each of the Managers, the Trustee and the Agents and their respective affiliates, directors, officers, agents, employees, representatives 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 Prospectus or any such statement. None of the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, agents, employees, representatives or advisers undertakes to review the results of operations, financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Managers, the Trustee or the Agents or their respective affiliates, directors, officers, agents, employees, representatives or advisers.

The Prospectus has been prepared solely for the purposes of Article 5.3 of the Prospectus Directive. Neither the Prospectus nor any other information supplied in connection with the Prospectus or the Bonds is intended to be used, or to provide a basis, for any other evaluation, including any other credit evaluation, and neither should any of the aforesaid documents or information be considered as a recommendation by the Issuer that any recipient of the Prospectus or any other information supplied in connection with the Prospectus or the Bonds should purchase any of the Bonds. Investors contemplating an investment in the Bonds should obtain individual advice by the investor's bank or legal, business or tax advisers, tailored to the requirements, objectives, experience, knowledge and circumstances of the investor concerned, in order to be able to assess the consequences of an investment in the Bonds in light of investors' personal requirements. None of the Prospectus, any other information supplied in connection with the Prospectus or the Bonds constitutes an offer or invitation by or on behalf of the Bank to any person to subscribe for or to purchase any of the Bonds.

The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – SOLELY FOR THE PURPOSES OF EACH MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE BONDS HAS LED TO THE CONCLUSION THAT: (I) THE TARGET MARKET FOR THE BONDS IS ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ONLY, EACH AS DEFINED IN MIFID II; AND (II) ALL CHANNELS FOR DISTRIBUTION OF THE BONDS TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE BONDS (A "**DISTRIBUTOR**") SHOULD TAKE INTO CONSIDERATION THE MANUFACTURERS' TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO MIFID II IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE BONDS (BY EITHER ADOPTING OR REFINING THE MANUFACTURERS' TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

IN CONNECTION WITH THIS OFFERING, THE MANAGERS OR ANY PERSON(S) ACTING ON THEIR BEHALVES MAY, SUBJECT TO ALL APPLICABLE LAWS, OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE(S) OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME BUT IT MUST END NOT LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE AND 60 DAYS AFTER THE DATE OF ALLOTMENT OF THE BONDS.

Industry and Market Data

Market data and certain industry forecasts used throughout this Prospectus have been extracted from third-party sources, including the NDRC, the PBOC and the National Bureau of Statistics of the People' Republic of China, the China Statistical Information Network, the People's Government of Sichuan Province, the Chengdu City People's Government and the Chengdu Bureau of Statistics. The Issuer confirms that such information has been accurately reproduced and that, so far as they are aware, and such information is able to be ascertained from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Such information however has not been independently verified by the Issuer, the Managers or any Agents or any of their respective affiliates, directors, officers, agents, employees, representatives or advisers and, therefore, none of them makes any representation as to the accuracy of such facts and statistics or information, which may not be consistent with other information compiled within or outside the PRC and may not be complete or up-to-date.

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the offering, including the merits and risks involved.

Presentation of Financial Information

This Prospectus contains consolidated financial information of the Issuer as at and for the six months ended 30 June 2016 and 2017, which has been extracted from the unaudited but reviewed consolidated financial statements of the Issuer as at and for the six months ended 30 June 2017 (the "**First Half 2017 Interim Financial Statements**") included in pages F-3 to F-100 of this Prospectus, consolidated financial information of the Issuer as at and for the years ended 31 December 2015 and 2016, which has been extracted from the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2016 (the "**2016 Audited Financial Statements**") included in pages F-102 to F-202 of this Prospectus and consolidated financial information of the Issuer as at and for the year ended 31 December 2014, which has been extracted from the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2015 (the "**2015 Audited Financial Statements**") included in pages F-204 to F-297 of this Prospectus. The First Half 2017 Interim Financial Statements, the 2016 Audited Financial Statements and the 2015 Audited Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in the PRC (the "**PRC GAAP**").

The First Half 2017 Interim Financial Statements have been reviewed, and the 2016 Audited Financial Statements and the 2015 Audited Financial Statements have been audited, by Ruihua Certified Public Accountants (Special General Partnership) ("**Ruihua**"), the independent auditor of the Issuer in accordance with No. 2101 of China Standards on Review Auditing – Review of Financial Statements and Auditing Standards for Chinese Certified Public Accountants, respectively. PRC GAAP differs in certain respects from International Financial Reporting Standards ("**IFRS**").

The Issuer's consolidated financial information as at and for the year ended 31 December 2014 included in the 2015 Audited Financial Statements and consolidated financial information as at and for the year ended 31 December 2015 included in the 2016 Audited Financial Statements have been adjusted to reflect certain adjustments in the Issuer's consolidated financial statements as at and for the years ended 31 December 2015 and 2016 (the "**Relevant Adjustments**"). See note V.3 (*Corrections of Significant Prior Accounting Errors*) to the 2015 Audited Financial Statements starting on page F-255 and note 5 (*Changes in Accounting Policies and Estimates, and Corrections of Errors*) to the 2016 Audited Financial Statements starting on page F-149 for more details on the Relevant Adjustments. The Issuer's consolidated financial information as at and for the year ended 31 December 2014 contained in the 2014 Audited Financial Statements and consolidated financial information as at and for the year ended 31 December 2015 contained in the 2015 Audited Financial Statements have not been revised to reflect the Relevant Adjustments. Therefore, the Issuer's consolidated financial information as at and for the year ended 31 December 2014 contained in the 2014 Audited Financial Statements and consolidated financial information as at and for the year ended 31 December 2015 contained in the 2015 Audited Financial Statements are not directly comparable to the Issuer's adjusted consolidated financial information included in the audited financial statements prepared for the subsequent year. Potential investors must exercise caution when using the Issuer's historical financial information to evaluate the financial condition and results of operations of the Issuer.

The First Half 2017 Interim Financial Statements have not been audited by the Issuer's independent auditors. As a result, the First Half 2017 Interim Financial Statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit. Potential investors must exercise caution when using such data to evaluate the Issuer's financial condition and results of operations. The Managers do not make any representation or warranty, express or implied, regarding the sufficiency of the First Half 2017 Interim Financial Statements for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Issuer's financial condition and results of operations. The First Half 2017 Interim Financial Statements should not be taken as an indication of the expected financial condition, results of operations and results of the Issuer, for the full financial year ended 31 December 2017.

4. FORWARD-LOOKING STATEMENTS

The Issuer has made certain forward-looking statements in this Prospectus. All statements other than statements of historical facts contained in this Prospectus constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms, such as “anticipate”, “target”, “expect”, “aim”, “intend”, “plan” and “will”. All statements regarding expected financial condition and results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include but are not limited to statements as to the business strategy, operating income and profitability, planned projects and other matters as they relate to the Issuer and/or the Group discussed in this Prospectus regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this Prospectus (whether made by the Issuer or by any third party) involve known and unknown risks, including those disclosed under the caption “*1. RISK FACTORS*”, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

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

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

- the Group’s ability to successfully implement its business plans and strategies;
- various business opportunities that the Group may pursue;
- financial condition, performance and business prospects of the Group;
- the Group’s capital expenditure plans and its ability to carry out those plans;
- access and cost of capital and financing;
- changes in the competition landscape in the industries where the Group operates;
- any changes in the laws, rules and regulations of the PRC government and the Chengdu City People’s Government and the rules, regulations and policies of the relevant governmental authorities relating to the Group’s business;
- general political and economic conditions, including those related to the PRC;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operates;
- macroeconomic measures taken by the PRC government to manage economic growth;
- changes in the global economic conditions and material changes in the industries where the Group operates; and
- other factors, including those discussed in “*1. RISK FACTORS*”.

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

Notwithstanding that the Issuer may be required to provide a supplement pursuant to section 16 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*), the delivery of the Prospectus does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Bonds is correct as at any time subsequent to the date indicated in the document containing the same.

5. CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

In this Prospectus, unless otherwise specified or the context otherwise requires, all references to the "**PRC**", "**China**" and "**mainland China**" are to the People's Republic of China (excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan), and all references to the "**United States**" and "**U.S.**" are to the United States of America, all references to "**PRC government**" are to the people's government of the PRC; all references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China; all references to "**Renminbi** "and "**RMB**" are to the lawful currency of the PRC; all references to "**EUR**", "**euro**" and "€" are to the currency introduced at the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community as amended by the Treaty on European Union; all references to "**sq.km.**" are to square kilometres, all references to "**sq.m.**" are to square metres, all references to "**km.**" are to kilometres and all references to "**GFA**" are to gross floor area. Historical amounts translated into Renminbi have been translated at historical rates of exchange. Such translations should not be construed as representations that the amounts referred to herein could have been or could be converted into Renminbi at those rates or any other rate at all.

This Prospectus contains translation of certain Renminbi amounts into Euro at specified rates solely for the convenience of the reader. Unless otherwise specified, where financial information in relation to the Issuer has been translated into Euro, it has been so translated, for convenience only, at the rate of RMB7.7385 to €1.00 (the Euro foreign exchange rate on 30 June 2017 as released by the European Central Bank). Further information regarding exchange rate is set forth in "*8. EXCHANGE RATES*" in this Prospectus. No representation is made that the Renminbi amounts referred to in this Prospectus could have been or could be converted into Euro at any particular rate or at all.

In this Prospectus, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. 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.

6. THE OFFERING

The following is a brief overview of the offering and is qualified in its entirety by the remainder of this Prospectus. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in "9. TERMS AND CONDITIONS OF THE BONDS" and "10. OVERVIEW OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM" shall have the same meanings in this overview. For a more complete description of the terms and conditions of the Bonds, see "9. TERMS AND CONDITIONS OF THE BONDS" in this Prospectus.

Issuer	Chengdu Xingcheng Investment Group Co., Ltd.
The Bonds.....................................	€135,000,000 2.95 per cent. Bonds due 2023.
Issue Price	The Bonds will be issued at 98.465 per cent. of their principal amount.
Form and Denomination..............	The Bonds will be issued in registered form in denominations of €100,000.
Issue Date	20 March 2018.
Interest..	The Bonds will bear interest on their outstanding principal amount from and including 20 March 2018, at the rate of 2.95 per cent. per annum, payable annually in arrear on 20 March each year, commencing on 20 March 2019.
Maturity Date...............................	20 March 2023.
Status of the Bonds.......................	The Bonds will constitute direct, general, unconditional, unsubordinated and (subject to Condition 4(a) (*Negative Pledge*) of the Terms and Conditions) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) (*Negative Pledge*) of the Terms and Conditions.
Negative Pledge	The Bonds will contain a negative pledge provision as further described in Condition 4(a) (*Negative Pledge*) of the Terms and Conditions.
Use of Proceeds	The net proceeds of the issue of the Bonds will be used for general corporate purposes (including investment in onshore project development and refinancing of existing debt). See "*11. USE OF PROCEEDS*".
Events of Default..........................	The Bonds will contain certain events of default as further described in Condition 9 *(Events of Default)* of the Terms and Conditions.

Cross-Default	The Bonds are subject to a cross-default provision in respect of present or future indebtedness for or in respect of monies borrowed or raised or any guarantee and/or indemnity thereof of the Issuer or of any of its Subsidiaries in aggregate equals or exceeds €40,000,000 or its equivalent. See Condition 9(c) (*Cross-Default*) of the Terms and Conditions.
Taxation	All payments of principal, premium and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. Where such withholding or deduction is required to be made by the Issuer by or within the PRC at a rate up to and including the aggregate rate applicable on 13 March 2018 (the "**Applicable Rate**"), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required. In the event that the Issuer is required to make a deduction or withholding by or within the PRC in excess of the Applicable Rate, the Issuer shall pay such additional amounts (the "**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Tax Amounts shall be payable in the circumstances set out in Condition 8 (*Taxation*) of the Terms and Conditions.
Final Redemption	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.
Redemption for Relevant Events	Following the occurrence of a Relevant Events, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds at 101 per cent. (in case of a redemption for a Change of Control) or 100 per cent. (in the case of redemption for a No Registration Event) of their principal amount, together with accrued interest, as further described in Condition 6(d) (*Redemption for Relevant Events*) of the Terms and Conditions. A "**Change of Control**" occurs when: (i) (a) Chengdu SASAC, and (b) any other Person directly or indirectly Controlled by the Chengdu City People's Government, together cease to directly or indirectly hold or own 100 per cent. of the issued share capital of the Issuer; or

(ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer's assets to any other Person or Persons, acting together, whose issued share capital is/are not directly or indirectly at least 51 per cent. held or owned by the Chengdu City People's Government and/or Chengdu SASAC.

A "**No Registration Event**" occurs when the Registration Conditions are not complied with on or before the Registration Deadline.

Redemption for Taxation Reasons .... The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable) at their principal amount, together with unpaid interest accrued to the date fixed for redemption, if, immediately before giving such notice,

(A) the Issuer has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including without limitation a decision of a court of competent jurisdiction), which change or amendment becomes effective on or after 13 March 2018; and

(B) such obligation cannot be avoided by the Issuer 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 would be obliged to pay such Additional Tax Amounts if a payment in respect of the Bonds were then due, as further described in Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions.

Optional Redemption .... The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Bondholders and the Trustee (which notice shall be irrevocable) at a redemption amount equal to the Make-Whole Price, as further described on Condition 6(c) (*Redemption at the Option of the Issuer*) of the Terms and Conditions.

Further Issues................................ The Issuer may from time to time, without the consent of the Bondholders and in accordance with the Trust Deed, create and issue further bonds having the same terms and conditions as the Bonds in all material respects (or in all material respects except for the first payment of interest and the timing for registering and completing the Foreign Debt Registration and the NDRC Post-issue Filing) so as to form a single series with the Bonds, as the case may be, as further described in Condition 15 *(Further Issues)* of the Terms and Conditions.

Trustee	The Bank of New York Mellon, London Branch.
Principal Paying Agent	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent.......	The Bank of New York Mellon SA/NV, Luxembourg Branch
Clearing Systems..........................	The Bonds will be represented initially by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in this Prospectus, definitive certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
Clearance and Settlement............	The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 179171449 and the ISIN for the Bonds is XS1791714493 and the German Securities Code (WKN) is A19X3G.
Notices and Payment....................	So long as the Global Certificate is held on behalf of Euroclear and Clearstream, any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Terms and Conditions and shall be deemed to have been given on the date of delivery to such clearing system.
Governing Law.............................	The Trust Deed, the Agency Agreement and the Bonds and any non-contractual obligations arising out of or in connection with them shall be governed by and construed in accordance with English law.
Listing...	Application has been made to the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) for the Bonds to be admitted to listing and trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange and the Bonds will be available for trading on the China Europe International Exchange (CEINEX). References in this Prospectus to the Bonds being "listed" (and all related references) shall mean that the Bonds have been admitted to trading on the Frankfurt Stock Exchange's regulated market. The Frankfurt Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments.
Selling Restrictions	The Bonds will not be registered under the Securities Act or under any state securities laws of the United States, are being offered only outside the United States in reliance on Regulation S of the Securities Act and will be subject to customary restrictions on transfer and resale. See "*18. SUBSCRIPTION AND SALE*".

Rating	Fitch Ratings Inc. ("**Fitch**") has assigned a corporate rating of BBB+ with a stable outlook to the Issuer. The Bonds are expected to be rated BBB+ by Fitch. A 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. Credit ratings included or referred to in this Prospectus have been issued by Fitch, which is established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**"). A list of credit rating agencies registered under the CRA Regulation is available for viewing at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk

7. OVERVIEW CONSOLIDATED FINANCIAL INFORMATION

The summary consolidated financial information of the Issuer as at and for the six months ended 30 June 2017 set forth below is derived from and should be read in conjunction with the unaudited but reviewed consolidated financial statements of the Issuer as at and for the six months ended 30 June 2017, including the notes thereto and the auditor's report in respect of the six months ended 30 June 2017 included elsewhere in this Prospectus. The summary consolidated financial information of the Issuer as at and for the years ended 31 December 2014, 2015 and 2016 set forth below is derived from and should be read in conjunction with the consolidated financial statements of the Issuer as at and for the years ended 31 December 2014, 2015 and 2016, including the notes thereto and the auditor's report in respect of the years ended 31 December 2015 and 2016 included elsewhere in this Prospectus. The unaudited but reviewed financial statements as at and for the six months ended 30 June 2017 are reviewed, and the consolidated financial statements of the Issuer as at and for the years ended 31 December 2014, 2015 and 2016 have been audited, by Ruihua, respectively.

SUMMARY CONSOLIDATED INCOME STATEMENT DATA

	Year ended 31 December			Six months ended 30 June	
	2014	**2015**	**2016**	**2016**	**2017**
		(audited)		**(unaudited but reviewed)**	
			(RMB'000)		
Total operating income[1]	**3,353,542**	**2,421,364**	**3,348,123**	**2,797,926**	**2,318,656**
Including: operating income	3,353,542	2,421,364	3,348,123	2,797,926	2,318,656
Total operating costs[1]	**2,192,853**	**1,652,058**	**2,616,087**	**2,126,498**	**2,071,508**
Including: operating costs[2]	1,471,621	1,212,806	1,741,711	1,630,682	1,811,940
taxes and extra charges[3]	572,260	266,827	393,608	307,545	102,667
sales expenses	33,757	58,665	63,656	31,347	27,150
administrative expenses	117,933	114,965	136,595	43,927	48,672
financial expenses	(2,626)	(1,461)	279,808	111,880	78,442
Impairment loss of assets[1]	(91)	256	709	1,117	2,636
Investment income/(loss)	–	–	(284)	–	1,661
Including:					
Investment income/(loss) from associates and joint venture[4]	–	–	(284)	–	(1,515)
Operating profit[5]	**1,160,689**	**769,307**	**731,753**	**671,428**	**248,810**
Add: non-operating income	15,293	9,071	118,399	7,554	2,711
Less: non-operating expenses	16,145	669	16,197	369	4,405
Total profit[6]	**1,159,838**	**777,709**	**833,954**	**678,614**	**247,116**
Less: Income tax expenses[1]	292,643	198,127	216,365	183,368	63,455
Net profit	**867,195**	**579,582**	**617,589**	**495,246**	**183,660**
Net profit attributable to owners of the parent company	867,507	579,677	617,693	495,287	183,690
Minority interest	(312)	(95)	(104)	(41)	(29)
Total comprehensive income	**867,195**	**579,582**	**617,589**	**495,246**	**183,660**
Total comprehensive incomes attributable to owners of the parent company	867,507	579,677	617,693	495,287	183,690
Total comprehensive incomes attributable to minority shareholders	(312)	(95)	(104)	(41)	(29)

Notes:

(1) The Issuer's consolidated financial information as at and for the year ended 31 December 2014 included in the 2015 Audited Financial Statements and consolidated financial information as at and for the year ended 31 December 2015 included in the 2016 Audited Financial Statements have been adjusted to reflect the Relevant Adjustments. See note V.3 (*Corrections of Significant Prior Accounting Errors*) to the 2015 Audited Financial Statements starting on page F-255 and note 5 (*Changes in Accounting Policies and Estimates, and Corrections of Errors*) to the 2016 Audited Financial Statements starting on page F-149. The Issuer's consolidated financial information as at and for the year ended 31 December 2014 contained in the 2014 Audited Financial Statements and consolidated financial information as at and for the year ended 31 December 2015 contained in the 2015 Audited Financial Statements have not been revised to reflect the Relevant Adjustments. Therefore, the Issuer's consolidated financial information as at and for the year ended 31 December 2014 contained in the 2014 Audited Financial Statements and consolidated financial information as at and for the year ended 31 December 2015 contained in the 2015 Audited Financial Statements are not directly comparable to the Issuer's adjusted consolidated financial information as at and for the year ended 31 December 2014 and 2015, respectively contained in the audited financial statements prepared for the subsequent year. Potential investors must exercise caution when using the Issuer's historical financial information to evaluate the financial condition and results of operations of the Issuer.

(2) For the purposes of this Prospectus, the description of the line item "cost of operations" as set out in the financial statements for the year ended 31 December 2015 has been clarified and re-translated from Chinese to "operating costs".

(3) For the purposes of this Prospectus, the description of the line item "business tax and extra charges" as set out in the financial statements for the years ended 31 December 2015 and 2016 has been clarified and re-translated from Chinese to "taxes and extra charges".

(4) For the purposes of this Prospectus, the description of the line item "investment income from joint ventures and affiliates" as set out in the financial statements for the year ended 31 December 2015 has been clarified and re-translated from Chinese to "investment income from associates and joint venture".

(5) For the purposes of this Prospectus, the description of the line item "profit from operations" as set out in the financial statements for the year ended 31 December 2015 has been clarified and re-translated from Chinese to "operating profit".

(6) For the purposes of this Prospectus, the description of the line item "profit before tax" as set out in the financial statements for the years ended 31 December 2015 and 2016 has been clarified and re-translated from Chinese to "total profit".

SUMMARY CONSOLIDATED FINANCIAL POSITION

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	(audited)	(audited) (RMB'000)	(audited)	(unaudited but reviewed)
Current assets				
Monetary funds	10,915,147	12,559,138	13,117,183	9,288,812
Accounts receivable[1]	381,097	116,791	300,709	391,060
Prepayments[1][2]	352,922	603,259	721,074	808,705
Interest receivables	–	–	–	1,775
Other receivables[1]	226,095	322,181	485,946	600,166
Inventories[1]	9,507,046	10,906,229	11,822,007	11,258,349
Non-current asset due within one year[3]	–	–	720,643	720,643
Other current assets[1]	226,122	235,749	194,372	160,239
Total current assets	**21,608,430**	**24,743,345**	**27,361,935**	**23,229,750**
Non-current assets				
Available-for-sale financial assets	150,000	150,000	150,000	140,000
Held-to-maturity investments	6,151,298	6,066,628	4,433,994	4,154,224
Long-term accounts receivable[4]	–	–	6,516,941	6,516,941
Long-term equity investment	–	–	341,700	387,535
Investment properties[1]	3,646,288	3,550,847	3,509,580	3,461,204
Property, Plant and Equipment[5]	102,200	127,382	70,568	67,964
Construction in progress[1]	30,425,829	31,874,984	27,611,835	28,924,327
Disposal of Property, Plant and Equipment	–	–	25	(2,218)
Intangible assets[1]	27,062	26,391	–	–
Long-term deferred expenses[6]	188	615	1,640	188,778
Deferred tax assets[1]	116,596	66,137	96,743	109,534
Other non-current assets	–	–	319,287	444,736
Total non-current assets	**40,619,461**	**41,862,985**	**43,052,312**	**44,393,026**
Total assets	**62,227,892**	**66,606,331**	**70,414,247**	**67,622,776**
Current liabilities				
Short-term loans[7]	500	67,000	200,000	122,000
Accounts payable	1,189,013	825,884	2,788,500	1,521,429
Advance from customers	3,622,079	3,772,078	3,687,953	3,502,987
Employee benefits payable	1,250	1,205	1,118	592
Taxes and dues payable[1][8]	778,655	347,015	543,774	354,545
Interest payable	113,117	145,017	189,676	270,927
Other payables[1]	2,058,795	1,930,885	1,882,912	1,754,215
Non-current liabilities due within one year	5,422,740	6,991,840	8,956,413	7,039,059
Total current liabilities	**13,186,148**	**14,080,924**	**18,250,345**	**14,565,754**

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	(audited)	(audited) (RMB'000)	(audited)	(unaudited but reviewed)
Non-current liabilities				
Long-term loans(9)	20,051,097	19,577,237	11,418,640	11,088,210
Bonds payable(1)(10)	1,991,222	5,073,110	8,683,888	8,247,620
Long-term payables	–	–	3,567,400	3,332,930
Special payables	9,762,455	9,793,185	6,335,340	8,236,203
Deferred tax liabilities	–	–	1,806	2,541
Total non-current liabilities	**31,804,774**	**34,443,532**	**30,007,074**	**30,907,504**
Total liabilities	**44,990,922**	**48,524,455**	**48,257,420**	**45,473,258**
Owners' equity				
Paid-in capital	5,525,400	5,525,400	5,525,400	5,525,400
Other equity instruments	–	–	1,000,000	1,000,000
Perpetual bonds(11)	–	–	1,000,000	1,000,000
Capital reserve(12)	9,783,130	10,164,116	12,699,829	12,532,358
Surplus reserve	73,009	102,537	133,681	133,681
Retained earnings(1)	1,855,869	2,290,357	2,798,555	2,958,078
Total owners' equity attributable to parent company	**17,237,409**	**18,082,410**	**22,157,466**	**22,149,518**
Non-controlling interests	(439)	(535)	(639)	–
Total owners' equity	**17,236,969**	**18,081,875**	**22,156,827**	**22,149,518**
Total liabilities & owners' equity	**62,227,892**	**66,606,331**	**70,414,247**	**67,622,776**

Notes:

(1) The Issuer's consolidated financial information as at and for the year ended 31 December 2014 included in the 2015 Audited Financial Statements and consolidated financial information as at and for the year ended 31 December 2015 included in the 2016 Audited Financial Statements have been adjusted to reflect the Relevant Adjustments. See note V.3 (*Corrections of Significant Prior Accounting Errors*) to the 2015 Audited Financial Statements starting on page F-255 and note 5 (*Changes in Accounting Policies and Estimates, and Corrections of Errors*) to the 2016 Audited Financial Statements starting on page F-149. The Issuer's consolidated financial information as at and for the year ended 31 December 2014 contained in the 2014 Audited Financial Statements and consolidated financial information as at and for the year ended 31 December 2015 contained in the 2015 Audited Financial Statements have not been revised to reflect the Relevant Adjustments. Due to the adjustment, the "total owners' equity attributable to parent company", the "non-controlling interest", the "total owners' equity" and the "total liabilities & owners' equity" numbers as at 31 December 2015 included in the 2015 Audited Financial Statements are different from the same included in the 2016 Audited Financial Statements. Therefore, the Issuer's consolidated financial information as at and for the year ended 31 December 2014 contained in the 2014 Audited Financial Statements and consolidated financial information as at and for the year ended 31 December 2015 contained in the 2015 Audited Financial Statements are not directly comparable to the Issuer's adjusted consolidated financial information as at and for the year ended 31 December 2014 and 2015, respectively, contained in the audited financial statements prepared for the subsequent year. Potential investors must exercise caution when using the Issuer's historical financial information to evaluate the financial condition and results of operations of the Issuer.

(2) For the purposes of this Prospectus, the description of the line item "advances to suppliers" as set out in the financial statements for the year ended 31 December 2015 has been clarified and re-translated from Chinese to "prepayments".

(3) For the purposes of this Prospectus, the description of the line item "non-current assets maturing within one year" as set out in the financial statements for the year ended 31 December 2015 has been clarified and re-translated from Chinese to "non-current asset due within one year".

(4) For the purposes of this Prospectus, the description of the line item "long-term receivables" as set out in the financial statements for the year ended 31 December 2015 has been clarified and re-translated from Chinese to "long-term accounts receivable".

(5) For the purposes of this Prospectus, the description of the line item "net value of property, plant and equipment" as set out in the financial statements for the years ended 31 December 2015 and 2016 has been clarified and re-translated from Chinese to "property, plant and equipment".

(6) For the purposes of this Prospectus, the description of the line item "long-term prepaid expenses" as set out in the financial statements for the year ended 31 December 2015 has been clarified and re-translated from Chinese to "long-term deferred expenses".

(7) For the purposes of this Prospectus, the description of the line item "short-term borrowings" as set out in the financial statements for the year ended 31 December 2015 has been clarified and re-translated from Chinese to "short-term loans".

(8) For the purposes of this Prospectus, the description of the line item "taxes and surcharges payable" as set out in the financial statements for the year ended 31 December 2015 has been clarified and re-translated from Chinese to "taxes and dues payable".

(9) For the purposes of this Prospectus, the description of the line item "long-term borrowings" as set out in the financial statements for the year ended 31 December 2015 has been clarified and re-translated from Chinese to "long-term loans".

(10) For the purposes of this Prospectus, the description of the line item "payable bonds" as set out in the financial statements for the year ended 31 December 2015 has been clarified and re-translated from Chinese to "bonds payable".

(11) For the purposes of this Prospectus, the description of the line item "perpetual capital securities" as set out in the financial statements for the year ended 31 December 2015 has been clarified and re-translated from Chinese to "perpetual bonds".

(12) For the purposes of this Prospectus, the description of the line item "capital surplus" as set out in the financial statements for the year ended 31 December 2015 has been clarified and re-translated from Chinese to "capital reserve".

SUMMARY CONSOLIDATED CASH FLOW STATEMENT DATA

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
		(audited)		(unaudited but reviewed)	
			(RMB'000)		
Subtotal of cash inflows from operating activities	9,263,193	6,632,002	4,696,996	3,075,844	4,056,303
Subtotal of cash outflows from operating activities	9,445,081	7,972,305	6,971,235	3,310,590	4,277,607
Subtotal of cash inflows from investing activities	571,480	603,221	2,538,448	637,009	428,073
Subtotal of cash outflows from investing activities	665,748	527,973	928,257	438,210	370,261
Subtotal of cash inflows from financing activities	7,994,557	11,270,626	12,296,850	2,388,458	7,432,500
Subtotal of cash outflows from financing activities	4,470,863	8,432,169	11,164,263	3,681,574	10,894,743
Net increase/(decrease) in cash and cash equivalents	3,247,538	1,573,401	468,539	(1,329,064)	(3,668,371)
Add: Opening balance of cash and cash equivalents	7,645,348	10,892,886	12,466,287	12,376,827	12,934,826
Closing balance of cash and cash equivalents	10,892,886	12,466,287	12,934,826	11,047,763	9,266,455

CERTAIN FINANCIAL INDICATORS AND OTHER FINANCIAL DATA

	Year ended 31 December		
	2014	2015	2016
EBIT(1) *(RMB'000)*	1,186,921	805,973	1,180,295
EBITDA(2) *(RMB'000)*	1,287,329	908,639	1,288,217
Interest expense *(RMB'000)*	27,083	27,864	346,341
Total debt(3) *(RMB'000)*	27,465,559	31,709,187	29,258,941
Net debt(4) *(RMB'000)*	16,550,411	19,150,049	16,141,808
EBITDA/Interest expense	48	33	4
EBIT/Interest expense	44	29	3
Leverage ratio(5) (per cent.)	28	27	32

Notes:

(1) EBIT equals the sum of total operating income, non-operating income, capitalised interest and expensed interest, less gross operating costs, taxes and surcharges on operations, selling expenses, administrative expenses.

(2) EBITDA equals EBIT depreciation of fixed assets, amortisation of intangible assets and amortisation of long-term deferred expenses. EBITDA is not a standard measure under PRC GAAP or IFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Issuer's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, investors should consider, among other things, the components of EBITDA such as total operating income and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. The Issuer presents its EBITDA because the Issuer believes that it is a useful supplement to cash flow data as a measure of its performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Issuer's EBITDA to EBITDA presented by other companies because not all companies use the same definition. Interest expense excludes capitalised amounts.

(3) Total debt equals short-term and long-term borrowings, non-current liabilities due within one year and payable bonds.

(4) Net debt equals total debt less cash and bank balances.

(5) Leverage ratio equals owners' equity divided by total assets.

8. EXCHANGE RATES

The following table sets forth, for the periods set forth below, the high, low, average and period end exchange rate expressed as Renminbi per €1.00. The rates may differ from the actual rates used in the preparation of our financial statements and other financial information appearing in this Prospectus. Neither the Issuer nor the Managers make any representation that the euro amounts referred to in this Prospectus have been, could have been or could, in the future, be converted into Renminbi at any particular rate, if at all.

The following table sets forth information concerning exchange rates between the Renminbi and Euro for the periods presented:

	Renminbi per €1.00			
Period	**Period end**	**Average**	**High**	**Low**
2012	8.2207	8.1451	8.4766	7.7199
2013	8.3491	8.1733	8.4965	7.8601
2014	7.5358	8.1543	8.6891	7.5358
2015	7.0608	6.9471	7.4759	6.5552
2016	7.3202	7.3415	7.5341	7.0074
2017				
January	7.3970	7.3189	7.3970	7.2285
February	7.2780	7.3143	7.4377	7.2311
March	7.3642	7.3692	7.4895	7.2399
April	7.5367	7.3892	7.5367	7.3022
May	7.6449	7.6130	7.7457	7.4957
June	7.7385	7.6459	7.7412	7.5962
July	7.8896	7.7965	7.9087	7.7060
August	7.8059	7.8760	7.9757	7.8059
September	7.8534	7.8257	7.8948	7.7698
October	7.7177	7.7890	7.8317	7.7165
November	7.8377	7.7723	7.8905	7.6750
December	7.8044	7.8073	7.8551	7.7692
2018				
January	7.8340	7.8398	7.9040	7.7816
February (up to 26 February)	7.7723	7.8134	7.9261	7.7362

Source: European Central Bank

9. TERMS AND CONDITIONS OF THE BONDS

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

The €135,000,000 2.95 per cent. bonds due 2023 (the "**Bonds**", which expression, unless the context requires otherwise, includes any further securities issued pursuant to Condition 15 and to be consolidated and forming a single series therewith) of Chengdu Xingcheng Investment Group Co., Ltd. (the "**Issuer**") are constituted by a trust deed (as amended or supplemented from time to time, the "**Trust Deed**") dated on or about 20 March 2018 (the "**Issue Date**") made between the Issuer and The Bank of New York Mellon, London Branch (the "**Trustee**", which expression shall include its successor(s)) as trustee for the holders of the Bonds in representing the interests and exercising the rights of the holders of the Bonds. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed.

The issue of the Bonds was authorised by resolutions of the board of directors of the Issuer dated 19 June 2017 and the Chengdu SASAC (as defined below) on 2 November 2017.

Copies of the Trust Deed and the agency agreement dated on or about 20 March 2018 (as amended or supplemented from time to time, the "**Agency Agreement**") made between the Issuer, the Trustee, The Bank of New York Mellon, London Branch as principal paying agent (the "**Principal Paying Agent**"), The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar (the "**Registrar**") and as transfer agent (the "**Transfer Agent**") and any other Agents appointed thereunder are available for inspection during normal business hours by the holders (as defined below) of the Bonds at the principal office for the time being of the Trustee, being at the date of issue of the Bonds at One Canada Square, London E14 5AL, United Kingdom, and at the specified office of the Principal Paying Agent. References herein to "**Paying Agents**" includes the Principal Paying Agent, and "**Agents**" means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time with respect to the Bonds. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and those provisions of the Agency Agreement applicable to them.

All capitalised terms that are not defined in these terms and conditions (these "**Conditions**") will have the meanings given to them in the Trust Deed.

1 FORM, SPECIFIED DENOMINATION AND TITLE

The Bonds are issued in the specified denomination of €100,000. The Bonds are represented by registered certificates (the "**Certificates**") and, save as provided in Condition 3(b), each Certificate shall represent the entire holding of Bonds by the same holder.

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

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

Upon issue, the Bonds will be represented by the Global Certificate registered in the name of a nominee of, and deposited with, a common depository for Euroclear Bank SA/NV and Clearstream Banking S.A. The Conditions are modified by certain provisions contained in the Global Certificate while any of the Bonds are represented by the Global Certificate. See "10. OVERVIEW OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM".

2 STATUS

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

3 TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES

(a) Register

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

(b) Transfer

Subject to the Agency Agreement and Conditions 3(e) and 3(f), a Bond may be transferred (in whole or in part) by surrendering the Certificate issued in respect of that Bond, with the form of transfer on the back of the Certificate duly completed and signed, at the specified office of the Registrar or any Transfer Agent and any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed such form of transfer.

In the case of a transfer of only part of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of the Bonds to a person who is already a holder of the Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. No transfer of title to a Bond will be valid unless and until entered on the Register.

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

(c) Delivery of New Certificates

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

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

Except in the limited circumstances described herein (see "10. OVERVIEW OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM"), owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.

(d) Formalities Free of Charge

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

(e) Closed Periods

No holder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (but excluding) the due date for any payment of principal (or premium) in respect of that Bond; or (ii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)); or (iii) after the Bonds have been called for redemption pursuant to Conditions 6(b) and 6(c); or (iv) after any such Bond has been put for redemption pursuant to Condition 6(d).

(f) Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be mailed (free of charge to the Bondholders) by the Registrar to any Bondholder who requests one in writing.

4 COVENANTS

(a) Negative Pledge

So long as any Bond remains outstanding, the Issuer will not, and the Issuer will ensure that none of its Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Bondholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

For the purpose of this Condition 4(a), outstanding means, in relation to the Bonds, all the Bonds issued except (a) those which have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including the premium (if any), all interest accrued on such Bonds to the date for such redemption and any interest payable under the Conditions after such date) have been duly paid to the Trustee or to the Principal Paying Agent and remain available for payment in accordance with the Conditions, (c) those which have become void or in respect of which claims have become prescribed and (d) those which have been purchased and cancelled as provided in the Conditions.

(b) Undertakings relating to Foreign Debt Registration

The Issuer undertakes that it will (i) within 15 Registration Business Days after the Issue Date, register or cause to be registered with SAFE the Bonds pursuant to the Administrative Measures for Foreign Debt Registration and its operating guidelines, effective as of 13 May 2013 ("**Foreign Debt Registration**"), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record from SAFE on or before the Registration Deadline and (iii) comply with all applicable PRC laws and regulations in relation to the Bonds.

(c) Notification to NDRC

The Issuer undertakes that it will (i) within 10 Registration Business Days after the Issue Date file or cause to be filed with the NDRC the requisite information and documents in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations ([2015] No.2044) issued by the NDRC and effective as of 14 September 2015 and any implementation rules as issued by the NDRC from time to time (the "**NDRC Post-Issue Filing**") and (ii) comply with all applicable PRC laws and regulations in connection with the Bonds.

(d) Notification of Completion of the Foreign Debt Registration and the NDRC Post-Issue Filing

The Issuer shall, on or before the Registration Deadline, provide the Trustee with (i) a certificate in English by an Authorised Signatory (as defined in the Trust Deed) of the Issuer confirming the completion of the NDRC Post-Issue Filing and the Foreign Debt Registration and (ii) copies of the relevant documents evidencing due filing with the NDRC (if any) and the registration record from SAFE, each certified in English as true and complete copies of the originals by an Authorised Signatory of the Issuer (the items specified in (i) and (ii) together, the "**Registration Documents**"). In addition, the Issuer shall procure that within five Registration Business Days after the documents comprising the Registration Documents are delivered to the Trustee, the Issuer gives notice to the Bondholders (in accordance with Condition 16) confirming the completion of the NDRC Post-Issue Filing and the Foreign Debt Registration.

(e) Financial Information

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will furnish the Trustee with (A) a Compliance Certificate (on which the Trustee may rely as to such compliance) and a copy of the relevant Audited Financial Reports within 120 days of the end of each Relevant Period prepared in accordance with the Accounting Standards for Business Enterprises in China ("**PRC GAAP**") (audited by a nationally or internationally recognised firm of independent accountants) of the Issuer and its Subsidiaries (if any) and if such statements shall be in the Chinese language, together with an English translation of the same translated by (i) a nationally or internationally recognised firm of independent accountants or (ii) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together with a certificate in English signed by an Authorised Signatory of the Issuer certifying that such translation is complete and accurate; and (B) a copy of the Unaudited Financial Reports within 60 days of the end of each Relevant Period prepared on a basis consistent with the audited consolidated financial statements of the Issuer and its Subsidiaries (if any) and if such statements shall be in the Chinese language, together with an English translation of the same and translated by (i) a nationally or internationally recognised firm of independent accountants or (ii) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together with a certificate in English signed by an Authorised Signatory of the Issuer certifying that such translation is complete and accurate.

(f) Ratings Maintenance

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer shall, unless otherwise resolved by an Extraordinary Resolution, maintain a rating on the Bonds by a Rating Agency.

(g) In these Conditions:

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

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

(i) no Event of Default (as defined in Condition 9) or Potential Event of Default (as defined in the Trust Deed) 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

(ii) the Issuer has complied with all its obligations under the Trust Deed and the Bonds;

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

"**person**" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof;

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

"**Rating Agency**" means any one of: (i) Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors ("**S&P**"); (ii) Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors ("**Moody's**"); and (iii) Fitch Inc., a subsidiary of Fimalac, S.A., and its successors ("**Fitch**");

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

"**Registration Deadline**" means the day falling 90 Registration Business Days after the Issue Date;

"**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

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

"**SAFE**" means the State Administration of Foreign Exchange or its local branch;

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

"**Unaudited Financial Reports**" means quarterly and semi-annual (or any other interim reporting period required by applicable law or regulations) unaudited consolidated balance sheet, income statement, statement of cash flows and statements of changes in owners' equity of the Issuer together with any statements, reports (including any directors' and auditors' review reports, if any) and notes attached to or intended to be read with any of them, if any; and

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

5 INTEREST

The Bonds bear interest on their outstanding principal amount from and including 20 March 2018 (the "**Issue Date**") at the rate of 2.95 per cent. per annum, payable annually in arrear in the amount of €29.50 per Calculation Amount (as defined below) on 20 March each year (the "**Interest Payment Date**") commencing on 20 March 2019.

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

If interest is required to be calculated for a period of less than a full year, the relevant day-count fraction will be (a) the actual number of days in the period from and including the date from which interest begins to accrue to but excluding the date on which it falls due divided by (b) the actual number of days in the year in which the relevant period falls.

Interest in respect of any Bond shall be calculated per €1,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

6 REDEMPTION AND PURCHASE

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 20 March 2023 (the "**Maturity Date**"). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 16 (which shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount (together with any interest accrued to the date fixed for redemption) if (i) immediately prior to the giving of such notice, the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of, or the stating of an official position with respect to, such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 13 March 2018, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the giving of any Tax Redemption Notice pursuant to this Condition 6(b), the Issuer shall deliver to the Trustee (A) a certificate signed by any one Director of the Issuer who is also an Authorised Signatory stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer taking reasonable measures available to it, and (B) an opinion, in form and substance satisfactory to the Trustee, of independent tax or legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendments. The Trustee shall be entitled (but shall not be obliged) to accept and rely upon such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(b), in which event they shall be conclusive and binding on the Bondholders.

(c) Redemption at the Option of the Issuer

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Bondholders and the Trustee (which notice shall be irrevocable) at a redemption amount equal to the Make-Whole Price.

In this Condition 6(c):

"**Independent Investment Bank**" means any one of the Reference Dealers selected by the Issuer in good faith and notified in writing to the Trustee by the Issuer;

"**Make-Whole Price**" will be the greater of (x) 100 per cent. of the principal amount of the Bonds so redeemed and (y) the sum of the then present values of the remaining scheduled payments of principal and interest on the Bonds (not including any interest accrued on the Bonds to, but excluding, the date of redemption (the "**Optional Redemption Date**")) discounted to the Optional Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or in the case of a leap year by 366) at the Redemption Rate plus the Redemption Margin, plus in each case of (x) and (y) above, any interest accrued and unpaid on the Bonds to, but excluding, the Optional Redemption Date. The Make-Whole Price will be calculated by the Independent Investment Bank;

"**Redemption Margin**" is 0.4 per cent. per annum;

"**Redemption Rate**" is the average of the four quotations given by the Reference Dealers of the midmarket annual yield to maturity of the Reference Security on the fourth business day in London preceding the Optional Redemption Date at 11:00 a.m. (Central European time (CET));

"**Reference Dealer**" means each of the four investment banks of recognised standing which are primary European government security dealers or market makers in pricing corporate bond issues selected by the Issuer in good faith; and

"**Reference Security**" means an interest-bearing German government bund security selected by the Independent Investment Bank as having an actual or interpolated maturity comparable with the remaining term of the Bonds, or, if the Independent Investment Bank in its discretion considers that such similar security is not in issue, such other interest-bearing German government bund security as the Independent Investment Bank may, with the advice of the Reference Dealers, determine to be appropriate for determining the Reference Rate.

(d) Redemption for Relevant Events

Following the occurrence of a Relevant Event, the holder of any Bond will have the right (the "**Relevant Event Put Right**"), at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Put Settlement Date (as defined below in this Condition 6(d)) at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together in each case with accrued interest to (but excluding) the Put Settlement Date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of the Principal Paying Agent or any other Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a "**Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed, by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16.

The "**Put Settlement Date**" shall be the 14th day (in the case of a redemption for a Change of Control) or the fifth day (in the case of a redemption for a No Registration Event) after the expiry of such period of 30 days as referred to above.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds the subject of Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

Not later than 14 days (in the case of a Change of Control) or five days (in the case of a No Registration Event) following the day on which the Issuer becomes aware of a Relevant Event, the Issuer shall procure that notice regarding such Relevant Event shall be delivered to the Trustee in writing and to the Bondholders (in accordance with Condition 16) stating:

(i) the Put Settlement Date;

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

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

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

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

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

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

For the purpose of these Conditions:

(A) "**Control**" means (i) the ownership or control of more than 50 per cent. of the voting rights of the issued share capital of the relevant Person or (ii) the right to appoint and/or remove all or the majority of the members of the relevant Person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise, and the term "**Controlled**" has meanings correlative to the foregoing; and

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

  (i) Chengdu SASAC and any other Person directly or indirectly Controlled by the Chengdu City People's Government together cease to directly or indirectly hold or own 100 per cent. of the issued share capital of the Issuer; or

  (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer's assets to any other Person or Persons, acting together, whose issued share capital is/are not directly or indirectly at least 51 per cent. held or owned by the Chengdu City People's Government and/or Chengdu SASAC;

(C) "**Chengdu SASAC**" means the State-owned Assets Supervision and Administration Commission of Chengdu City of the PRC or its successor;

(D) a "**No Registration Event**" occurs when the Registration Conditions are not complied with on or before the Registration Deadline;

(E) a "**Person**" 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) but does not include the Issuer's board of directors or any other governing board and does not include the Issuer's wholly-owned direct or indirect subsidiaries;

(F) "**Registration Conditions**" means the requirement of receipt by the Trustee of:

  (i) the Registration Documents relating to the Foreign Debt Registration as set forth in Condition 4(d); and

  (ii) a legal opinion as to PRC law issued by a reputable PRC law firm which could be the counsel to the Issuer in connection with the issue of the Bonds, addressed to the Trustee and otherwise in form and substance satisfactory to the Trustee, that the Bonds (x) constitute legal, valid and binding obligations of the Issuer and (y) are enforceable against the Issuer;

(G) a "**Relevant Event**" will be deemed to occur if:

  (i) there is a No Registration Event; or

  (ii) there is a Change of Control.

(e) Purchase

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

(f) Notice of Redemption

All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date, in such place and in such manner as specified in such notice in accordance with this Condition. If there is more than one notice of redemption given in respect of any Bond (which shall include any notice given by the Issuer pursuant to Conditions 6(b) and 6(c) and any Put Exercise Notice given by a Bondholder pursuant to Condition 6(d)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption and shall not be liable to Bondholders, the Issuer or any other person for not doing so.

(g) Cancellation

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

7 PAYMENTS

(a) Method of Payment:

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

(ii) Interest on each Bond shall be paid to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in Euro by cheque drawn on a bank and mailed to the holder (or to the first named of joint holders) of such Bond at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in Euro maintained by the payee with a bank.

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.

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

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

(c) **Payment Initiation**: Where payment is to be made by transfer to an account in Euro, payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated, and, where payment is to be made by cheque, the cheque will be mailed on the due date for payment, or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on the first Payment Business Day on which the Principal Paying Agent is open for business and on or following which the relevant Certificate is surrendered.

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

Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer to the Bondholders.

(e) **Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a cheque mailed in accordance with Condition 7(a)(ii) arrives after the due date for payment.

(f) **Non-Payment Business Days:** If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, "**Payment Business Day**" means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are open for business in London (and, in the case of presentation of a Certificate, in the place in which the Certificate is presented) and which is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open.

8 TAXATION

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

Where such withholding or deduction is made by the Issuer by or within the PRC at a rate up to and including the aggregate rate applicable on 13 March 2018 (the "**Applicable Rate**"), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

As at the date of this Prospectus, the "Applicable Rate" shall be 16.72 per cent., pursuant to (a) the Enterprise Income Tax Law of the PRC and (b) the rate calculated pursuant to the Circular of Full Implementation of Business Tax to VAT Reform (which introduced a new value-added tax from 1 May 2016) as explained in more detail in "17. TAXATION – 17.1 PRC".

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

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

(ii) **Surrender more than 30 days after the Relevant Date**: in respect of which the Certificate representing it is presented (where presentation is required) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days.

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

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

9 EVENTS OF DEFAULT

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

An "**Event of Default**" occurs if:

(a) **Non-Payment**: there has been a failure to pay (i) the principal of any of the Bonds when due or (ii) any interest on any of the Bonds within 14 days after the due date of such payment; or

(b) **Breach of Other Obligations**: the Issuer does not perform or comply with any one or more of its obligations under the Bonds or the Trust Deed and such default (i) is in the opinion of the Trustee incapable of remedy or, (ii) if in the opinion of the Trustee capable of remedy, is not remedied within 30 days after the Trustee has given written notice thereof to the Issuer; or

(c) **Cross-Default**: (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred in aggregate equals or exceeds €40,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the Euro as quoted by any leading bank on the day on which this Condition 9(c) operates); or

(d) **Enforcement Proceedings**: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged within 45 days; or

(e) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged within 45 days; or

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

(g) **Winding-up**: an order of any court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries, or the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee acting pursuant to an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or another Subsidiary; or

(h) **Nationalisation**: any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Principal Subsidiaries; or

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

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

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

In this Condition 9:

"**Principal Subsidiary**" means:

(i) any directly or indirectly wholly-owned Subsidiary of the Issuer; or

(ii) any Subsidiary of the Issuer:

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

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

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

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

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

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

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

(IV) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (I) above of this definition) are not consolidated with those of the Issuer, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer prepared for this purpose by the Issuer; and

(V) in the case of a Subsidiary to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall become a Principal Subsidiary upon such transfer but shall cease to be a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate) of the Issuer prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (A), (B) or (C) above of this definition.

10 PRESCRIPTION

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal or premium (if any)) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 REPLACEMENT OF CERTIFICATES

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

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

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any of the provisions of the Trust Deed. Such a meeting may be convened by the Trustee or the Issuer and shall be convened by the Trustee upon request in writing from Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented unless the business of such meeting includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed, including consideration of proposals, *inter alia*, (i) to modify the Maturity Date of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., in aggregate principal amount of Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders, whether or not they were present at the meeting at which such resolution was passed.

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

(b) Modification, Waiver, Authorisation and Determination

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to any modification (except any such modification set out in (i) to (iv) of Condition 12(a) above) of, or to the waiver or authorisation of any breach or proposed breach of, or any failure to comply with any of these Conditions or any of the provisions of the Trust Deed, which in its opinion is not materially prejudicial to the interest of the Bondholders, or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of applicable law. Any such modification, waiver or authorisation shall be binding on the Bondholders and, unless the Trustee agrees otherwise, such modification, waiver or authorisation shall be notified to the Bondholders by the Issuer as soon as practicable thereafter in accordance with Condition 16.

(c) Entitlement of the Trustee

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

13 ENFORCEMENT

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

14 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and/or any entity related to the Issuer without accounting for any profit.

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

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

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction, to seek directions from the Bondholders by way of an Extraordinary Resolution, and the Trustee 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 where the Trustee is seeking such directions or in the event that no such directions are received.

The Trustee may rely without liability to Bondholders on any report, confirmation or certificate or any opinion or advice of any legal advisers, 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 entered into by the Trustee or any other person 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, certificate, opinion or advice and, in such event, such report, confirmation, certificate, opinion or advice shall be binding on the Issuer and the Bondholders.

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

15 FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all material respects (or in all material respects save for the first payment of interest on them and the timing for registering and completing the Foreign Debt Registration and the NDRC Post-Issue Filing) and so that the same shall be consolidated and form a single series with the outstanding Bonds. Any further securities shall be constituted by a deed supplemental to the Trust Deed.

16 NOTICES

All notices to the Bondholders will be valid if (i) mailed to them by uninsured mail at their respective addresses in the Register and (ii) published in a leading newspaper having general circulation in Asia if so required under the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any notice shall be deemed to have been given on the second day after being mailed, or if published, on the date of such publication or, if published more than once, on the first date on which publication is made.

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

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

18 GOVERNING LAW AND JURISDICTION

(a) Governing Law

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

(b) Jurisdiction

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

(c) Agent for Service of Process

The Issuer has irrevocably appointed in the Trust Deed an agent in Hong Kong to receive service of process in any Proceedings in Hong Kong based on any of the Bonds.

(d) Waiver of Immunity

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

10. OVERVIEW OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the Terms and Conditions set out in this Prospectus. The following is an overview of certain of those provisions.

Terms defined in the Terms and Conditions set out in this Prospectus have the meaning in the paragraphs below.

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

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

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream or any other clearing system (an "**Alternative Clearing System**") is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

Individual definitive Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate. 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 the Bonds scheduled thereto and, in particular, shall be effected without charge to any holder of the Bonds or the Trustee, but against such indemnity and/or security as the Registrar or the relevant Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

The Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

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

PAYMENT

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

NOTICES

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

MEETINGS

For the purposes of any meeting of Bondholders, the holder of the Bonds represented by this Global Certificate shall be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each €1,000 in principal amount of Bonds for which the Global Certificate is issued.

BONDHOLDER'S REDEMPTION

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

ISSUER'S REDEMPTION

The option of the Issuer provided for in Condition 6(b) (*Redemption for Taxation Reasons*) or Condition 6(c) (*Redemption at the Option of the Issuer*) of the Terms and Conditions shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the Terms and Conditions.

TRANSFERS

Transfers of beneficial interests in the Bonds will be effected through the records of Euroclear and Clearstream (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or any Alternative Clearing System) and their respective direct and indirect participants.

CANCELLATION

Cancellation of any Bond by the Issuer following its redemption or purchase by the Issuer or its respective Subsidiaries will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders whereupon the Registrar shall procure the making of an appropriate entry in the Schedule thereto.

TRUSTEE'S POWERS

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

The Global Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

11. USE OF PROCEEDS

The Issuer estimates that the total net proceeds from the offering of the Bonds, after deducting estimated expenses payable in connection with the offering of the Bonds, but before payment of any commissions will be approximately €132.2 million. The net proceeds will be used for general corporate purposes (including investment in onshore project development and refinancing of existing debt).

12. EQUITIES AND LIABILITIES

The following table sets forth the consolidated total indebtedness (both current and non-current portions), total equity and total capitalisation of the Issuer as at 30 June 2017 (i) on an actual basis and (ii) on an adjusted basis to give effect to the issue of the Bonds. The summary consolidated financial information below should be read in conjunction with the Issuer's consolidated financial statements and the notes to those statements included in this Prospectus.

	As at 30 June 2017	
	Actual	**As adjusted**
	(RMB'000)	**(RMB'000)**
Short-term indebtedness		
Short-term borrowings	122,000.0	122,000.0
Non-current liabilities maturing within one year	7,039,059.0	7,039,059.0
Total short-term indebtedness	7,161,059.0	7,161,059.0
Long-term indebtedness		
Long-term borrowings	11,088,210.0	11,088,210.0
Payable bonds	8,247,620.0	8,247,620.0
Bonds to be issued	–	1,044,697.5
Total long-term indebtedness	19,335,830.0	20,380,527.5
Total Indebtedness(1)	26,496,889.0	27,541,586.5
Total Owners' Equity	22,149,518.0	22,149,518.0
Total Capitalisation(2)	48,646,407.0	49,691,104.5

Notes:

(1) Total indebtedness equals the sum of short-term indebtedness and long-term indebtedness.

(2) Total capitalisation equals the sum of total indebtedness and total owners' equity.

Except as otherwise disclosed above, there has been no material change in the equities and liabilities of the Issuer since 30 June 2017.

13. OVERVIEW OF SICHUAN PROVINCE AND CHENGDU CITY

13.1 SICHUAN PROVINCE

Sichuan province ("**Sichuan**") is a province in western China occupying an area of 486,000.0 sq.km. It is located in the centre of western China and is connected to south western, north western and central China. It is the fifth largest province in China geographically and consists of 21 cities and 183 counties according to the official website of the People's Government of Sichuan Province. As at 31 December 2016, the population of Sichuan's permanent residents was 82.6 million and it was the fourth most populated province in China. In recent years, the population in Sichuan has enjoyed a stable annual growth rate.

The following map shows the geographical location of Sichuan in the PRC:

Sichuan is strategically located in the intersection of Yangtze River Economic Zone and the areas covered by the PRC government's "One Belt, One Road" initiative. It serves as a main transportation hub between central and western China and plays a key role in the national railway and highway network. Sichuan has been involved in various government initiatives. Sichuan is part of the Chengdu-Chongqing Economic Zone and has been positioned as a hub for the advanced equipment manufacturing, modern services, high technology and agricultural products industries. In addition, Sichuan is part of the region which forms China's Coordinated Urban and Rural Development Comprehensive Reform Area, the National Inland Open Area and National Ecological Safety Area.

In August 2016, the State Council announced the establishment of the China (Sichuan) Pilot Free Trade Zone ("**Sichuan Free Trade Zone**"), which is one of the seven new national free trade zones. Sichuan Free Trade Zone is expected to promote free trade in gateway cities in western China, establishing support for strategic economic liberalisation inland and enhancing synergies between the economies of the inland and coastal areas.

According to the Statistics Bureau of Sichuan, Sichuan's GDP was RMB3,268.0 billion in 2016, which represented a year-on-year growth of 7.7 per cent. This placed Sichuan as the province with the highest GDP in the western China and the sixth highest GDP nationwide. From 2014 to 2016, Sichuan has consistently achieved growth rates exceeding China's GDP growth rate.

The following table sets forth the GDP and GDP growth rate of Sichuan from 2014 to 2016 according to the official website of the National Bureau of Statistics of the People's Republic of China:

	2014	2015	2016
Sichuan's GDP (*RMB in billion*)	2,853.7	3,010.3	3,268.0
Sichuan's GDP Growth Rate (*per cent.*)	8.5	7.9	7.7
China's GDP Growth Rate (*per cent.*)	7.3	6.9	6.7

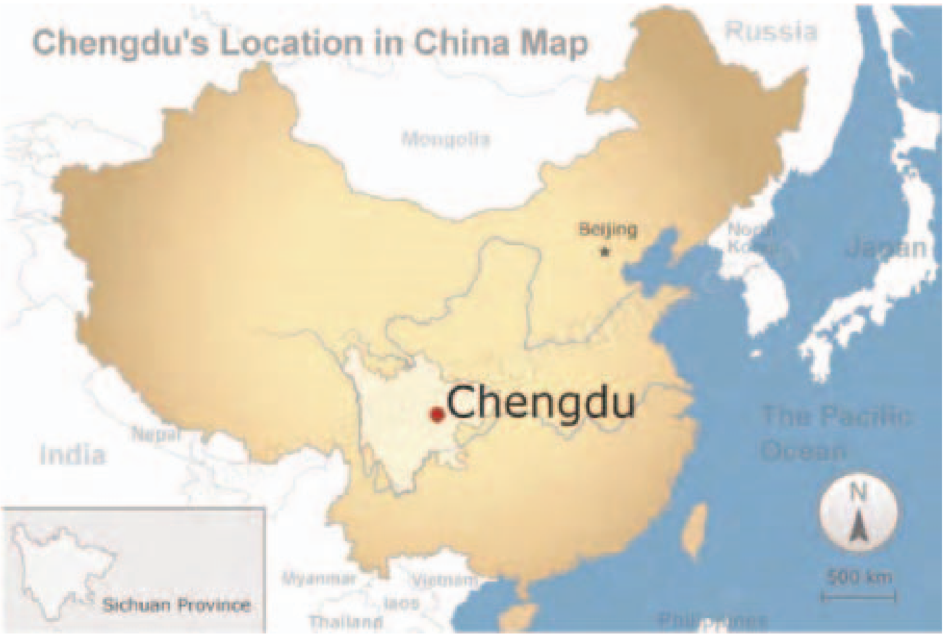
In recent years, both the fiscal income and expenditure of the Sichuan Provincial Government have increased steadily. The following table sets forth the fiscal income and expenditure of the Sichuan Provincial Government from 2014 to 2016 according to the official website of the People's Government of Sichuan Province:

	2014	2015	2016
		(RMB in billion)	
Total income	755.8	950.6	1,010.4
Total expenditure	702.4	895.3	969.6

13.2 CHENGDU CITY

Chengdu City is the capital of China's Sichuan province and covers an area of 14,378.2 sq.km. It is strategically located in the centre of western China and serves as a gateway to south western, north western and central China. As such, it has attracted an influx of business and commercial activities within China. It lies within the Yangtze River Economic Zone and the Chengdu-Chongqing Economic Zone, the two major economic zones identified by the PRC government. Being a major gateway city in the southwestern China, Chengdu City plays a key role in the implementation of the "One Belt, One Road" initiative promoted by the PRC government. On the international front, Chengdu City serves as a gateway to and has the potential to attract foreign investments from south Asia and west Asia.

The following map shows the geographical location of Chengdu City in the PRC:



Chengdu City has an advanced transportation network. It is the railway hub of south western China and is the terminus for Baoji-Chengdu Railway, Chengdu-Chongqing Railway, Chengdu-Kunming Railway and Chengdu-Dazhou Rail, as well as the Shanghai-Wuhan-Chengdu High-speed Railway, Chengdu-Lanzhou Railway, Xi'an-Chengdu High-speed Railway, Chengdu-Guiyang High-speed Railway and Chengdu-Dujiangyan High-speed Railway. As at 31 December 2016, highways with a total length of 226,037.0 km. and 2,053.0 km. of motorways transgress Chengdu City according to the Statistical Bulletin of the National Economic and Social Development of Chengdu City. Chengdu City is also easily accessible by air. It is served by the Chengdu Shuangliu International Airport which is the busiest airport in central and western China and is the nation's fourth largest airline hub according to the Statistics Bulletin on China Airport Operations 2015.

In 2020, Chengdu Tianfu International Airport, the second airport for Chengdu City, will start its operation. With 51 km distance from south-east of the centre of Chengdu City, Tianfu airport will be a state-level air hub for China. The airport is expected to handle up to 90 million passengers, 2 million tons of cargo and 750,000 take-offs and landings every year by 2045. Upon the construction of the Tianfu International Airport, Chengdu will be one of the four cities in China that has two airports. Chengdu is also planning to expand the capacity of the Chengdu Shuangliu International Airport in 2016, putting the total capacity up to 10 million passengers.

Historically, Chengdu City has been a stronghold for the agriculture, manufacturing, finance and commerce industries. In addition, electronics, pharmaceuticals, aeronautics, food and tobacco are major industries in Chengdu City. The Chengdu City People's Government is also developing the metallurgy, building materials, chemical, machinery and automobile industries extensively in three designated national development zones, namely, Chengdu Hi-Tech Industrial Development Zone, Chengdu Economic and Technological Development Zone and Chengdu Cross-Straits Science and Technology Industrial Zone. Chengdu City's high technology industry has experienced accelerated growth since 2010 and Chengdu City is fast becoming one of the major information technology industrial centres in China and one of the top ten national automobile manufacturing bases. In recent years, Chengdu City has been designated by the PRC government as a centre for technology, commerce, finance and logistics as well as a centre for transportation and communication in western China.

In December 2011, the State Council officially launched the establishment of Tianfu New Area. Tianfu New Area is located to the south of Chengdu City and spans across three cities, seven counties and 37 towns and villages. The total area is planned to cover 1,578 sq.km.

The government plans to develop Tianfu New Area as a new international city suitable for work, business and living. The priority of Tianfu New Area is to develop the headquarter-based economy and circular economy, and to speed up the advancement of strategic industries such as energy resources, new materials, energy conservation, biotechnology, the new generation information technology and high-end equipment manufacturing. The first 84 projects in the Tianfu New Area include 51 industrial and service projects with an aggregated investment of RMB169.5 billion, 29 infrastructure projects with an aggregated investment of RMB43.4 billion, and four ecology projects with an aggregated investment of RMB1.5 billion.

Chengdu City's population has rapidly increased in recent years. In 2014, 2015 and 2016, Chengdu City was placed as the fourth largest city in China by household registered population, with a population of 12.1 million, 12.3 million and 14.0 million, respectively. The influx of foreigners in recent years has also contributed to Chengdu City's fast growing economy. Chengdu City enjoys high per capita disposal income. According to the Chengdu Bureau of Statistics, the per capita disposable income for urban residents in Chengdu City for 2016 was RMB35,902.0, representing a year-on-year increase of 8.1 per cent.; and the per capita disposable income of rural residents was RMB18,605.0 in 2016, representing a year-on-year increase of 9.4 per cent. This is higher than the national average per capita disposable income for urban residents and the per capita disposable income of rural residents which are RMB33,616.0 and RMB12,363.0, respectively.

Chengdu City's prime geographical location, advanced transportation network, strong industries and rapidly increasing population have contributed to its sustained economic growth. According to the official website of Chengdu Bureau of Statistics, Chengdu City's GDP was RMB1,217.0 billion in 2016, which represented a year-on-year increase of 7.7 per cent. This placed Chengdu City as the city with the ninth highest GDP and a year-on-year increase which was 1.0 per cent. higher than the average rate of increase for Chinese cities in 2016. From 2014 to 2016, Chengdu City has also consistently achieved growth rates which have exceeded that of China's GDP.

The following table sets forth the GDP and GDP growth rate of Chengdu City from 2014 to 2016 according to the official website of Chengdu Bureau of Statistics:

	2014	**2015**	**2016**
Chengdu City's GDP (*RMB in billion*)	1,005.7	1,081.1	1,217.0
Chengdu City's GDP Growth Rate (*per cent.*)	8.9	7.9	7.7
China's GDP Growth Rate (*per cent.*)	7.3	6.9	6.7

In recent years, both the fiscal income and expenditure of the Chengdu City People's Government have increased steadily. The following table sets forth the fiscal income and expenditure of the Chengdu City People's Government from 2014 to 2016 according to the official website of the People's Government of Sichuan Province:

	2014	**2015**	**2016**
		(RMB in billion)	
Total income	159.1	205.2	201.1
Total expenditure	145.4	190.6	189.2

14. DESCRIPTION OF THE ISSUER AND THE GROUP

14.1 OVERVIEW OF THE ISSUER

The Group, comprising the Issuer and its subsidiaries, is one of the major state-owned property development companies directly controlled by the Chengdu SASAC.

The Issuer was incorporated on 26 March 2009 as a limited liability company under the PRC laws and registered with the Chengdu City Administrative Bureau for Industry and Commerce under the Unified Social Credit Code 915101006863154368. The registered address of the Issuer is 99 Zhuojin East Road, Gaoxin District, 610041 Chengdu City, Sichuan Province, People's Republic of China and its telephone number is +86 28 8532 0378.

The Issuer has been incorporated for an unlimited period of time and is wholly-owned by the Chengdu SASAC, the local counterpart of the State Administration of State-owned Assets Commission of the PRC. As at 30 June 2017, the Issuer's paid-in capital was RMB5,525.4 million and it had eight wholly-owned subsidiaries in the People's Republic of China.

14.2 OVERVIEW OF THE GROUP

The Group plays as an integral part in implementing the Chengdu City People's Government's blueprint for urban planning, construction and development with a focus in Chengdu City, and has received strong financial and operational support from the Chengdu City People's Government. As at 30 June 2017, the Group's total assets, net profits and total liabilities were RMB67.6 billion, RMB0.2 billion and RMB45.5 billion, respectively.

The Group's main business operations include: (i) infrastructure construction, (ii) primary land development, (iii) development of affordable housing, (iv) property development and (v) property leasing and management, which are carried out primarily through the Issuer and the Group's eight subsidiaries in China. Set forth below is a summary of the Group's business segments:

- *Infrastructure construction.* The Chengdu City People's Government has engaged the Group to undertake a large number of key infrastructure construction projects of strategic importance in Chengdu City, with a focus on its eastern and southern regions. As at 30 June 2017, the Group has completed the development of approximately 82.0 km. of major urban roads, approximately 1.3 million sq.m. of major property construction (excluding affordable housing and commodity housing) and 3.4 million sq.m. of new rural community housing.

- *Primary land development.* The Group is the Chengdu City People's Government's designated entity for primary land development to further its goal of expanding the eastern and southern regions of Chengdu City. The Group had been designated to carry out the primary development of land in Chengdu City covering areas of approximately 32.8 sq.km. and 15.6 sq.km., respectively. The Group's primary land development business includes building demolition, land clearance, construction of basic road and piping networks, landscaping and other services required for preparing the land for real estate development. The Group also plays a key role in the resettlement of residents in Chengdu City who are displaced by primary land development.

- *Development of affordable housing.* The Group is one of the key developers of affordable housing in Chengdu City in response to the PRC government's mandate for increased affordable housing. As at 30 June 2017, the Group has completed the development of approximately 8.1 million sq.m. of affordable housing.

- *Property development.* The Group's property development business mainly focuses on residential properties. As at 30 June 2017, the Group has completed the development of approximately 3.4 million sq.m. of commodity properties.

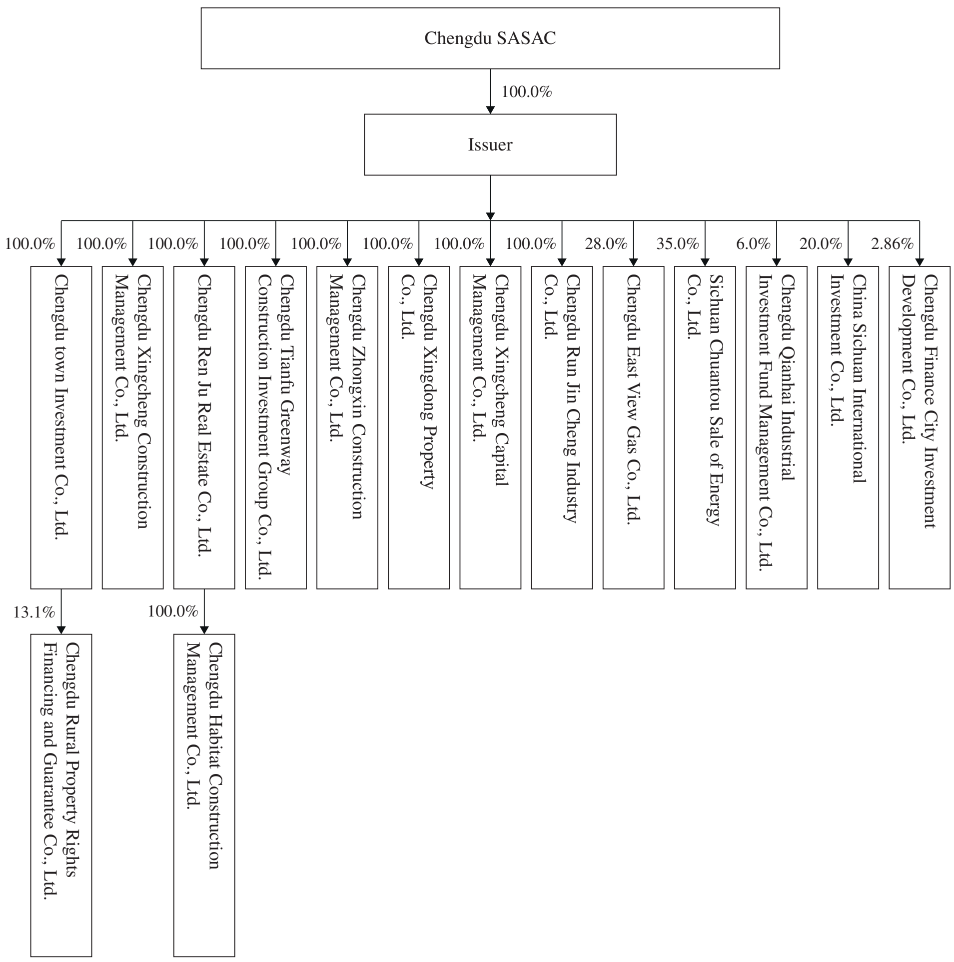
• *Property leasing and management.* The Group holds certain properties for investment and leases these properties for rental income. The Group primarily leases commercial properties such as offices, retail shops and car parks to third parties. The Group also leases certain properties to the Chengdu City People's Government. In addition, the Group provides property management services to the tenants of some of the Group's leased properties. The Group's property management services include cleaning public areas, repairing and maintaining of public facilities including elevators, water and electricity supply, security, gardening services and the management of parking lots and other shared facilities.

The following table sets forth a breakdown of the Group's total operating income by business segment for the periods indicated:

	Year Ended 31 December						**Six months Ended 30 June**			
	2014		**2015**		**2016**		**2016**		**2017**	
	(RMB'000)	**(%)**	**(RMB'000)**	**(%)**	**(RMB'000)**	**(%)**	**(RMB'000)**	**(%)**	**(RMB'000)**	**(%)**
Infrastructure Construction	8,546.0	0.3	29,697.0	1.2	358,195.0	10.7	223,017.0	8.0	61,417.0	2.6
Primary Land Development	25,048.0	0.7	24,850.0	1.0	17,451.0	0.5	10,846.0	0.4	11,734.0	0.5
Development of Affordable Housing	2,457.0	0.1	1,385,297.0	57.2	29,780.0	0.9	14,203.0	0.5	1,269,762.0	54.8
Property Development	2,782,636.0	83.0	436,305.0	18.0	2,381,675.0	71.1	2,268,425.0	81.1	697,222.0	30.1
Property Leasing and Management	534,854.0	16.0	545,215.0	22.5	561,023.0	16.8	281,435.0	10.1	278,522.0	12.0
Total	**3,353,541.0**	**100.0**	**2,421,364.0**	**100.0**	**3,348,123.0**	**100.0**	**2,797,926.0**	**100.0**	**2,318,656.0**	**100.0**

14.3 GROUP STRUCTURE

The following chart sets out the Group's shareholding and corporate structure as at 30 June 2017:



14.4 HISTORY AND DEVELOPMENT

On 26 March 2009, the Chengdu SASAC approved the establishment of the Issuer through the merger of Chengdu Xingdong Investment Co., Ltd. ("**Xingdong Investment**") and Chengdu Xingnan Investment Co., Ltd. ("**Xingnan Investment**") for the purpose of primary land development in Chengdu City. The Issuer was established with an initial registered capital of RMB3.0 billion.

Set forth below are certain key corporate historical events and milestones:

2003	Xingdong Investment and Xingnan Investment, the predecessors of Chengdu Xingcheng Investment Co., Ltd. were established.
2009	Chengdu Xingcheng Investment Co., Ltd. was established through the merger of Xingdong Investment and Xingnan Investment. The Issuer participated in the Chengdu Administrative Centre, Third Ring Road Guixi Overpass and Xingcheng-Jiali Resettlement Housing projects.
2010-2011	The Issuer participated in the construction of Tianfu Avenue Tunnel, resettlement housing in Jinjiang Sansheng Village, infrastructure in Chengdu East Station and Second Ring Road Expressway, as well as the reconstruction of Sichuan-Shanxi Road. The residents resettlement project in Tongji Town of Pengzhou City implemented by the Issuer was awarded the 2009 Planning Design Gold Award and Environment Gold Award for National Classic Habitation on Planning and Architectural Design.
2012-2013	Chengdu SASAC approved and changed the name of the Issuer from Chengdu Xingcheng Investment Co., Ltd. to Chengdu Xingcheng Investment Group Co., Ltd. Chengdu SASAC made two rounds of capital injections of an aggregate amount of RMB2,525.4 million to increase the registered capital of the Issuer to RMB5,525.4 million. The Group participated in the construction of Daguan Phase Three resettlement housing and Haitong Phase Three resettlement housing.
2014-2015	The Group undertook the construction of Chengdu East Village Cultural and Creation Industrial Park, South Railway Station Square and other projects. As at 31 December 2015, the Group has completed the development of approximately 82.0 km. of major urban roads, approximately 1.3 million sq.m. of major property construction (excluding affordable housing and commodity housing), 3.5 million sq.m. of lakes in major parks, more than 4.0 million sq.m. of greening development projects, 3.4 million sq.m. of new rural community housing, 8.1 million sq.m. of affordable housing, and 3.4 million sq.m. of commodity housing.

2016	The Group expanded rapidly through the year 2016: on the one hand, the Group successfully established a joint venture, Sichuan Chuantou Sale of Electricity Co., Ltd. with the other two most influential local state-owned energy enterprises on 20 October 2016, in which the Group owns 35.0 per cent., Sichuan Provincial Investment Group Co., Ltd. owns 45.0 per cent., and Sichuan Chuantou Energy Co., Ltd. owns 20.0 per cent. of the share capital. Sichuan Chuantou Sale of Electricity Co., Ltd. mainly engages in the sale of electricity. On the other hand, the Group set up two wholly-owned subsidiaries, i.e. Chengdu Zhongxin Construction Management Co., Ltd. on 20 October 2016, which mainly engages in the development of Chengdu Central District Project, and Chengdu Xingcheng Capital Management Co., Ltd. on 2 November 2016, which is mainly responsible for the financing of Chengdu Central District Project. On 20 October 2016, the Group set up Chengdu Zhongxin Construction Management Co., Ltd. which is a wholly-owned subsidiary of the Issuer. It is responsible for the construction of the Chengdu Centre Project.

14.5 RECENT DEVELOPMENTS

- On 28 June 2017, the Group established Chengdu Tianfu Greenway Construction Investment Group Co., Ltd. as a wholly-owned subsidiary of the Issuer. It undertakes the construction task of the Tianfu Greenway Project commenced in August 2017.
- On 7 August 2017, the Group established Xingcheng International Investment Co., Ltd. in Hong Kong, which is a wholly-owned subsidiary of the Issuer and is mainly in charge of the Group's oversea business.
- As at the date of this Prospectus, the Group was in the process of acquiring Chengdu Construction Engineering Group, the acquisition of which is expected to be completed in 2018.

14.6 COMPETITIVE STRENGTHS

The Group believes the following competitive strengths have contributed to its success and are important to its future development:

14.6.1 The Group is well-positioned to benefit from Chengdu City's strategic location and economic development which contributes to the steady growth of the Group

The Group believes that its business and future growth potential will benefit from the strategic location and economic strength of Chengdu City, where all of the Group's business activities are conducted. Chengdu City is the capital city of Sichuan Province and is one of the most important economic centres and transportation and communication hubs in southwestern China. It strategically lies within the Yangtze River Economic Zone and the Chengdu-Chongqing Economic Zone, two major economic zones identified by the PRC government which attracts an increasing number of high-tech companies and financial institutions. Chengdu City also plays a key role in the PRC Government's "One Belt, One Road" national strategy and is expected to remain at the forefront of infrastructure investment and economic development.

The Group historically targeted its operations in the southern and eastern regions of Chengdu City which were the focus of Chengdu City's infrastructure and economic development based on the urban development plans outlined by the State Council and the Chengdu City People's Government and enjoys a leading position on the Chengdu property development market through its extensive experiences accumulated over the years. Chengdu City's southern region has been positioned as a high-tech industrial development zone for the city. The Chengdu City People's Government has successfully developed the infrastructure in this region and attracted investment by offering various forms of financial incentives such as preferential tax treatment to high-tech companies. The Ministry of Science and Technology of the PRC has also designated the southern region of Chengdu City as a national advanced high-tech development zone. The newly established Tianfu New Area, located also in the southern region of Chengdu City, is planned to be a centre of headquarter-based economy and circular economy to help speed up the advancement of some strategic industries such as energy resources, new materials, energy conservation, biotechnology, the new generation information technology and high-end equipment manufacturing. Following the success of the southern region's development, the Chengdu City People's Government focused on developing Chengdu City's eastern region as a secondary business district for the city. The eastern region of Chengdu City is planned to serve as a hub for financial services, technology, education, transportation services and cultural services businesses. The Group expects the eastern region of Chengdu City will provide significant opportunities for infrastructure construction as the government implements its development plans. The Group's business now extends to the whole Chengdu City, with undertaking many citywide construction projects of significant strategic influence.

Given the Group's proven track record in the infrastructure construction, primary land development and affordable housing construction in Chengdu City, the Group believes it is well-positioned to benefit from Chengdu City's strategic location, strong economic growth and future urban development. For the three-year period from 2014 to 2016, the Group's has realised a Compound Average Growth Rate ("**CAGR**") of 13.4 per cent. in terms of total assets and 6.4 per cent. in terms of net asset.

14.6.2 The Group is a key state-owned entity undertaking major infrastructure construction projects in Chengdu City

The Group is the primary entity engaged by the Chengdu City People's Government for major infrastructure construction projects in Chengdu City as at the date of this Prospectus. Through its massive involvement in various major infrastructure construction projects in Chengdu City, the Group has extensive experience in managing large-scale projects and has consolidated its position as a key entity to implement the Chengdu City People's Government's blueprint for urban planning, construction and development of Chengdu city. As at 30 June 2017, the Group has completed the development of a large number of projects, including approximately 82.0 km. of major urban roads, approximately 1.3 million sq.m. of major property construction (excluding affordable housing and commodity housing) and 3.4 million sq.m. of new rural community housing. In addition, the Group undertakes a large number of major infrastructure construction projects as part of its primary land development activities. Since its establishment, the Group has successfully undertaken many major infrastructure construction projects and primary land development projects of significant strategic influence for the Chengdu City People's Government. With proven track record and long-term strategic relationship, the Group believes that its relationship with the local government is stable and its position as a key entity to implement the Chengdu City People's Government's blueprint for urban planning will be unchanged in the future. Below are examples of the Group's major infrastructure construction and primary land development projects:

- *Second Ring Road West Section Reconstruction Project:* this project is a part of the overall municipal road improvement project in the main city area. The construction of Second Ring Road, Hongxinglu Expressway and Chengwen Viaduct spans 38.8 km., 2.4 km. and 5.8 km. in length, respectively, across four administrative districts in Chengdu City. The total investment amount in this project was RMB10.2 billion. This project was substantially completed in June 2013 when a main road was opened to traffic. Meanwhile, the Group started with the process of constructing the ancillary part of this project such as the ramps connecting the expressways with regular roads. As at the date of this Prospectus, the major construction of the ancillary parts has been completed.

- *Qinglonghu Reservoir (Phase One) Project:* this project is in line with the Chengdu City People's Government's plan to create an ecological belt around the Chengdu City. It constitutes one of the projects for the Chengdu City People's Government's "Six Lakes Eight Wetlands" initiative which aims to enhance the environmental quality of Chengdu City. This project includes landscaping work for the area surrounding the Qinglonghu Reservoir and the forest reserve nearby and the construction of roads around the reservoir. The project spans an area covering 3.1 sq.km. The total investment amount in this project was RMB1,005.3 million. The project was completed at the beginning of 2017.

- *Tianfu Greenway Project:* this project involves constructions of a 500-km bikeway and sidewalk encircling the Chengdu City, the supporting auxiliary facilities as well as construction of about 76-sq.km. countryside landscape, 24-sq.km. forest landscape and the establishment of the "Xi Qu Dong Hu" water network. This project is the most important part of the Chengdu City People's Government's ecodevelopment plan in 2017 aiming to turn the Chengdu City into a place where "green visible in 300 meters, a park reachable within 500 meters" and to set up an urban ecosystem which consists of "One Axis (Jin Jiang River), Two Mountains (Long Quan Mountain and Long Men Mountain), Three Rings (Panda Greenway, Tianfu Greenway and Bao Dun Greenway) and Seven Roads (Zou Ma Greenway, Jiang An Greenway, Jin Ma Greenway, San He Greenway, Dong Feng Greenway, Tuo Jiang Greenway and Pi Lin Greenway)". This project spans an area coving 187.2 sq.km. and the total investment amount in this project is about RMB41.5 billion. This project is mainly carried out by the Group's wholly-owned subsidiary, Chengdu Tianfu Greenway Construction Investment Group Co., Ltd. The project is divided into three construction sections: the eastern, the western and the southern construction section. The Group has commenced the work in the southern construction section in August 2017 and expects to complete the whole construction by 2020.

- *Chengdu Centre Project:* this project primarily involves the development of a 51.4-sq.km. core area and a 63.6-sq.km. surrounding commercial area and includes the construction of a relics park, reconstruction of the old sports centre, construction of Maha Pool and Tianfu Square and the improvement of the surroundings. Upon completion, the Chengdu Centre will become a landmark and the cultural centre of Chengdu City. The preliminary investment estimate is about RMB21.4 billion. The construction of this project will be mainly undertaken by Chengdu Zhongxin Construction Management Co., Ltd. This project was in process of consolidation of architectural concepts as at the date of this Prospectus. The construction of the core area is expected to be completed by 2019.

14.6.3 The Group receives strong support from the Chengdu City People's Government

The Group believes that its success in business operations and development is attributable to strong support provided by the Chengdu City People's Government. As a result of the Group's state-owned background and in recognition of the strategic importance of the Group's business and operations to Chengdu City, the Group has received, and expects to continue to receive, various kinds of support from the Chengdu City People's Government, examples of which are set out below:

- *Capital injections:* the Issuer was established with an initial registered capital of RMB3.0 billion through a merger of Xingnan Investment and Xingdong Investment in March 2009 and became a wholly owned entity under the direct supervision of Chengdu SASAC. In 2012, the Chengdu SASAC made two rounds of capital injections in the aggregate amount of RMB2,525.4 million in cash mainly to support the initial development of Tianfu New Area by the Group, increasing the Issuer's registered capital to RMB5,525.4 million. The Chengdu City People's Government has provided and is expected to continue to provide the Group with capital injections mainly for the funding of major urban development and construction projects undertaken by the Group.

- *Asset injections:* the Chengdu City People's Government has transferred to the Group several high-quality and income-generating prime commercial real estate assets situated in the core business districts in Chengdu City, such as Chengdu Convention Centre, which had an aggregate area of 108,396.9 sq.m. These quality assets enable the Group to receive stable rental income and sustainable cash flows.

- *Financial support:* the Group believes that the strong financial support from the Chengdu City People's Government has been key for the Group's success in carrying out the capital-intensive and large-scale urban construction and development projects. In 2014, the MOF rolled out the Debt Swap Programme which allows for the local governments to replace the short-term and high-interest financial liabilities that were classified as the Third Type of Borrowing incurred by their financing vehicles for developing public interest projects (primarily bank loans) with long-term and low-interest financial liabilities (such as government bonds to be issued by local governments within the quota allocated by MOF). It is expected to provide the financing vehicles of local governments an opportunity to better match their operating cash flow and repayment schedules of outstanding indebtedness, thereby reducing liquidity pressures and enhancing the flexibility to increase investments in their project development. As at 30 June 2017, RMB1,262.5 million of the Group's borrowing was classified as the Third Type of Borrowing which could be repaid under the programme at the option of the local government.

14.6.4 The Group has a steady stream of property development projects supported by its abundant land resources with low costs which warrant sustainable cash flows

The Group believes its property development activities, which are supported by its abundant land reserves with low costs, generate and will continue to generate stable cash inflow to the Group.

The experienced management team of the Group has a good understanding of the domestic land market and judgment which enable the Group to identify land parcels with high growth potential and to acquire such land parcels at a low cost. By doing so, the Group has accumulated a large amount of low-cost land reserves at prime locations. As of 30 June 2017, the Group's land reserves had an estimated aggregate GFA of approximately 5 million sq.m. The Group believes that its existing land reserves are sufficient to supply its property development projects for the next three to five years. Furthermore, the Group believes that it has a competitive advantage in bidding for land use rights of the land where the Group carries out primary land development, given its understanding of the land's conditions and the government's planning initiatives for the area. As a developer of major infrastructure projects in Chengdu City, the Group has access to quality land through multiple channels. For example, the Chengdu City People's Government has in the past allocated to the Group quality land at prime location that was occupied by the facilities that will be replaced by the new infrastructure constructed by the Group and authorised the Group to change the designated use of such land for its property development purposes.

In addition, since its establishment, the Group has consistently focused on developing prime areas in Chengdu City. Compared to the housing price in other first-tier cities, the housing price in Chengdu City has more room for growth. Based on the rapid growing GDP of Chengdu City and the significant role Chengdu City plays in the "One Belt, One Road" initiative, the Group believes that the future of the property market in Chengdu City is bright. For the years ended at 31 December 2014, 2015 and 2016, sales generated from the Group's business of property developments were approximately RMB2,782.6 million, RMB436.3 million and RMB2,381.7 million with a gross profit rate of 83.0 per cent., 18.0 per cent. and 71.1 per cent., respectively.

14.6.5 Benefiting from the synergies generated among its diversified business portfolio, the Group enjoys a leading position and good brand recognition on the property market of Chengdu City

The Group believes the synergies generated across its various business segments help bolster its brand and reputation and enable it to achieve long-term growth. Since its establishment, the Group has been carrying out its mission as a main developer of urban projects in Chengdu City such as infrastructure construction, primary land development and development of affordable housing and has accumulated a wide set of skills and expertise to support its growth. By leveraging such expertise, the Group has been able to enter new markets and diversify its business portfolio.

For example, the Group's extensive experience in affordable housing construction has facilitated its entry into the commodity property development business. For the years ended 2014, 2015, 2016 and the six months ended 30 June 2017, the Group's affordable housing business generated RMB2.5 million, RMB1,385.3 million, RMB29.8 million and RMB1,269.8 million of operating income, respectively.

In addition, by leveraging the Group's strong property development operations as an extension of its urban construction business, the Group has also been able to boost its property leasing and management services and to generate recurring income from the lease and management of the properties injected by the government or developed by itself. For the years ended 2014, 2015, 2016 and the six months ended 30 June 2017, the Group's property leasing and management business generated RMB534.9 million, RMB545.2 million, RMB561.0 million and RMB278.5 million of operating income, respectively. The Group expects that its property development activities will continue to provide a stable source of properties to its property leasing and management business segment for the Group to secure stable and sustainable rental and management fee income in the future.

14.6.6 The Group has access to diversified financing channels

The Group has access to diversified domestic and offshore financing channels to fund the development of its projects in the PRC. The Group has in the past financed its operations primarily through banks loans, issuance of PRC domestic corporate bonds, notes, policy lendings and other forms of financing. The Group maintains long-term relationships with more than ten commercial banks and other financial institutions in the PRC, including Agricultural Bank of China, Industrial and Commercial Bank of China, China Construction Bank, Bank of China and China Development Bank which have provided it with low-cost capital. In addition, the Group has successfully raised capital by issuing corporate bonds and medium-term notes in the PRC capital markets. The Group's debt maturity profile consists of mainly long term interest bearing liabilities. As at 30 June 2017, the Group had credit facilities in the total amount of approximately RMB51.1 billion, of which approximately RMB32.4 billion were unused. In November 2016, the Group issued its first US dollar denominated corporate bonds with a total issued amount of US$300 million.

The Group's strong financing capability provides it with adequate funding sources for the expansion of its business. Through comprehensive budget management and prudent financial management, the Group believes that it will be able to effectively reduce its financing costs.

14.6.7 The Group has a dedicated management team with extensive experience in the management of state-owned enterprises

Being a wholly owned entity under the direct supervision of Chengdu SASAC, the Chengdu SASAC monitors the decision-making process pertaining to the management of the Group's business goals, the management of the Group's key investment projects and finances, the appointment of the Group's directors, supervisors and senior management as well as the management of state-owned assets. On an annual basis, the Group prepares a financial plan for the approval of the Chengdu SASAC.

The Group has a dedicated senior management team with extensive experience in the management of large state-owned enterprises in Chengdu City and has maintained good relations with the Chengdu City People's Government. The Group's senior management team is highly experienced in collaborating with different levels of the government, especially the Chengdu City People's Government, in various projects which are of strategic value to the Group. Mr. Ren Zhineng, the Group's Chairman and secretary of the Party Committee, had previously served as an accountant and the deputy director of the Finance and Accounting Department of the Chengdu City Engineering Bureau. Mr. Zhang Juntao, the Group's Director, general manager and deputy secretary of the Party Committee had previously served as the deputy head of the General Office of the Chengdu State-owned Assets Supervision and Administration Commission of the State Council. The Group believes that by leveraging on the management team's past experience and their understanding of the regulatory framework and government policies, the Group is well positioned to further expand its business and distinguished itself from its competitors.

The Chengdu SASAC conducts appraisals of state-owned enterprises and evaluates their business management and results on an annual and on a three-year basis. From 2013 to 2014, the Group was ranked first by the Chengdu SASAC among the state-owned enterprises in Chengdu City for having achieved the Group's objectives and producing results. From 2015 to 2016, the Group was ranked the first in the same appraisal exercise and garnered praise from government officials and the community.

14.7 BUSINESS STRATEGIES

The Group intends to implement the following strategies to achieve its business objectives:

14.7.1 The Group will continue to expand its business operations in Chengdu City

The Group plans to continue expanding its business operations in Chengdu City by leveraging the national strategies which stimulate Chengdu City's local economy and development. The Group believes that the PRC government's "One Belt, One Road" initiative and the continuing development of the Yangtze River Economic Zone and Chengdu-Chongqing Economic Zone will continue to bring significant needs for infrastructure construction and properties in Chengdu City, which will in turn bring growth opportunities to the Group. The Group expects to be able to seek more business opportunities arising from the influx of commercial activities into Chengdu City as a result of the favourable PRC government policies.

The Group will continue to focus on the projects which the Chengdu City People's Government endorses through its investment and provision of financing. Examples of the key projects which the Group is currently focusing on include the following:

- *Yuanhua Road Shenxianshu Transportation Node Project*: This project is one of the Chengdu City People's Government's road reconstruction projects and includes a road spanning 8.0 km. and a bridge spanning 9.0 km. The total investment amount in this project is estimated to be approximately RMB2.4 billion. The construction of this project has commenced in April 2016 and is expected to be completed in 2018.

- *Chengdu-Chongqing Expressway (Beltway to Third Ring) Reconstruction Project*: This project is one of the Chengdu City People's Government's road reconstruction projects spanning 4.2 km. The total investment amount in this project is estimated to be approximately RMB3.4 billion. The construction of this project has been commenced in November 2016, as at the date of this Prospectus, the major construction of this project has been completed and the rest is expected to be completed in the next few years.

- *Tianfu Greenway Project:* please see "*14.6 COMPETITIVE STRENGTHS – 14.6.2 The Group is a key state-owned entity undertaking major infrastructure construction projects in Chengdu City – Tianfu Greenway Project*" for further details.

- *Chengdu Centre Project:* please see "*14.6 COMPETITIVE STRENGTHS – 14.6.2 The Group is a key state-owned entity undertaking major infrastructure construction projects in Chengdu City – Chengdu Centre Project*" for further details.

The Group intends to leverage its close working relationships with the Chengdu City People's Government with a view to undertaking major infrastructure construction, primary land development and affordable housing development projects which can further enhance its leading position in urban planning and construction in Chengdu City. The Group also plans to undertake projects which have a positive impact on the overall development of and the lives of people in Chengdu City and will discharge the Group's social responsibility as a state-owned enterprise. The Group has, for example, commenced and will continue to carry out the construction of underground integrated utility tunnels which carry utility lines such as electricity lines, water supply pipes and sewer pipes to enhance urban living standard. The Group will also continue to implement greening projects to further increase the greening properties and the redevelopment of shanty areas and urban renewal projects in Chengdu City.

14.7.2 The Group will continue to explore new business opportunities under its diversified business model

The Group was originally established for the purpose of infrastructure construction, primary land development and affordable housing development in Chengdu City. In recent years, the Group has successfully diversified its business to include property development and property leasing and management businesses. The Group plans to prudently develop other new business under the guidance and instruction of the Chengdu City People's Government to further enhance synergies among its business segments and strengthen its position as a core government financing platform in Chengdu City.

The Group will continue to cultivate new areas for business by taking into consideration the trends in the macro environment. In light of the growing concerns over environmental conservation, the Group intends to place greater emphasis on securing projects located in government designated ecological zones and projects which aim to enhance the environment. The Group has completed the Qinglonghu Reservoir (Phase One) project, which involved landscaping work for the area surrounding the Qinglonghu Reservoir and the forest reserve nearby and the construction of roads around the reservoir. The Group will continue to undertake similar projects in Chengdu City. The Group also intends to explore projects in line with the PRC government's "One Belt, One Road" initiative, and will continue to evaluate business opportunities arising from different business segments from time to time.

14.7.3 The Group will continue to explore innovative financing channels and optimise the Group's debt structure

In order to realise the capital balance and satisfy the demand for the Group's construction funding, the Group plans ahead of time and takes proactive measures in conducting its financing activities. The Group plans to raise funds through multiple financing channels and further explore new financing channels to secure funding on more favourable terms to better support the financing needs of the Group's projects. In implementing this strategy, the Group aims to utilise a wide range of financing channels including bond issuance, project loans or policy lendings from banks and other financing channels such as trust financing. In relation to the funding requirements of large scale infrastructure construction projects, the Group may choose to finance projects through "public-private partnership business model where the projects can be funded and operated through a partnership of the Group representing the government and private companies. Furthermore, the Group plans to focus on lowering its financing cost. The Group seeks to control the cost of indirect financing below the benchmark interest rate as well as the cost of direct financing.

14.7.4 The Group will continue to enhance its financial management and risk control system

The Group believes that a prudent financial management system can reduce operational and financial risks and help achieve long-term sustainable growth. The Group will continue to implement and enhance its prudent financial management system with well-defined policies and procedures. For instance, the Group will continue to strengthen its stringent financial reporting and control system which emphasises on centralised management and administration, consistent controlling policies and compliance with legal and regulatory requirements. The Group will also continue to work on establishing a standardised capital management mechanism to monitor capital, capital efficiency and capital risk prevention. The Group aims to effectively enhance the results and efficiency of its overall financial management through implementing a prudent investment policy that targets to achieve balance between assets and liabilities and between investment return and risk taking.

14.7.5 The Group will continue to strengthen its human resource management system to attract, motivate and cultivate high-quality talent

The Group believes that its employees are its important assets. The Group's ability to compete effectively in existing businesses and expand into new business areas depends on its continued ability to attract, motivate and retain talent. The Group plans to further enhance its existing human resource management system through systematically increasing the number of lateral hires from the market to attract more talents to fill its managerial ranks. In addition, the Group intends to improve the work allocation among its employees so that specific tasks are allocated to employees who specialise in or are trained for that particular work. The Group plans to introduce tailored made compensation system to attract market talents, and will establish a talent development fund to finance comprehensive training programs to improve the skills and knowledge base of its employees.

14.8 BUSINESS

14.8.1 Infrastructure Construction

Overview

The Chengdu City People's Government has engaged the Group to undertake a large number of key infrastructure construction projects of strategic importance in Chengdu City. Major infrastructure construction projects completed by the Group include the development of schools, extensive road networks, medical centres, judicial and other government buildings. The Group primarily carries out its infrastructure construction operations through the Issuer and its subsidiaries Chengdu Xingcheng Construction Management Co., Ltd. ("**Xingcheng Construction Management**"), Chengdu Tianfu Greenway Construction Investment Group Co., Ltd. ("**Tianfu Greenway Construction Investment**") and Chengdu Chengdu Centre Construction Management Co., Ltd. ("**Chengdu Centre Construction Management**").

The Group typically undertakes infrastructure construction projects on an agency basis and receives project funds from the government. The project funds that the Group receives from the government in relation to its infrastructure construction projects is reflected as special payables under non-current liabilities on the Group's balance sheet, while the costs incurred in relation to the infrastructure construction projects are reflected as construction in progress under non-current assets on the Group's balance sheet. To the extent the project funds that the Group receives from the government exceed the actual costs that it incurs in the relevant development, the surplus will be recorded under capital surplus under owner's equity on the Group's balance sheet upon completion of the project. In addition, the Group is entitled to agency construction management fee in some of its infrastructure construction projects. The amount of such fee, which the Group records as its operating income, varies from project to project.

Business Model

The Group typically conducts infrastructure construction on an agency basis. Details of the infrastructure projects to be developed by the Group, such as the scope of work, estimated investment amount and funding plan are normally set out in the minutes of meeting for relevant infrastructure construction projects held by the Chengdu City People's Government. The Group does not usually enter into any contract for its infrastructure construction projects with the Chengdu City People's Government. After the confirmation of the appointment based on the meeting minutes, the Group has to submit a detailed project proposal of such infrastructure construction projects to the Chengdu City People's Government for approval. The detailed construction plan will only be formally confirmed after the Group obtains the approval of the Chengdu City People's Government to such project proposal.

Under the Group's agency construction model, the Chengdu City People's Government pays the construction fee for the development by way of project funds and retains ownership of the property. The Group is expected to arrange the initial funding for the projects, manage the construction process throughout the projects and is normally reimbursed by way of progress payment. The Group typically applies for progress payment of project funds once or twice per year based on construction progress and the Chengdu City People's Government normally makes such payments within one year after the Group's application. After the construction is completed, the Group collects the final project funds after the Chengdu City People's Government completes its inspection of the development. Typically, it takes almost one year for the Chengdu City People's Government to complete its inspection of a development and pay the balance of the funds after the construction is completed. For the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017, the total project funds that the Group received in relation to the Group's infrastructure construction was RMB1,970.2 million, RMB580.0 million, RMB481.0 million and RMB260.6 million, respectively.

The Group engages contractors for the construction of its infrastructure construction projects through a public tender process. When selecting contractors, the Group considers a number of factors such as the reputation of the contractors, track records in similar projects, creditworthiness and technical capabilities. These contractors carry out various types of work, including foundation digging, construction, equipment installation, internal decoration and various engineering work. To ensure the quality of construction, the Group sets out specific quality and progress requirements and the Group requires its contractors to provide performance guarantees and detailed technical specifications.

Project Description

Over the years, the Group has undertaken and completed a large number of projects of strategic importance to Chengdu City. The following table sets forth the details of the Group's major completed infrastructure construction projects as at 30 June 2017:

Project	Planned Construction Costs	Construction Costs Incurred
	(RMB million)	
Chengdu City Public Healthcare Centre	289.0	279.0
Chengdu Municipal Party School	228.0	502.0
Chengdu University Phase 2	1,293.8	601.4
National Archives Museum	400.0	286.0
Chengdu No. 2 Welfare House	90.0	67.0
Shude Secondary School Ningxia School District	57.0	49.0
Chengdu-Chongqing Expressway (Beltway to Third Ring) Reconstruction Project	3,412.0	624.0

The following table sets forth the details of the Group's major infrastructure construction projects under development as at 30 June 2017:

Project	Planned Construction Costs	Construction Costs Incurred
	(RMB million)	
Public Security Bureau "Combat Training" Project	580.0	271.0
Second Ring Road West Section Reconstruction Project	10,170.0	7,592.0
Chengdu University New Campus Stage 2 Phase 3 District A	221.0	145.0
Yuanhua Road Shenxianshu Transportation Node Project	2,431.0	844.0
Chengdu Intermediate People's Court	654.0	603.0
Chengdu Centre Project	30,000.0	96.0

The following table sets forth the details of the Group's major infrastructure construction projects that the Group expected to develop as at 30 June 2017:

Project	Construction Period	Planned Construction Costs	Site Area
		(RMB million)	(sq.km.)
Tianfu Greenway Project	2017-2020	41,500.0	187.2
Shuhan Three- Kingdom City	2017-2021	4,500.0	0.2

14.8.2 Primary Land Development

Overview

Since its establishment, the Group has been one of the Chengdu City People's Government's designated entities for primary land development to further the Chengdu City People's Government's goal of expanding the eastern and southern regions of Chengdu City. In September 2003, the Chengdu City People's Government Circular on the Establishment of the Chengdu Xingnan Investment Company Limited provided for the establishment of Xingnan Investment for the purpose of primary land development in the southern region of Chengdu City. Similarly, the Chengdu City People's Government Circular on the Establishment of the Chengdu Xingdong Investment Company Limited provided for the establishment of Xingdong Investment for the purpose of primary land development in the eastern region of Chengdu City in October 2003. In 2009, Xingnan Investment and Xingdong Investment merged to form the Group. The Group's primary land development operations include building demolition, land clearance, construction of basic road and piping networks, landscaping, resettlement of local residents and other services required for preparing the land through primary land development. The Group had been designated to carry out the primary land development of land parcels citywide in Chengdu City covering areas of approximately 32.8 sq.km. and 15.6 sq.km., respectively.

The Group typically funds its primary land development projects through government funding and external funding such as bank loans. After the relevant land is sold through public bidding, auction and listing procedure by the government, the government pays the relevant land grant premium after deducting the taxes and other fees payable to the central government to the Group. The funding payment provided by the government in relation to the Group's primary land development is reflected as special payables under non-current liabilities on the Group's balance sheet, while the costs incurred in relation to the primary land development are reflected as construction in progress under non-current assets on the Group's balance sheet. To the extent the funding payment that the Group receives from the government exceeds the actual costs that it incurs in the relevant development, the surplus will be recorded under capital surplus under owner's equity on the Group's balance sheet upon completion of the project.

In addition, the Group records certain income from ancillary services in connection with primary land development as its operating income on its income statement. This income mainly comprises the financing management fees which the Issuer's subsidiary, Chengdu Town Investment Co., Ltd. ("**Chengdu Town Investment**") collects from the district or county level government pursuant to project investment agreements in relation to rural land primary development projects. Pursuant to these agreements, the Chengdu Town Investment lend the fund to district or county level governments for them to undertake rural land primary development projects, and Chengdu Town Investment is entitled to a financing management fee in return. For the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017, the Group's operating income generated from the primary land development was RMB25.0 million, RMB24.9 million, RMB17.5 million and RMB11.7 million, respectively.

Business Model

The Chengdu City People's Government typically engages the Group for primary land development based on minutes of the meetings that it holds for the relevant projects. The Group does not usually enter into any contract for primary land development with the Chengdu City People's Government. After the confirmation of the appointment based on meeting minutes, the Group has to submit a detailed project feasibility report in relation to such primary land development projects to the Chengdu City People's Government for approval. Details of the development plan, including the infrastructure facilities that will be included in the develop plan, will only be formally confirmed after the Group obtains the approval of the Chengdu City People's Government to such feasibility report.

The Group does not hold the land use rights of the land underlying the primary land development projects. After the Group completes the primary land development, it submits the underlying land according to applicable law to the Bureau of Land and Resource of Chengdu, which will then organise the public bidding, auction and listing procedures for the relevant land after it approves the land for such purposes. After the land is sold, the government pays the relevant land grant premium after deducting the taxes and other fees payable to the central government to the Group. The time required for the Group to receive the full payment for its primary land development work varies from project to project. In addition, in connection with the infrastructure or facilities located on the land underlying and which the Group constructs as part of the primary land development project such as roads, bridges, kindergartens and markets for the trading of farming produce, the Group transfers the infrastructure or facilities to the relevant governing authorities of the Chengdu City People's Government upon their completion.

Project Description

The Group is commissioned by the Chengdu City People's Government to undertake the primary land development in particular in Chengdu City. Below is a summary of the projects:

- *Eastern New Development Region*. This project spans an aggregate area of 32.8 sq.km. and includes the Eastern Development Area, Shahebao New Customers Station Area, Damian Area and Shiling Area. The total investment amount of the project is estimated to be RMB44.0 billion, out of which RMB21.8 billion has been incurred as at 30 June 2017. Please see the table on the following page for further details for the projects in the Eastern Development Area, Damian Area and Shiling Area. The Group has undertaken to carry out building demolition, resettlement of local residents, construction of infrastructure such as drainage in the Shahebao New Customers Station Area and construction of a cultural industrial park for this project, please see "*Shahebao New Customers Station Area*" and the table on the following page for further details.

- *Southern New Development Region*. This project spans an aggregate area of 15.6 sq.km. The total investment amount of the project is estimated to be RMB20.4 billion, out of which RMB20.1 billion has been incurred as at 30 June 2017. The Group has undertaken to carry out building demolition, resettlement of local residents and construction of infrastructure such as road and piping networks in areas extended from the Fu River for this project.

- *Shahebao New Customers Station Area*. This project spans an aggregate area of 5.8 sq.km. The total investment amount of the project is estimated to be RMB15.5 billion, out of which RMB13.5 billion has been incurred as at 30 June 2017. The Group has undertaken to carry out building demolition, resettlement of local residents and construction of infrastructure such as road and piping networks in these areas.

The following table sets forth the details of the Group's primary land development projects for the periods indicated:

	As At 31 December			As at 30 June
	2014	2015	2016	2017
	(RMB million)			
In-progress construction				
Of which:				
Southern New Development Region...	4,044.0	4,457.0	4,516.0	4,473.0
Eastern New Development Region (including Shahebao New Customers Station)..........................	16,792.0	16,763.0	18,339.0	19,393.0
Eastern New Development Region (not including Shahebao New Customers Station)..........................	6,191.0	5,112.0	5,158.0	5,867.4
Eastern Development Area................	11,875.0	12,325.0	13,008.0	13,390.0
Shahebao New Customers Station Area..	10,601.0	11,651.0	13,180.0	13,526.0
Damian Area.....................................	2,150.0	2,824.0	3,650.0	3,771.0
Shiling Area......................................	3,530.0	3,858.0	4,445.0	4,651.0
Special payables.................................	9,762.0	9,793.0	6,335.0	8,236.0
Cumulative amount of rebate from the PRC government.......................	35,730.0	36,746.0	36,822.0	37,939.0
Capital surplus...................................	9,783.0	10,164.0	12,700.0	12,532.0

Land Reserves

The Chengdu City People's Government has allocated certain land pending development to the Group by issuing land reserve certificates. As the Group does not own the land use right certificates for this type of land, it does not record the relevant land as assets on its balance sheet. The Group is typically responsible for the general management and primary land development of relevant land. As at 30 June 2017, the Chengdu City People's Government has allocated approximately 48.9 sq.km. of land to the Group, including the land available for transfer by the government through public bidding, auction and listing process after primary land development and other types of land such as the land designated for infrastructure construction and resettlement housing.

14.8.3 Development of Affordable Housing

Overview

Since 2010, the Group has played a substantial role in the development of affordable housing in Chengdu City in response to the PRC government's mandate for increased affordable housing. On 22 February 2011, the Chengdu City People's Government issued its Research on Affordable Housing and Real Estate Market Regulation Meeting Minutes, which mandated the development of 9,000 price-controlled housing units, 5,000 subsidised housing units, 34,000 public rental housing units and 8,000 low rent housing units. The Group is one of the key developers of affordable housing in Chengdu City and provides a variety of affordable housing options, including price-controlled housing, subsidised housing units, public rental housing units and low rent housing units.

The Group carries out its affordable housing development operations mainly through Chengdu Xingdong Property Co., Ltd. ("**Xing Dong**") and Chengdu Ren Ju Real Estate Co., Ltd. ("**Ren Ju**") Xing Dong and Ren Ju holds a Class Two Property Development Qualification Certificate and Class One Property Development Qualification Certificate, respectively.

The Group develops the affordable housing construction either on an agency basis or as the developer.

- If the affordable housing construction is developed by the Group on an agency basis, the Group records the project funds that it receives from the government in this regard as special payables under non-current liabilities on the Group's balance sheet, while the costs incurred are reflected as construction in progress under non-current assets on the Group's balance sheet. In addition, the Group is normally entitled to an agency construction management fee in relation to the affordable housing construction projects that it undertakes on an agency basis, which it recognises as operating income and records it on its income statement.

  For the years ended 31 December 2014, 2015 and 2016, the agency construction management fee that the Group received and recorded on its income statement was RMB5.9 million, RMB18.6 million and nil, respectively.

- If the affordable housing construction is undertaken by the Group as the developer, the Group records the income from its sales of affordable housings under the operating income on its income statements. Revenues from sales of the affordable housings are recognised when the relevant properties are delivered to the purchasers. Generally, there is a time difference typically ranging from several months to two years between the time the Group commences pre-selling the affordable housing under development and the completion of the development. The Group does not recognise any revenue from the pre-sales of its affordable housing until the development of such properties is completed and the properties are delivered to the purchasers, even if the payment of a portion of the purchase price for a property is typically made at various stages prior to completion. Before the delivery of a pre-sold property upon the completion of development, deposits and purchase price or portions thereof received from the Group's customers are recorded as advances from customers under current liabilities on the Group's balance sheet.

Business Model

In respect of the affordable housings that are developed on an agency basis, the Group enters into agency construction agreements with Chengdu's Housing Security Centre and is generally entitled to an agency construction management fee of approximately 0.8 per cent. to 1.5 per cent. of the total investment costs. The Group is expected to arrange the initial funding for the projects, manage the construction process throughout the projects and is normally reimbursed through progress payment on a periodic basis. The Group typically applies for progress payment by submitting the construction supervision reports indicating the construction progress on a monthly or quarterly basis. It generally takes one or two weeks for Chengdu's Housing Security Centre or its subsidiary to complete the check and make the payment after the Group submits such applications. In limited circumstances, the Housing Security Centre or its subsidiary provides initial funding to the Group by a lump sum payment upfront based on a pre-approved percentage of the total investment amount. The Group receives the balance of the payment after it completes the construction of the project and after the project is approved by the Housing Security Centre or its subsidiary. It typically takes around six months for the Housing Security Centre or its subsidiary to approve the whole project and make the balance payment.

In respect of the affordable housing that the Group develops as the developer, the Group is normally engaged by the Housing Security Centre by way of mission notices or based on the minutes of meeting that the Chengdu City People's Government holds for relevant projects. The Group is responsible for applying for the land use rights from the PRC government for relevant affordable housing if it develops the housing as the developer. The Group sells its affordable housing properties to buyers who fit the eligibility requirements under applicable regulations. Qualified buyers of affordable housing should make an application for such housing with Chengdu's Real Estate Bureau. The Real Estate Bureau will then review the application and a purchase permit will be issued if the requisite legal requirements are met. Upon the issuance of the purchase permit, the applicant can proceed to purchase affordable housing from the Group by entering into a purchase contract on the official website of Chengdu's Real Estate Bureau.

The Group engages contractors for the construction of all its affordable housing projects. The Group selects its contractors through a public tender process. To ensure the quality of construction, the Group sets out specific quality and progress requirements and it requires its contractors to provide performance guarantees and detailed technical specifications.

Project Description

Over the years, the Group has undertaken and completed a large number of affordable housing projects of strategic importance to Chengdu City.

The following table sets forth details of the Group's major completed affordable housing projects as at 30 June 2017:

As the developer:

Project	Site Area	GFA Sold	Construction Costs	Amount of Sales Received
	(thousand sq.m.)		(RMB million)	
Jinshang Tianhua	113.0	97.0	421.0	624.0
Jinshang Spring District B	140.0	121.0	514.0	749.0
Jinshang Spring District A	430.0	371.0	1,550.0	1,241.0
Tian Fu Ming Ju	272.0	255.0	680.0	768.00

On an agency basis:

Project	Site Area	GFA	Construction Costs	Project Funds Received	Management Fee Received
	(thousand sq.m.)			(RMB million)	
Yinmu Jiayuan	42.0	256.0	799.0	664.0	6.0
Haitang Jiayuan	44.0	245.0	728.0	715.0	6.0

The following table sets forth details of the major affordable housing properties that the Group was developing as at 30 June 2017:

As the developer:

Project	Construction Period	Planned GFA	Saleable GFA	Total Construction Costs
		(thousand sq.m.)		(RMB million)
Dong Hui Jia Yuan	2016-2019	121.0	106.0	508.0

On an agency basis:

Project	Construction Period	Planned GFA	Total Construction Costs	Project Funds Received
		(thousand sq.m.)	(RMB million)	
Jin He Kang Cheng	2014-2017	515.0	1,935.0	1,679.0
Jin Feng Xin Cheng...........................	2016-2018	523.0	2,387.0	1,158.0
Jin Xin Yuan......................................	2016-2018	89.0	430.0	261.0

14.8.4 Property Development

Overview

In recent years, the Group has been able to leverage its experience from primary land development to establish the Group's properties development business, mainly focusing on residential properties with ancillary commercial properties such as retail shops and car parks. The Group mainly undertakes its property development projects through Ren Ju, which holds a Class One Primary Land Development Qualification Certificate. In addition to basic amenities, the Group also equips its residential properties with energy efficient systems and automation systems. For the Group's commodity properties, it obtains the land use rights through a public bidding, auction and listing procedure process. The Group typically funds the development of its properties through cash on hand, pre-sale proceeds and external funding such as bank loans. When the Group obtains external funding, consistent with market practice, lenders will generally require the Group to pledge as security the Group's land use rights for the land on which the relevant property will be developed. After the Group obtains the pre-sale permit, it sells its properties at the prevailing market prices.

The Group's operating income primarily comprises the income from its sales of properties. For the years ended 31 December 2014, 2015, 2016 and six months ended 30 June 2017, the Group's operating income generated from property development was RMB2,782.6 million, RMB436.3 million, RMB2,381.7 million and RMB697.2 million, respectively, representing 83.0 per cent., 18.0 per cent., 71.1 per cent. and 30.1 per cent., respectively, of its total operating income for the same periods. Revenues from sales of properties are recognised when the relevant properties are delivered to the purchasers. Consistent with industry practice, the Group typically enters into purchase contracts with customers while the properties are still under development, after satisfying the conditions for pre-sales. Generally, there is a time difference typically ranging from two to three years between the time the Group commences pre-selling properties under development and the completion of the development. The Group does not recognise any revenue from the pre-sales of its properties until the development of such properties is completed and the properties are delivered to the purchasers, even if the payment of a portion of the purchase price for a property is typically made at various stages prior to completion. Before the delivery of a pre-sold property upon the completion of development, deposits and purchase price or portions thereof received from the Group's customers are recorded as advances from customers under current liabilities on the Group's balance sheet.

Business Model

The Group engages contractors for the construction of all its property developments. The Group selects its contractors through a public tender process and has stable long-term working relationships with a number of contractors. To ensure the quality of construction, the Group's construction contracts set out specific quality and progress requirements and the Group requires its contractors to provide performance guarantees and detailed technical specifications. In general, the Group pays its contractors on a monthly basis after signing construction contracts and according to the progress of construction. Each monthly payment typically covers approximately 80.0-85.0 per cent. of the construction work completed in that month. Out of the remaining 15.0-20.0 per cent., the Group pays approximately 10.0-15.0 per cent. of the construction costs at the completion of construction and retains the remaining 5.0 per cent. until the warranty period for the contractor's quality warranty has expired.

The Group's property development process involves the consideration of site selection and market positioning, land acquisition, financing of property developments, design, marketing and promotion, pre-sales, payment method and mortgage financing and after-sales services. The Group's typical development cycle for vacant land ranges from three to five years. The Group oversees and largely undertakes all aspects of its property development projects, including the selection and purchase of sites, the preparation of feasibility studies, the obtaining of government approvals for development, supervision of the design and construction of property development projects, and the marketing and management of completed property development projects. The Group typically obtains its pre-sale permit approximately six months after it commences construction. After the Group obtains the pre-sale permit for a property development, it develops a sales strategy and arranges for the distribution and sale of the properties mainly on an agent basis.

Project Description

Over the years, the Group has undertaken and completed a large number of property development projects in Chengdu City. Below is a summary of major projects of the Group. The Group classifies its properties under its property development segment into completed properties, properties under development and properties held for future development. Completed properties are properties for which the Group has received completion certificates from the relevant government authorities. Properties under development are properties for which the Group has received construction work commencement permits required for these properties, but not the completion certificate. Properties held for future development are properties for which the Group has received the land use rights certificate(s) or signed the relevant land grant contract with the relevant government authorities, but has not received construction work commencement permits.

Completed properties

The following table sets forth details of the Group's major completed commodity properties as at 30 June 2017:

Project	Construction Period	Site Area	GFA Sold	Amount of Sales Proceeds Received	Percentage of GFA Sold
		(thousand sq.m.)		(RMB million)	
Jincheng Family	2011-2014	305.0	244.0	2,367.0	84.0
Ziyun Court	2014-2016	12.6	5.5	685.0	99.0
Tian Fu Hui Cheng	2014-2017	208.0	82.0	–	68.0
Creative Mountain C..C.	2014-2017	142.0	84.0	320.1	45.0

Properties under development

The following table sets forth details of the Group's major commodity properties held under development for as at 30 June 2017:

Project	Construction Period	Planned GFA	Saleable GFA	Total Construction Costs	Percentage of Project Completed
		(thousand sq.m.)		(RMB million)	
East Imperial Home...........	2014-2017	270.0	246.0	1,091.0	90.0
Shenghe Linyu	2014-2016	462.0	437.0	3,249.0	41.0
Southern Light Factory Project	2016-2018	405.0	–	1,840.0	20.0
Dongcheng Huahui	2017-2020	172.0	–	896.0	10.0

Properties held for future development

The following table sets forth details of the Group's major commodity properties held for future development as at 30 June 2017:

Project	Construction Period	Estimated Construction Costs
		(RMB million)
Hua Zhao Project...	2017-2020	1,811.0

14.8.5 Property Leasing and Management

Overview

The Group holds certain properties for investment and leases these properties for rental income. The Group primarily leases ancillary commercial properties such as offices, retail shops and car parks to third parties The Group also leases certain properties to the Chengdu City People's Government. In addition, the Group provides property management services to the tenants of some of the Group's leased properties. The Group's property management services generally include cleaning public areas, repairing and maintaining of public facilities including elevators, water and electricity supply, security, gardening services and the management of parking lots and other shared facilities. The Group carries out its property management operations through its subsidiary Chengdu Run Jin Cheng Industry Co., Ltd. ("**Run Jin Cheng**"), which holds a Class One Property Management Qualification Certificate.

For the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017, the Group's operating income generated from property leasing and management was RMB534.9 million, RMB545.2 million, RMB561.0 million and RMB278.5 million, respectively, representing 15.9 per cent., 22.5 per cent., 16.8 per cent. and 10.1 per cent., respectively, of its total operating income for the same periods.

Business Model

Property leasing

The Group enters into lease agreements with tenants and charges rent on a monthly basis, which it records as operating income. Under the Group's lease agreements, it typically requires tenants to prepay rent on a semi-annual basis. The Group's tenants are generally responsible for utility expenses, including water, electricity, gas and internet. Generally, the Chengdu SASAC requires that transactions involving properties of state-owned enterprises of Chengdu City which are of a stipulated size and book value have to be carried out on a public property transaction platform. The Group selects tenants via this public property transaction platform. The Group records the rental income from property leasing as its operating income when it receives the rental income or obtains the collection evidence according to the relevant lease contracts.

For the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017, the Group's operating income generated from property leasing (including the fee that the Group receives for the provision of asset management services in respect of the properties that it leases to the government) was RMB483.2 million, RMB476.5 million, RMB650.2 million and RMB157.2 million, respectively, representing 20.7 per cent., 20.4 per cent., 15.4 per cent. and 10.9 per cent., respectively, of its total operating income for the same periods.

The following table sets forth the details of the Group's major leasable properties as at 30 June 2017:

Project	Property Type	Leased GFA	Annual Rental Income
		(sq.m.)	(RMB million)
Kechuang Phase Two Block A (second office)[1]	Office	62,572.0	30.0
Kechuang Phase Two Block B (fourth office)[1]	Office	72,381.0	34.7
Hexin District No. 2 District B Office (sixth office)[1]	Office	37,000.0	35.5
Minfeng Office (third office)[1]	Office	133,326.0	64.0
Office of Planned Museum (fifth office)[1]	Office	112,152.0	53.8
Xinhua News Agency Shaanxi Street	Office	1,960.0	1.3
Chengdu Meeting Centre	Commercial	21,056.0	2.3
Sports Garden	Commercial	15,502.0	8.6
Sichuan International Building Podium	Commercial and office	4,200.0	3.9
Yong'an Public Service (including Shentai)	Commercial	36,976.0	6.9
Hejiangting Building	Office	19,140.0	1.6
Daguan Farmers Market	Ancillary facility	7,200.0	0.3
Daguan Phase One Lower Floor Shop	Commercial	2,271.0	0.4
Shiling Lower Shop	Commercial	9,297.0	0.7
Shiling Ground Floor Parking Lot	Ground floor parking lot	56,938.0	0.4
Mingshu New Village C Lower Shop	Commercial	3,200.0	0.6
Mingshu New Village C Ground Floor Parking Lot	Ground floor parking lot	22,474.0	0.1
Fuan City	Commercial	120,000.0	0.8
Creative Mountain C..C..	Commercial	30,976.0	59.0

Note:

(1) The Group also provides asset management services including structural repairs, renovations for public areas such as the exterior walls, shared restrooms, hallways, stairways and basements, replacements of facilities, upgrades of automation systems and power generator maintenance to the Chengdu City People's Government as a tenant in respect of these properties and collects RMB40 per sq.m. for the provision of such services.

Property Management

The Group enters into property management contracts with the tenants of some of its leased properties. Under the property management agreements, the Group typically requires its tenants to pay the management fees on an annual basis. The scope of the Group's responsibilities typically includes cleaning public areas, repairing and maintaining of public facilities including elevators, water and electricity supply, security, gardening services and the management of parking lots and other shared facilities.

The Group charges a monthly property management fee at a fixed fee per sq.m. of GFA under management and records this as the Group's operating income. For the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017, the Group's operating income generated from property management was RMB51.7 million, RMB68.7 million, RMB40.3 million and RMB44.7 million, respectively, representing 1.5 per cent, 2.8 per cent., 1.2 per cent. and 1.9 per cent., respectively, of its total operating income for the same periods.

14.9 RISK MANAGEMENT

The Group's risk management system covers different aspects of its operations, including strategic management, financial and capital management, asset management, investment management, connected transaction and information disclosure. To ensure compliance with regulatory requirements and to implement risk control measures to lower operational and investment risks, each level and department is well-informed of the Group's internal control and risk management policies. The Group's systematic approach has helped the Group manage its business in a disciplined manner.

14.10 OCCUPATIONAL SAFETY AND ENVIRONMENTAL PROTECTION

The Group has adopted a comprehensive work safety system which is run by its main construction engineering department to ensure employee safety. The Group has established safety protocols and also implemented guidelines setting out the responsibilities of safety officers. The safety officer is involved in the planning and implementation of each project to ensure that safety objectives are met and plays a key role in monitoring the effectiveness of the safety measures, educating project members on the safety requirements, handling any infractions, ensuring safety records are properly kept and managing onsite safety and emergency incidents. The Group believes that it has complied in all material respects with applicable safety regulations.

The Group is subject to environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters issued by governmental authorities in the PRC. Except for those disclosed in the Prospectus (please see "*1. RISK FACTORS – 1.1 RISKS RELATING TO THE ISSUER'S BUSINESS – 1.1.20 The Group may be subject to potential liability for environmental problems which may result in losses*"), the Group believes that it has complied in all material respects with applicable environmental laws and regulations. As at the date of this Prospectus, the Group is not aware of any environmental proceedings or investigations to which it might become a party.

14.11 COMPETITION

In relation to the Group's property development and property leasing and management businesses, the PRC property market is highly fragmented and competitive. The Group primarily competes with national, regional and local property developers or service providers which have established their presence in Chengdu City. The Group competes over a range of areas, including but not limited to brand recognition, financial resources, pricing, size and location of developments and design and quality of the Group's products or services. The Group's competitors may have greater financial and capital resources and a larger scale of operation than the Group. Despite the competitive landscape, the Group believes that the PRC property market has potential for growth. The Group believes that, with its infrastructure construction and primary land development experience, level of brand recognition, product quality, established operation system and the Group's management's thorough understanding of the market based on their previous first-hand experience in various fields and its strengths, the Group will be in a position to react promptly and effectively in the PRC property market. There is no assurance that the Group will be able to maintain its competitiveness effectively in the market. Please see "*1. RISK FACTORS – 1.1 RISKS RELATING TO THE ISSUER'S BUSINESS – 1.1.27 Intensified competition in the property development industry may materially and adversely affect the Group's business, results of operations and financial condition*" for further details. The Group is one of the largest investment and financing platforms of the Chengdu City People's Government responsible for Chengdu City's main infrastructure construction and primary land development projects. The Group believes it does not face significant competition with respect to its other businesses such as its infrastructure construction, primary land development and development of affordable housing businesses.

14.12 EMPLOYEES

As at 30 June 2017, the Group had approximately 1,045 employees.

The Group believes that its workforce is one of the most important assets of the Group and it relies on its employees in striving for future success. The Group enjoys good relationships with its employees and has not had any material turnover of staff or disruption to its business operations due to labour disputes. In order to equip the Group's employees with a view to enhance their work performance, it provides vocational training to its employees. The Group believes that its management has and will continue to maintain good relations with its employees.

14.13 INSURANCE

The Group is required to obtain contractors all-risk and third-party liability insurance for most of the projects it undertakes. Such policies generally extend for the entire contract period, including the maintenance period following completion of the project. In addition, for the Group's construction business, it generally purchases insurance for its fixed assets. The Group also purchases pension insurance, unemployment insurance and medical insurance for its employees according to applicable PRC laws and regulations.

The Group believes it maintains adequate insurance coverage for the Group's operations and that the scope of the coverage is in line with industry norms. However, there are certain risks for which the Group is not insured, and it may not have sufficient insurance coverage for damages and liabilities that may arise in the course of the Group's business operations. See "*1. RISK FACTORS – 1.1 RISKS RELATING TO THE ISSUER'S BUSINESS – 1.1.19 The Group's insurance coverage may not adequately protect the Group against all operational risks*".

14.14 LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

From time to time, the Group may be involved in legal proceedings or other disputes in the ordinary course of business. As at the date of this Prospectus, the Group is not aware of any legal proceedings, claims or disputes currently existing or pending against it that may have a material adverse effect on its business or results of operations and financial condition.

15. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE ISSUER

15.1 BOARD OF DIRECTORS

As of the date of this Prospectus, the Issuer's board of directors is comprised of five members, including the chairman, and four other directors. The chairman of the board of directors and other directors are appointed and removed by the Chengdu SASAC. The board of directors reports to the Chengdu SASAC and primarily responsible for establishing and implementing the Issuer's strategic development and management plans, deciding on the appointment and removal of the Issuer's general manager and financial principals, decision-making regarding the Issuer's financial affairs and other major matters of the Issuer.

As at the date of this Prospectus, the directors of the Issuer are as follows:

Name	Age	Title
Mr. Ren Zhineng	53	Chairman and secretary of the Party Committee
Mr. Zhang Juntao	54	Director, general manager and deputy secretary of the Party Committee
Mr. Li Shanji	52	Deputy chairman
Mr. Yang Xiaosong	55	Director
Ms. Zhong Li	46	Director, assistant general manager, head of Finance Department and member of the Discipline Committee

Mr. Ren Zhineng

Mr. Ren Zhineng was appointed as Chairman of the Board in May 2013 and is the secretary of the Party Committee of the Issuer. He was appointed as a Director, general manager and deputy secretary of the Party Committee in 2011. Mr. Ren previously served as a soldier in the General Logistics Department of the People's Liberation Army in the military region of Tibet and Chengdu City, an accountant and the deputy director of the Finance and Accounting Department of the Chengdu City Engineering Bureau, the deputy director, director, deputy head and a member of the Communist Party of China ("**CPC**") of the Finance and Accounting Department of the General Office of the Funanhe Comprehensive Regulatory Committee, the deputy commander and a member of the CPC of the Chengdu Road Construction Command, and the deputy general manager and director of Chengdu Transport Investment Group Co., Ltd. In 2001, he obtained a master degree in business administration from Sichuan College of Business Administration.

Mr. Zhang Juntao

Mr. Zhang Juntao was appointed as a Director of the Board in October 2013 and is the general manager and deputy secretary of the Party Committee of the Issuer. He previously served as the workshop technician, department chief, secretary, a member of the Communist Youth League, an officer in the Enterprise Management Department and Accounting Department of Chengdu Metallurgical Factory Co., Ltd., the deputy head of the General Office of the Chengdu Economic Committee, the deputy head of the General Office of the Chengdu State-owned Assets Supervision and Administration Commission of the State Council and the deputy general manager of Chengdu Xingdong Investment Co., Ltd. In 2001, he earned a master degree in economic management from Party School of the Central Committee of CPC.

Mr. Li Shanji

Mr. Li Shanji was appointed as Deputy Chairman of the Board in September 2017. He was appointed as a Director, general manager and deputy secretary of the Party Committee for Chengdu Construction Engineering Group in 2015. Mr. Li previously served as Deputy Chairman of the Board and Director of the Board in Jiang You Great Wall Special Steel Co., Ltd. and as Deputy Chairman of the Board and Director of the Board in Chengdu Investment Management Co., Ltd., both companies are subsidiaries of Pan Steel Group Co., Ltd. Mr. Li has also served as general manager, executive director, secretary of the Party Committee, deputy general manager and assistant manager in Chengdu Steel Co., Ltd. and Chengdu Steel and Vanadium Co., Ltd., both are subsidiaries of Pan Steel Group Co., Ltd., and served as factory manager, secretary of the Party Committee, chief engineer, section chief, deputy workshop manager and technician in Chengdu Seamless Steel Pipe Plant. In 1990, he earned a master degree in mechanics from Chongqing University.

Mr. Yang Xiaosong

Mr. Yang Xiaosong was appointed as a Director of the Board in December 2017. Mr. Yang previously served as deputy general manager in Chengdu Urban Construction Investment Management Group Co., Ltd., he has also served as department head, office manager, deputy department head, principal staff member and staff at Chengdu City People's Government. In 1996, he earned a bachelor degree in economics and trade from Party School of the Central Committee of CPC.

Ms. Zhong Li

Ms. Zhong Li was appointed as a Director of the Board in October 2013 and is the assistant general manager, the head of the Finance Department and a member of the Discipline Committee of the Issuer. She previously served as an accountant in the Finance Department of the Chengdu Wastewater Treatment Plant and manager of the Finance Department and assistant general manager of Chengdu Xingdong Investment Co., Ltd. In 2003, she obtained a bachelor degree in accounting from Chengdu University.

Compensation

The aggregate amount of fees, salaries and other allowances, performance related bonuses and retirement benefit scheme contributions paid by the Group to its Directors during the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 were approximately RMB3.3 million, RMB3.3 million, RMB3.3 million and RMB1.65 million, respectively.

15.2 SUPERVISORY BOARD

The supervisory board of the Issuer consists of five members, including the chairman and four supervisors. The chairman and other supervisors are appointed and removed by the Chengdu SASAC. The supervisory board is primarily responsible for reporting to Chengdu SASAC on its work, inspecting the financial affairs of the Issuer, supervising performance of the directors and senior officers of their respective duties.

As at the date of this Prospectus, the supervisors of the Issuer are as follows:

Name	Age	Title
Mr. Gu Jianjun	54	Chairman of the board of supervisors
Ms. Chen Liqun..................	55	Head of the office of supervisors
Ms. Li Ou...........................	34	Supervisor
Mr. Liu Rongyou................	48	Supervisor
Ms. Hu Hui	45	Supervisor

Mr. Gu Jianjun

Mr. Gu Jianjun was appointed as Chairman of the board of supervisors of the Issuer in September 2013. Currently, he is the chairman of the Board of Supervisors of State-owned Enterprises of the Chengdu Government. In 1997, he obtained a bachelor degree in economic management from Party School of the Sichuan Provincial Committee of CPC.

Ms. Chen Liqun

Ms. Chen Liqun was appointed as Head of the office of supervisors of the Issuer in April 2016. Currently, she is the head of the Board of Supervisors of State-owned Enterprises of the Chengdu Government. In 2008, she earned a Master Degree in Public Management from Party School of the Sichuan Provincial Committee.

Ms. Li Ou

Ms. Li Ou was appointed as a supervisor of the Issuer in 2009. Currently, she is a supervisor of the Board of Supervisors of State-owned Enterprises of the Chengdu Government. In 2007, she earned a bachelor degree in economic management from Sichuan College of Education.

Mr. Liu Rongyou

Mr. Liu Rongyou was appointed as a supervisor of the Issuer in December 2013 and is the head of the Human Resources Department of the Issuer. He previously served as the deputy head of the People's Armed Force and deputy head of the General Office of the Chengdu City Facilities Management Department (Chengdu Urban Roads and Bridges Management Department), the deputy head and head of the General Office of Chengdu Xingdong Investment Co., Ltd. and the head of the General Office and deputy head of the General Department of the Issuer. In 1997, he obtained a bachelor degree in law from Renmin University of China.

Ms. Hu Hui

Ms. Hu Hui was appointed as a supervisor of the Issuer in December 2013 and holds a financial audit position in the Audit Department of the Issuer. She previously served as an accountant in Sichuan Shengda Certified Public Accountants Co., Ltd. In 1997, she obtained a bachelor degree in accounting from Southwestern University of Finance and Economics.

15.3 SENIOR MANAGEMENT

The senior management of the Issuer consists of nine members. The general manager reports to the board of directors and is appointed and dismissed by the board of directors. The general manager is primarily responsible for overseeing the operation management work of the Issuer and organising the implementation of the resolutions of the Chengdu SASAC, organising the implementation of the Issuer's annual operational plans and investment plans, drawing up plans on the establishment of the Issuer's basic management system, formulating the Issuer's specific rules and regulations, proposing the appointment or removal of the Issuer's deputy general manager and financial principal, deciding on the appointment or dismissal of the executive personnel other than those whose appointment or dismissal is to be decided by the Chengdu SASAC or the Issuer's board of directors and performing any other function or exercising power conferred by the Chengdu SASAC and the Issuer's board of directors.

As at the date of this Prospectus, the members of the senior management are as follows:

Name	Age	Title
Mr. Ren Zhineng	53	Chairman and secretary of the Party Committee
Mr. Zhang Juntao	54	Director, general manager and deputy secretary of the Party Committee
Mr. Zeng Qiang	49	Deputy general manager
Ms. Li Mingqin	46	Deputy general manager
Mr. Zhu Zhigang	54	Deputy general manager
Ms. Zhang Hang.................	42	Deputy general manager
Mr. Zhou Wensheng	48	Deputy general manager
Ms. Song Yan	46	Union president
Ms. Zhong Li	46	Director, assistant general manager, head of the Finance Department and member of the Discipline Committee

Mr. Ren Zhineng

Mr. Ren Zhineng is currently the Chairman of the Issuer. For further details of Mr. Ren's biography, see "*15.1 BOARD OF DIRECTORS*" above.

Mr. Zhang Juntao

Mr. Zhang Juntao is currently the general manager of the Issuer. For further details of Mr. Zhang's biography, see "*15.1 BOARD OF DIRECTORS*" above.

Mr. Zeng Qiang

Mr. Zeng Qiang was appointed as deputy general manager in December 2017. Mr. Zeng previously served as a deputy general manager and member of the Party Committee in Chengdu Finance City Investment Development Co., Ltd. and as a Chairman of the Board in Chengdu Finance City Property Co., Ltd. He has also served as assistant deputy director, deputy department head, department head and deputy general manager in Chengdu Civilian Construction Office and Chengdu High Technology Property Co., Ltd.

Ms. Li Mingqin

Ms. Li Mingqin was appointed as deputy general manager in December 2017. Ms. Li previously served as a director, deputy general manager, deputy office manager and chief office manager in Chengdu Construction Engineering Group Co., Ltd. She has also served as office manager and chief office manager in Chengdu Arterial Traffic Construction Development Group and served as office manager, financial officer, assistant general manager and chief financial officer in Chengdu Funan River Co., Ltd. and in Chengdu Funan River Channel Development Co., Ltd., respectively. She has also served as deputy office manager at Chengdu Red Flag Glassware Factory. In 1997, she earned a master degree in accountings from Southwestern University of Finance and Economics.

Mr. Zhu Zhigang

Mr. Zhu Zhigang was appointed as a Director of the Board in February 2012 and is a deputy general manager of the Issuer. He previously served as a soldier and the chief in the People's Liberation Army Air Force, an assistant researcher in the Propaganda Department of the People's Bank of China Chengdu Branch and an assistant researcher in the Construction Bureau and the deputy secretary and secretary of the Transport Bureau of the Chengdu Chenghua District Government. In 1992, he earned a Bachelor Degree in Economic Management from Party School of the Central Committee of C.P.C.

Ms. Zhang Hang

Ms. Zhang Hang was appointed as deputy general manager in December 2017. Ms. Zhang previously served as secretary of the Party Committee, general manager, deputy general manager, union president, manager and accountant at Chengdu No.9 Construction Engineering Co., Ltd.

Mr. Zhou Wensheng

Mr. Zhou Wensheng was appointed as deputy general manager of the Issuer in July 2015. He previously served as the head of the Finance Department of the Chenghua District Longtan Rural Area, the deputy head of the Longtan Rural Government, the deputy head of the Construction Commission Office of Chenghua District, the secretary of the Party Committee and head of the Chenghua District Housing Management Bureau, the secretary of the Party Committee and director of the Reconstruction Office of Chenghua District, the secretary of the Party Committee and director of the Construction Commission Office of Chenghua District, the general manager of Chengdu Chenghua Construction Investment Co., Ltd. and the general manager of Chenghua Shantytown Construction Company.

Ms. Song Yan

Ms. Song Yan was appointed as union president in December 2017. Ms. Song previously served as department head in the human resources department and comprehensive department at Chengdu Municipality Office and as chief office manager and staff at Chengdu Jinjiang District Office and the Party Committee Office of Sansheng County of Chengdu Jinjiang District.

Ms. Zhong Li

Ms. Zhong Li is currently the assistant general manager, head of the Issuer's Finance Department and member of the Discipline Committee. For further details of Ms. Zhong's biography, see "*15.1 BOARD OF DIRECTORS*" above.

15.4 NO CONFLICT OF INTEREST AND ADDRESS

Notwithstanding the disclosures mentioned in this "*15. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE ISSUER"* section, no potential conflicts of interest exist between the obligations of the directors, supervisors and members of senior management named above towards the Group and their own interests or other obligations. The business address of each of the directors, supervisors and members of senior management named above is 99 Zhuojin East Road, Gaoxin District, 610041 Chengdu City, Sichuan Province, People's Republic of China.

16. PRC REGULATIONS

This section is a high-level overview of the PRC legal system and an overview of the principal PRC laws and regulations relevant to the issue of the Bonds by the Issuer and its business. As this is overview, it does not contain a detailed analysis of the PRC laws and regulations.

16.1 MAIN REGULATORY AUTHORITIES AND CONTENTS OF SUPERVISION

China's building and construction industry implements a regulatory system with the combination of comprehensive supervision and professional supervision. Government supervision over the building and construction industry mainly includes three aspects: the management of the competency and qualification of market players, the management of the entire process of the construction projects, and the management of the economic and technical standards of construction projects. The main regulatory authorities include:

- Ministry of Housing and Urban-Rural Development of the PRC (the "**MOHURD**") (formerly Ministry of Construction of the PRC, the "**MOC**") and the competent local departments of MOHURD at various levels are responsible for the comprehensive supervision over the construction industry as well as real estate development qualifications. Such management mainly includes: management of the competency and qualification of market players, approval and verification of the qualifications of various construction enterprises for access to the market, examination and approval of occupational qualifications of individuals in the construction industry, supervision over and management of construction projects, and establishment of industrial standards.

- Ministry of Transport of the PRC (the "**MOT**") and the competent local departments of MOT at various levels are responsible for the construction projects of ports and highways nationwide.

- National Railway Administration of the People's Republic of China (formerly Ministry of Railways, the "**MOR**") and the competent local departments of MOR at various levels are responsible for the railway construction projects nationwide.

- NDRC and the local development and reform commissions at various levels are responsible for the investment planning, examination and approval of city infrastructure construction projects.

- Ministry of Environmental Protection of the PRC (former State Environmental Protection Administration, the "**SEPA**") and the competent local departments of environmental protection at various levels are responsible for the environmental protection management of construction projects.

16.2 REGULATIONS ON THE ESTABLISHMENT OF REAL ESTATE ENTERPRISES

Establishment of a Real Estate Development Enterprise

According to the Law of the People's Republic of China on Administration of Urban Real Estate (the "**Urban Real Estate Law**") implemented by the Standing Committee of the National People's Congress of the PRC ("**SCNPC**"), effective on 1 January 1995, amended on 30 August 2007 and 27 August 2009, a real estate developer is defined as an enterprise which engages in the development and sale of real estate for the purpose of making profit. Under the Regulations on Administration of Development of Urban Real Estate (the "**Development Regulations**") implemented by the State Council on 20 July 1998 and amended on 8 January 2011, an enterprise which is to engage in the development of real estate shall satisfy the following requirements: 1) its registered capital shall be RMB1.0 million or more; and 2) it shall have four or more full-time professional real estate/construction technicians and two or more full-time accounting officers, each of whom shall hold the relevant qualification certificate. The Development Regulations also stipulate that the local government of a province, autonomous region or city directly under the central government may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a real estate developer.

Pursuant to the Development Regulations, a developer who aims to establish a real estate development enterprise shall apply for registration with the relevant administrative body for industry and commerce. The real estate developer must also report its establishment to the real estate development authority in the location of the registration authority within 30 days of the receipt of its business license.

The Notice on Adjusting the Portion of Capital Fund for Fixed Assets Investment issued by the State Council on 25 May 2009 provides that the requirement for the minimum capital for social welfare housing and general commercial residence is 20.0 per cent., while the requirement on the minimum capital for other real estate projects is 30.0 per cent. In addition, under the Notice on Adjusting and Perfecting the System of Capital Fund for Fixed Assets Investment by the State Council on 9 September 2015, the minimum portion of capital funding for social welfare housing and general commercial residence remains at 20.0 per cent., while the minimum portion of capital funding for other real estate projects has been reduced from 30.0 per cent. to 25.0 per cent.

16.3 Qualification of a Real Estate Developer

Classification of a real estate enterprise's qualification

Under the Development Regulations, a real estate developer must record its establishment to the governing real estate development authorities in the location of its registration authority within 30 days after receiving its business license. The real estate development authorities shall examine applications for the classification of a real estate developer's qualification by considering its assets, professional personnel and industrial achievements. A real estate enterprise shall only engage in real estate development projects which are in compliance with its approved qualification.

Under the Provisions on Administration of Qualifications of Real Estate Developers (the "**Provisions on Administration of Qualifications**") implemented by the Ministry of Construction of PRC on 29 March 2000 and amended on 4 May 2015, a real estate developer shall apply for the registration of its qualifications. An enterprise may not engage in the development and sale of real estate without obtaining a qualification classification certificate for real estate development.

In accordance with the Provisions on Administration of Qualifications, qualifications of an enterprise are classified into four classes: class 1, class 2, class 3 and class 4. Different classes of qualification have to be examined and approved by the relevant corresponding authorities. The class 1 qualification shall be subject to preliminary examination by the construction authority under the PRC government of the relevant province, autonomous region or city directly under the central government and then final approval of the construction authority under the State Council. There is no limitation on the construction scale for an enterprise who holds a class 1 qualification. Procedures for approval of developers of class 2 or lower shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or city directly under the central government. The GFA of each project developed by an enterprise which holds a class 2 or lower qualification shall not exceed 250,000.0 sq.m. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. For a newly established real estate developer, after it reports its establishment to the real estate development authority, the latter shall issue the Provisional Qualification Certificate to the eligible developer within 30 days. The Provisional Qualification Certificate is effective for one year from its issuance while the real estate development authority may extend the validity to a period of no longer than two years considering the actual business situation of the enterprise. The real estate developer shall apply for qualification classification by the real estate development authority within one month before the expiry of the Provisional Qualification Certificate.

Business scope of a real estate developer

Under the Provisions on Administration of Qualifications, a developer of any qualification classification may only engage in the development and sale of the real estate within its approved scope of business and may not engage in business which falls outside the approved scope of its qualification classification. A class 1 real estate developer may undertake real estate development projects throughout the country without any limit on the scale of the project. A real estate developer of class

2 or lower may undertake a project with a GFA of less than 250,000.0 sq.m. and the specific scope of business shall be as formulated by the construction authority under the people's government of the relevant province, autonomous region or city.

Annual inspection of a real estate developer

Pursuant to the Provisions on Administration of Qualifications, the qualification of a real estate developer shall be subject to annual inspection. The construction authority under the State Council or its authorised institution is responsible for conducting the annual inspection of the qualification of class 1 real estate developers. Measures for annual inspection of developers of class 2 or lower qualification shall be formulated by the construction authorities under the people's government of the relevant province, autonomous region or provincial-level city.

16.4 Regulations on Land and the Development of Real Estate Projects

Land Grants

In April 1988, the National People's Congress of the PRC (the "**NPC**") passed an amendment to the Constitution of the PRC. The amendment allowed the transfer of land use rights for value to prepare for reforms of the legal regime governing the use of land and transfer of land use rights. In December 1988, the SCNPC amended the Land Administration Law of the PRC to permit the transfer of land use rights for value.

Under the Provisional Regulations of the People's Republic of China on Grant and Transfer of the Land Use Rights of State-owned Urban Land (the "**Provisional Regulations on Grant and Transfer**") implemented by the State Council on 19 May 1990, a system of assignment and transfer of the right to use state-owned land was adopted. A land user shall pay land premium to the government as consideration for the grant of the right to use a land site within a certain term, and the land user may transfer, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the Provisional Regulations on Grant and Transfer and the Urban Real Estate Law, the land administration authority under the local government of the relevant city or county shall enter into an assignment contract with the land user to provide for the grant of land use rights. The land user shall pay the land premium as provided by the assignment contract. After full payment of the land premium, the land user shall register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights. The Development Regulations provide that the land use rights for a land parcel intended for real estate development shall be obtained through grant except for land use rights which may be obtained through appropriation pursuant to PRC laws or the stipulations of the State Council.

Under the Regulations regarding the Grant of State-Owned Land Use Rights by Way of Public Bidding, Auction and Listing Procedure issued by the Ministry of Land and Resources (the "**MLR**") on 9 May 2002 and implemented on 1 July 2002 (the "**2002 Regulations**") and revised on 28 September 2007 with the name Regulations regarding the Grant of State-Owned Construction Land Use Rights by Way of Public Bidding, Auction and Listing Procedure (the "**2007 Regulations**") effective on 1 November 2007, land for industry (except land for mining), commercial use, tourism, entertainment and residential commodity properties, or where there are two or more intended users for a certain piece of land must be granted by way of public bidding, auction and listing procedure. A number of measures in the 2007 Regulations ensure such grants of land use rights for commercial purposes are conducted openly and fairly. For instance, the local land bureau must take into account various social, economic and planning considerations when deciding on the use of a certain piece of land, and its decision regarding land use designation is subject to the approval of the city or county government. The grantee shall apply for land registration and obtain the land use rights certificate upon full payment of the land premium for the land according to the land grant contract. In the event that the land premium for the land is not paid in full, the grantee will not receive the land use rights certificate. In addition, the announcement of public bidding, auction and listing procedure must be made 20 days prior to the date on which such competitive process begins. Further, the 2007 Regulations stipulates that for listings on a land exchange, the time period for accepting bids must be no less than ten days. Following the 2002 Regulations, the MLR and the Ministry of Supervision issued the Notice on Continuing the Review of the Implementation of the Grant of Land Use Rights for Commercial Uses By Soliciting Public Bidding, Auction and Listing Procedure on a Land Exchange on 31 March 2004, which requires all local land administration authorities to strictly enforce the 2002 Regulations. In addition, the MLR and the Ministry of Supervision required that beginning from 31 August 2004, no land use rights for commercial uses granted by way of agreement shall be dealt with due to reasons stemming from historical legal legacy issues. In the Urgent Notice of the General Office of the State Council on Intense Regulation and Rectification of the Land Market and Strict Administration of Land, issued by the General Office of the State Council on 29 April 2004, the approval process for the change of use from agricultural land to non-agricultural land for development was suspended for a period of approximately six months so that the PRC government could rectify irregularities in land development in China. On 11 May 2011, the MLR implemented the Opinions on Upholding and Improving the System for the Transfer of Land by Public Bidding, Auction and Listing Procedure, which provides, among other things (i) how to correctly implement the land transfer policy through public bidding, auction and listing procedure; (ii) an explanation of improvements in the transparency of the system of public biddings, auctions and listing procedures for housing land; (iii) an explanation of adjustments and improvements to the land transfer policy through public biddings, auctions and listing procedures; (iv) promotion of online operation of the transfer of land use rights; and (v) improvement in contracts for land transfers through public biddings, auctions and listing procedures.

In the case of tenders, the local land bureau granting the land use rights should examine the qualifications of the intended bidders and encourage those who are qualified to participate in the bidding processes by sending out invitations to tender. Bidders are asked to submit sealed bids together with the payment of a security deposit. When land use rights are granted through tenders, a tender evaluation committee consisting of an odd number of members of at least five people (including a representative of the grantor and relevant expert) shall be formed by the land bureau which is responsible for initiating the tenders and deciding on the successful bidder. The successful bidder will then sign the land grant contract with the land bureau and pay the balance of the land premium before obtaining a land use rights certificate.

Where land use rights are granted by way of public bidding, auction and listing procedure, a public bidding, auction and listing procedure will be held by the relevant local land bureau. The land use rights are granted to the highest bidder. The successful bidder will then be asked to sign the land grant contract with the local land bureau and pay the relevant land premium within a prescribed period.

Where land use rights are granted through a listing administered by the local government, a public notice will be issued by the local land bureau to specify, among other things, the location, area, purpose of use of the land and the period for receiving bids. The land use rights are granted to the bidder with the highest bid who satisfies the terms and conditions. The successful bidder will enter into a land grant contract with the local land bureau and pay the relevant land premium within a prescribed period.

On 1 August 2003, the MLR implemented the Regulations on the Grant of State-owned Land Use Rights by Agreement. According to this regulation, if there is only one entity interested in using the land, the land use rights (excluding profit-oriented land for commercial use, tourism, entertainment and commodity residential properties) may be assigned by way of agreement. If two or more entities are interested in the land use rights to be assigned, such land use rights shall be granted by means of public bidding auction and listing.

The Circular on Facilitating the Continuously Healthy Development of Property Market implemented by the State Council on 12 August 2003 requires control of land supply for or the suspension of the approval for high end commodity properties in areas with an over population of high end and large-size properties, high end office buildings and commercial properties. According to the Notice of the Ministry of Land and Resources on Relevant Issues Concerning the Strengthening of Examination and Approval of Land Use in Urban Construction implemented by the MLR on 4 September 2003, from the day of issuance of the notice, the grant of land use rights for high end commodity properties shall be stringently controlled. On 30 September 2007, the MLR issued the Notice on Implementation of the State Council's Certain Opinions on Resolving Difficulties in Housing of Urban Low-Income Family and Further Strengthening the Macro-control of Land Supply as amended on 3 December

2010, to further enhance the control of land supply. This notice stipulates that the supply of the land to be developed for low-rent housing, economically affordable housing and low or medium priced and small or medium sized housing must be no less than 70.0 per cent. of the total land supply of that year.

On 21 September 2010, MLR and MOHURD jointly implemented the Notice of Further Strengthening Control and Regulation of Land and Construction of Property Development, which stipulated, among other things, that: (i) at least 70.0 per cent. of land designated for construction of urban housing must be used for economically affordable housing, housing for redevelopment of shanty towns and small to medium-sized ordinary commercial housing; in areas with high housing prices, the supply of land designated for small or medium sized, price-capped housing must be increased; (ii) developers and their controlling shareholders (as defined under PRC laws) are prohibited from participating in land biddings before the rectification of certain misconduct, including (1) illegal transfer of land use rights; (2) failure to commence required construction within one year from the delivery of land under land grant contracts due to reasons from such developers; (3) noncompliance with the land development requirements specified in land grant contracts; and (4) crimes such as swindling land by forging official documents and illegal land speculation; (iii) developers are required to commence construction within one year from the date of delivery of land under the relevant land grant contract and complete construction within three years from the commencement of the construction; (iv) development and construction of projects of low-density and large-sized housing must be strictly limited and the plot ratio of the planned GFA to the total site area of residential projects must be more than 1:1; and (v) the grant of two or more bundled parcels of lands and undeveloped land is prohibited.

The Measures on the Administration of Reserved Land, implemented by MOF, PBOC and MLR on 19 November 2007, define "reserved land" and stipulate the administrative, regulatory and implementing procedures involved with the management, planning, allocation, use, development, capital expenditure and supply of reserved land. The measures clarify that land must be reserved in accordance with the relevant land programs or plans, and that in determining land reserves priority must be given to land included in state inventories which is unused, unoccupied or under-utilised.

On 18 November 2009, the MOF, the MLR, PBOC, the National Audit Office and Ministry of Supervision issued the Notice on Further Strengthening the Land Transfer Revenue and Expenditure Management jointly, which stipulates:

(a) The city or county land resource department must specify the land transfer price, rent and the total sum of the allocated land price, payment time and payment mode in the state-owned land transfer contract, lease contract and letter of decision on appropriation. If the land use conditions as the use of land have been changed upon approval according to law, the city or county land resource management department must specify the additional price of the land that shall be paid in the land transfer and lease contracts and the payer shall pay the sum of money as stipulated by the contract. If a unit or individual fails to pay up the land price as required, the city or county land resource management department must neither approve, issue the state-owned land use certificate nor issue a partial certificate according to the proportion of the land price paid.

(b) In principle, the term for paying the full land transfer price by instalments agreed between the city or county land resource management department and land transferee pursuant to law shall not exceed one year. The proportion of first payment shall not be less than 50.0 per cent. of the total land transfer price.

On 8 March 2010, the MLR issued the Notice of the Problems on Strengthening the Supply and Supervision of the Land used for Real Estate Development which highlighted, among others, strictly regulating commercial land transfer and the lowest price of land transfer, strictly implementing the verification process of land bidder qualification, strictly managing land transfer contracts, and insisting on and improving the land public bidding, auction and listing procedure system.

On 1 May 2012, the MLR implemented the Notice on Further Strengthening and Improving the Pre-examination of Land for Construction Projects which reinforces the importance of pre-examination administration of land for commercial and industrial purposes. Taking advantage of the public bidding, auction and listing procedure to avoid the pre-examination of the utility of land, entering into a land use right grant contract in advance or issuing a land use right certificate in substitute for a pre-examination opinion is strictly prohibited. Without passing a pre-examination, no application may be made for a project permit or construction land permit. On-line filing for records and tracking supervision shall also be strengthened.

16.5 Development of a real estate project

Commencement of real estate project and regulations with respect to idle land

Under the Urban Real Estate Law, those who have been granted the land use rights must develop the land in accordance with the use and construction period as prescribed by the land use right grant contract. Pursuant to the Measures on Disposal of Idle Land implemented by the MLR on 28 April 1999 and amended on 22 May 2012, the land can be defined as idle land under any of the following circumstances:

(i) the development and construction of the state-owned idle land have not commenced after one year of the prescribed time limit in the land use right grant contract or allocation decision; or

(ii) the development and construction of the state-owned idle land have commenced but the area under such development and construction is less than one-third of the total area to be developed and constructed or the invested amount is less than 25.0 per cent. of the total amount of investment and the development and construction have been continuously suspended for one year or more.

Where the delay of commencement of development is caused by the PRC government or due to the force majeure of natural disasters, the land administrative authorities shall hold discussions with the holder of state-owned construction land use rights and choose one of the following methods for disposal:

(i) extending the time limit for the start of development. The PRC government and the holder of state-owned construction land use rights shall enter into a supplemental agreement and re-specify the time limit for the start of development and construction completion and the liability for breach of contract. The time limit for the start of development shall not be extended to over one year from the date of the start of development specified in the supplemental agreement;

(ii) adjusting the land use and planning conditions. The relevant land use procedure shall be reviewed and the land grant premium shall be checked, collected or returned according to the new land use or planning conditions. The adjusted land use must satisfy the requirements under the overall land use planning and urban and rural planning conditions;

(iii) the PRC government arranges temporary use for the idle land. The holder of state-owned construction land use rights shall redevelop and construct the idle land until the former project satisfies the requirements of development and construction. The time limit of temporary use shall not exceed two years from the date of the temporary use arranged;

(iv) getting back the rights to use the state-owned construction land with compensation;

(v) exchanging the idle land. When the land grant premium of the idle land has been paid up, the project funding has been completed and the idle land is caused by amendments to plans according to the law, the PRC government can exchange the idle land for other state-owned construction land of the same value and use for the holder of state-owned construction land use rights to develop and construct. As for the land grant, the holder of state-owned construction land use rights and the PRC government shall re-enter into a land grant contract which shall specify the land as the land to be exchanged; and

(vi) the city-level and county-level land administrative authorities can stipulate other ways of disposal according to the actual situation.

Save for the above item (iv), the time of the commencement of development shall be re-dated according to the newly agreed or stipulated time.

The Notice on Strengthening the Disposing of Idle Land issued by the MLR on 8 September 2007 emphasises that the disposal of idle land shall be sped up. The land regulatory authority may impose an idle land penalty of up to 20.0 per cent. of the land premium and the land regulatory authority may reclaim the idle land without compensation as required by the relevant regulations. For land that becomes idle as a result of illegal approval, such land should be reclaimed before the end of 2007. Where the land premium is not paid in full according to contractual agreement, the land use certificate shall not be issued, nor shall a land use certificate be issued on parts of the land in proportion to the paid-up land premium.

On 3 January 2008, the State Council implemented the Circular on Conservation of Intensive Land Use, as summarised below:

(a) Strictly implement the public bidding, auction and listing procedure regime for land intended for industrial and business purposes. Strictly prohibit unauthorised conversion of agricultural land to land for construction.

(b) With respect to real estate projects (i) commenced one year after the commencement date as stipulated under the land grant contract, (ii) where the area of land developed is less than 1/3 of the entire area, and (iii) the investment is less than 1/4 of the total investment amount, financial institutions shall be cautious in granting loans and approving financing, and shall not grant loans or offer financing for listing to projects engaging in illegal land use.

Planning of a real estate project

On 1 January 2008, the SCNPC implemented the PRC City and Countryside Planning Law which was amended on 24 April 2015, pursuant to which a construction planning permit must be obtained from the relevant urban and rural planning government authorities for building any structure, fixture, road, pipeline or other engineering project within an urban or rural planning area.

After obtaining the construction works planning permit, a real estate developer shall apply for a construction work commencement permit from the construction authority under the local people's government at the county level or a higher construction authority in accordance with the Measures for the Administration of Construction Permit for Construction Projects issued by MOHURD on 25 June 2014 and implemented on 25 October 2014. According to the Notice Regarding Strengthening and Regulating the Administration of Newly-commenced Projects issued by the General Office of the State Council on 17 November 2007, before commencement of construction, all kinds of projects shall fulfil certain conditions, including, among others, compliance with national industrial policies, development plans, land supply policy and market access standard, completion of all approval and filing procedures, compliance with zoning plans in terms of site and planning, completion of proper land use procedures and obtaining proper environmental valuation approvals and construction work commencement permits or construction start-up reports.

In accordance with the Development Regulations and the Regulation on the Quality Management of Construction Projects implemented by the State Council on 30 January 2000, the Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and City Infrastructure implemented by MOHURD on 7 April 2000 and amended on 19 October 2009 and the Rules for the Confirmation of the Completion of Housing Construction and City Infrastructure Projects implemented by MOHURD and implemented on 2 December 2013, after the completion of construction of a project, the real estate must undergo inspection and receive the relevant approvals from local authorities which include approvals from planning bureau, fire safety authorities and environmental protection authorities.

16.6 Regulations on Real Estate Transfer and Sale

Real Estate Transfer

According to the Urban Real Estate Law and the Provisions on Administration of Transfer of Urban Real Estate implemented by the Ministry of Construction on 7 August 1995 and as amended on 15 August 2001, a real estate owner may sell, bequeath or otherwise legally transfer property to another person or legal entity. When transferring a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred simultaneously. The parties to a transfer shall enter into a property transfer contract in writing and register the transfer with the real estate administration authority having jurisdiction over the location of the property within 90 days of the execution of the transfer contract.

Where the land use rights were originally obtained by grant, the real property may only be transferred on the condition that: a) the assignment price has been paid in full for the grant of the land use rights as provided by the grant contract and a land use rights certificate has been obtained; b) development has been carried out according to the land use rights grant contract and, in the case of a project in which buildings are being developed, development representing more than 25.0 per cent. of the total investment has been completed.

According to the Urban Real Estate Law implemented by SCNPC on 1 January 1995 and as amended on 30 August 2007 and 27 August 2009, if the land use rights were originally obtained by grant, the term of the land use rights after transfer of the real property shall be the remaining portion of the original term provided by the land use rights grant contract after deducting the time that the land use rights had been held by the former land users. In the event that the transferee intends to change the use of the land provided in the original grant contract, consent shall first be obtained from the original grantor and the planning administration authority under the local government of the relevant city or county and an agreement to amend the land use rights grant contract or a new land use rights grant contract shall be signed in order to, *inter alia*, adjust the land use rights assignment price accordingly.

According to the Urban Real Estate Law and the Provisions on Administration of Transfer of Urban Real Estate, if the land use rights were originally obtained by allocation, transfer of the real property shall be subject to the approval of the PRC government vested with the necessary approval power as required by the State Council. Upon such approval, the transferee shall complete the formalities for transfer of the land use rights, unless the relevant statutes require no transfer formalities, and shall pay the transfer price according to the relevant statutes.

Sale of Commodity Buildings

Under the Regulatory Measures on the Sale of Commodity Buildings (the "**Regulatory Measures**") issued by the Ministry of Construction on 4 April 2001 and implemented on 1 June 2001, the sale of commodity buildings can include both pre-completion sales (pre-sale) and post-completion sales.

Permit of Pre-sale of Commodity Buildings

According to the Development Regulations and the Measures for Administration of Pre-sale of Commodity Buildings (the "**Pre-sale Measures**") implemented by the Ministry of Construction on 1 January 1995 and as amended on 15 August 2001 and 20 July 2004 respectively, the pre-sale of commodity buildings shall be subject to a licensing system, and a real estate developer intending to sell a commodity building before its completion shall make the necessary pre-sale registration with the real estate development authority of the relevant city or county to obtain a pre-sales permit. A commodity building may be sold before completion only if: a) the land premium has been paid in full for the grant of the land use rights involved and a land use rights certificate has been obtained; b) a construction works planning permit and construction works commencement permit have been obtained; c) the funds invested in development construction represent 25.0 per cent. or more of the total investment in the project and the progress of construction works and the completion and delivery dates have been ascertained; and d) the pre-sale has been registered and a pre-sales permit has been obtained.

On 13 April 2010, MOHORD issued the Notice on Further Enhancing the Supervision of the Real Estate Market and Perfecting the Pre-sale System of Commodity Houses. Pursuant to the notice, without the pre-sale approval, the commodity properties are not permitted to be pre-sold and the real estate developer is not allowed to charge the buyer any deposit or pre-payment or payment of the similar nature. In addition, the notice urges local governments to enact regulations on the sale of completed commodity properties in light of the local conditions, and encourages property developers to sell completed commodity properties.

Supervision of pre-sale income of commodity buildings
According to the Pre-sale Measures, the income of a real estate developer from the pre-sale of commodity buildings must be used for the construction of the relevant projects. The specific measures in connection with the income from the pre-sale of commodity buildings shall be formulated by the real estate administrative authorities.

Conditions of the sale of post-completion commodity buildings
Under the Regulatory Measures, commodity buildings may be put to post-completion sale only when the following preconditions have been satisfied: (i) the real estate development enterprise shall have a business license and a qualification certificate of a real estate developer; (ii) the enterprise shall obtain a land use rights certificate or other approval documents for land use; (iii) the enterprise shall have the construction works planning permit and construction works commencement permit; (iv) the building shall have been completed, inspected and accepted as qualified; (v) the relocation of the original residents shall have been completed; (vi) the supplementary essential facilities such as for supplying water, electricity, heating, gas and communication shall have been made ready for use, and other supplementary essential facilities and public facilities shall have been made ready for use, or the schedule of construction and delivery date shall have been specified; and (vii) the real property management plan shall have been completed. Before the post-completion sale of a commodity building, a real estate developer shall submit a real estate development project manual and other documents evidencing the satisfaction of preconditions for post-completion sale to the real estate development authority for their records.

Transaction of commodity buildings
According to the Development Regulations and the Pre-sale Measures, for the pre-sale of commodity buildings, the developer shall sign a contract on the pre-sale of a commodity building with the purchaser. The developer shall, within 30 days after signing the contract, apply for the registration and filing of the pre-sale commodity building to the relevant real estate administration and city and county people's government land management authorities.

Pursuant to the Circular of the General Office of the State Council on Forwarding the Opinions of the Ministry of Construction and other Departments on Stabilising House Prices issued on 9 May 2005:

(a) A buyer of a commodity building is prohibited from conducting any further transfer of a pre-sold commodity before completion of construction and obtaining the property ownership certificate. If there is discrepancy in the name of the applicant for property ownership and the name of the buyer in the pre-sale contract, the registration division of the real estate administration authorities shall not register the application of property ownership.

(b) A real name system is applied for each real estate transaction and an immediate archival filing network system is in place for presale contracts of commodity buildings.

The State Administration for Industry and Commerce of the PRC (the "**SAIC**") has implemented the Provisions on Releasing Real Estate Advertisements which took effect on 1 February 2016. Pursuant to the provisions, a real estate advertisement shall not contain any information relating to geomancy, divination or other superstitious information. The introduction and description of a project shall not violate the prevailing custom. A real estate advertisement shall be true, legal, scientific, accurate, and shall not defraud or mislead the public. A real estate advertisement shall not contain any promise by the publisher to prospective purchasers with respect to providing assistance in applying for, among others, residential pass, securing a job or school admission.

Adjusting the Structure of Housing Supply and Stabilising Housing Price
The General Office of the State Council implemented the Circular on Duly Stabilising the Prices of Residential Properties on 26 March 2005, requiring measures to be taken to restrain housing prices from increasing too fast and to promote the healthy development of the property market. On 9 May 2005, the General Office of the State Council issued the Opinion of the Ministry of Construction and other Departments on Improving the Works on Stabilising the Prices of Residential Properties which requires the rectification of and regulation of market order and serious investigation into and punishment for any irregular and rule-breaking sales.

On 24 May 2006, the General Office of the State Council issued the Opinion of the Ministry of Construction and other Departments on Adjusting Housing Supply Structure and Stabilisation of Housing Prices. With respect to the adjustment of housing supply and stabilisation of housing prices, the opinion provides that:

(a) Adjustment to the housing supply structure: construction of medium and small-sized commodity houses at medium or low prices should be especially developed to satisfy the demands of local residents.

(b) Adjustment to tax, credit and land policies: from 1 June 2006, the first instalment of individual house loans should be no less than 30.0 per cent. When a borrower applies for individual house loans for his own use and the floor area of the unit is less than 90.0 sq.m., the first instalment remains at 20.0 per cent.

To implement the Opinions on Adjusting the Housing Supply Structure and Stabilising Housing Prices, the Ministry of Construction implemented Certain Opinions Regarding the Implementation of the Ratio Requirement for the Structure of Newly Constructed Residential Units on 6 July 2006 and made supplemental requirements on the proportion of newly built housing structure as follows:

From 1 June 2006, in any city (including counties), the floor area of housing which is less than 90.0 sq.m. should reach 70.0 per cent. of the total floor area of commercial commodity buildings which have been newly approved or constructed.

On 20 December 2008, the General Office of the State Council issued Several Opinions on Promoting the Sound Development of the Real Estate Market in order to speed up the development of social security housing, encourage purchases of properties for self-use and upgrade purposes and direct real estate developers to cope with the changing market, as well as to:

(a) promote the construction of affordable residential housing;

(b) encourage the purchase of regular commodity houses for residential purposes; and

(c) support real estate developers in dealing with the changing market.

According to Several Opinions of the General Office of the State Council on Providing Financial Support for Economic Development, issued by the General Office of the State Council on 8 December 2008, the State Council (1) implemented relevant credit policies and measures to support a person's purchase of his first ordinary home or improve his ordinary home; (2) provided more credit support for the construction of low rent houses and economically affordable houses and the reconstruction of shed areas for low-income urban residents; and (3) initiated the pilot operation of real estate trust investment funds and diversified the financing channels of real estate enterprises.

Notices on Accelerating a Stable and Healthy Development in the Real Estate Market

On 7 January 2010, the General Office of the State Council issued the Notice on Accelerating a Stable and Healthy Development in the Real Estate Market, which stipulates:

(a) increasing the effective supply of security housing and common commercial housing;

(b) reasonably steering housing consumption and suppress speculative house purchasing demand;

(c) strengthening risk prevention and market supervision; and

(d) quickening the Comfort Housing Project construction.

On 17 April 2010, the State Council issued the Notice on Restraining Resolutely Over-rise of Housing Prices in Some Cities, which requires that:

(a) Each district and each department practically implements its duty to stabilise property prices and residential housing guarantees.

(b) Unreasonable housing demands should be strictly restricted and stricter credit policies should the implemented.

To strengthen real estate market regulation and enhance the implementation of these existing policies, on 29 September 2010, PBOC and China Banking Regulatory Commission (the "**CBRC**") jointly issued the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies, in accordance with which the minimum down payment has been raised to 30.0 per cent. for all first home purchases, and commercial banks throughout China are required to suspend mortgage loans for purchases of a customer's third residential real estate and beyond.

On 29 September 2010, the MOF, the State Administration of Taxation ("**SAT**") and MOHURD jointly issued the Notice to Adjust the Preferential Policies on Deed Tax and Individual Income Tax Regarding Real Estate Transaction, in accordance with which, as at 1 October 2010, the deed tax for individuals who purchased ordinary residential real estate with floor area under 90.0 sq.m. as his sole family residence will be reduced to 1.0 per cent., and those who sell their homes and buy new ones within one year would not be eligible for reductions or exemptions on individual income tax on the profits from the sales.

On 26 January 2011, the General Office of the State Council issued the Circular on Issues Concerning Further Properly Regulating and Controlling the Real Estate Market, under which the transfer of all residential real estates purchased and held by individuals for less than five years shall be subject to business tax based on total sale price from such transfer.

The Provisions on Sales of Commodity Properties at Clearly Marked Price was issued by NDRC on 16 March 2011 and became effective on 1 May 2011. According to the provisions, any real estate developer or real estate agency ("real estate operators") is required to mark the selling price explicitly and clearly for both newly-build and second-hand commodity properties. The provisions require real estate operators to clearly indicate the prices and relevant fees of commodity properties, as well as other factors affecting the prices of commodity properties to the public. With respect to the real estate development projects that have received property pre-sale permit or have completed the filing procedures for the sales of constructed properties, real estate operators shall announce all the commodity properties available for sales on at once within the specified time limit. Furthermore, with regard to a property that has been sold out, real estate operators are obliged to disclose this information and to disclose the actual transaction price. Real estate operators cannot sell commodity properties beyond the explicit marked price or charge any other fees not explicitly marked. Moreover, real estate operators may neither mislead properties purchasers with false or irregular price marking nor engage in price fraud by using false or misleading price marking methods.

On 26 February 2013, the General Office of the State Council issued a Circular on Continuing the Regulation of Real Estate Market which requires, among other restrictive measures:

(a) Firmly restraining purchases of residential housing for investment and speculation purposes. Non-local residents who possess one or more residential properties and fail to provide one-year or longer tax payment certificates or social insurance payment certificates are to be barred from purchasing any residential properties located in the administrative area. For cities where housing prices are increasing at an excessively high rate, local branches of the PBOC may further raise the down-payment rate and mortgage interest rate for the purchase of a second residential property. In addition, the state will strictly enforce a 20.0 per cent. individual income tax on home sale profits.

(b) Expanding ordinary commodity housing units and increasing the supply of land. The overall housing land supply in 2013 shall not be lower than the average actual land supply in the past five years.

On 29 September 2014, PBOC and CBRC jointly issued the Notice of the People's Bank of China and the China Banking Regulatory Commission on Further Improving Housing Financial Services, which provides that as regard a household that takes out a loan to purchase its first ordinary owner-occupied residential property, the minimum down payment ratio of the loan shall be 30.0 per cent., and the minimum loan interest rate shall be 0.7 times the benchmark lending rate. Banking financial institutions shall determine the specifics in this regard on their own according to risk profiles. When a household that owns an existing property for which the property purchase loan has been paid off applies for a new loan to purchase another ordinary commodity housing for the purpose of improving living conditions, the relevant banking financial institution shall adopt the lending policies applicable to the first owner-occupied property. In cities where "property purchase control measures" have been cancelled or are not implemented, if a household that owns two or more existing properties for which the property purchase loans have been paid off applies for a new loan to purchase yet another new property, the relevant banking financial institution shall specifically determine the down payment ratio and the loan interest rate in a prudent manner based on the borrower's repayment capability, credit standing and other factors. A banking financial institution may, according to the local urbanisation development planning, disburse housing loans to non-local residents who satisfy policy conditions.

On 24 September 2015, PBOC and CBRC jointly issued the Notice of the People's Bank of China and the China Banking Regulatory Commission on Further Improving the Relevant Issues concerning the Differential Housing Credit Policy, which provides that in cities where "property purchase control measures" are not implemented the minimum down payment ratio of a personal housing commercial loan obtained by a household to finance the purchase of the first ordinary residential property is adjusted to 25.0 per cent.

On 1 February 2016, PBOC and CBRC jointly issued the Circular of the People's Bank of China and China Banking Regulatory Commission on Issues Concerning Adjusting the Individual Housing Loan Policies. The circular specifies that, in principle, in the cities where property purchase control measures are not implemented, the minimum down payment ratio of a personal housing commercial loan obtained by a household to finance the purchase of its first ordinary residential property shall be 25.0 per cent. of the purchase price, however local authorities have been allowed to adjust such down payment ratio to 20.0 per cent. Meanwhile, with respect to a household that already owns a residential property with unsettled personal housing commercial loan and has applied for another personal housing commercial loan to purchase another ordinary residential property for the purpose of improving living conditions, the minimum down payment ratio for that purchase shall be at least 30.0 per cent. of the corresponding purchase price. On 18 November 2016, PBOC Chengdu Branch and CBRC jointly issued the Circular on Further Strengthening the Management of Housing Loan Policies. The Circular specified that, in Chengdu Hi-tech Industrial Development Zone (South) and Tianfu New Area Chengdu Direct Supervision Zone, with respect to a household that already owns a residential property with unsettled personal housing commercial loan and has applied for another personal housing commercial loan to purchase another ordinary residential property, the minimum down payment ratio for that purchase shall be at least 70.0 per cent. of the corresponding purchase price. No personal housing commercial loan is allowed for a household that intends to purchase the third or more ordinary residential property.

According to the Notice on Matters Concerning Individual Housing Loan Policies, issued by PBOC, MOHURD and CBRC on 30 March 2015 and effective on the same date, and the Notice on Adjusting the Business Tax Policies Concerning Transfer of Individual Housing issued by the MOF and SAT on 30 March 2015 and implemented on 31 March 2015 (collectively, the "**330 New Policy**"), where a household, which has already owned a home and has not paid off the relevant housing loan, applies for another commercial personal housing loan to purchase another ordinary housing property for the purpose of improving living conditions, the minimum down payment is adjusted to 40.0 per cent. The actual down payment ratio and loan interest rate shall be determined by the banking financial institution concerned based on the borrower's credit record and financial condition.

For working households that have contributed to the housing provident fund, when they use the housing provident fund loans to purchase an ordinary residential house as their first home, the minimum down payment shall be 20.0 per cent. of the house's price; for working households that have contributed to the housing provident fund and that have already owned a home and have paid off the corresponding home loans, when they apply for the housing provident fund loans for the purchase of an ordinary residential house as their second property to improve their housing conditions, the minimum down payment shall be 30.0 per cent. of the property price. In addition, where an individual sells a property purchased within two years, business tax shall be levied on the full amount of the sales income; where an individual sells a property that was purchased more than two years ago, business tax shall be levied on the difference between the sales income and the original purchase price of the house. The sale of an ordinary residential property purchased by an individual more than two years ago is not subject to such business tax.

Mortgage on real estate

Under the Urban Real Estate Law, the Guarantee Security Law of the People's Republic of China issued by the SCNPC on 30 June 1995 and implemented on 1 October 1995, and the Measures on the Administration of Mortgages of Real Estate in Urban Areas issued by the Ministry of Construction on 9 May 1997 and implemented on 1 June 1997, as amended on 15 August 2001, when a mortgage is created on a legally obtained building, a mortgage shall be simultaneously created on the land use rights of the land on which the building is situated. When the land use rights of state-owned land acquired through means of grant are being mortgaged, the buildings on the land shall also be mortgaged at the same time. The land use rights of town and village enterprises cannot be mortgaged unless the buildings on the land are also mortgaged at the same time. When buildings owned by town and village enterprises are mortgaged, the land use rights occupied by the buildings shall also be mortgaged at the same time. The mortgagor and the mortgagee shall sign a mortgage contract in writing.

Within 30 days after a real estate mortgage contract is signed, the parties to the mortgage shall register the mortgage with the real estate administration authorities at the location where the real estate is situated. A real estate mortgage contract shall become effective on the date of registration of the mortgage. If a mortgage is created on the real estate in respect of which a house ownership certificate has been obtained, the registration authority shall make an entry under the "third party rights" item on the original house ownership certificate and then issue a Certificate of Third Party Rights to the mortgagee. If a mortgage is created on the commodity building put to pre-sale or under construction, the registration authority shall record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved shall re-register the mortgage of the real property after issuance of the certificates evidencing the ownership of the real property.

On 16 March 2007, the 5th Session of the 10th National People's Congress of China adopted the Law of the People's Republic of China on Property Rights (the "**New Property Law**"), which became effective on 1 October 2007. The New Property Law further widens the scope of assets that can be mortgaged, allowing for any asset associated with property rights to be mortgaged as collateral unless a specific prohibition under another law or regulation applies. See "*New property law*".

Lease of buildings

The Administration Measures for Administration of Commodity Housing Tenancy was issued on 1 December 2010 and came into effect on 1 February 2011. The parties to a real estate lease shall go through the lease registration formalities with the competent construction (real estate) departments of the cities directly under the central government, cities and counties where the housing is located within 30 days after the lease contract is signed. There will be a fine below RMB1,000 on individuals who fail to make corrections within the specified time limit, and a fine between RMB1,000 and RMB10,000 on units which fail to make corrections within the specified time limit.

New property law

There are various clauses in the New Property Law to strengthen the protection on the rights of house owners: i) Article 89 of the New Property Law requests that "the construction of a building shall not violate the relevant provisions of the state on project construction, nor obstruct the air circulation, sunlight or daylight of any neighbouring building". This clause protects house owners' right to enjoy sunlight and prevents house developers from illegal constructions; ii) Article 81 of the New Property Law grants house owners the right to manage by themselves the building and its ancillary facilities and replace the property management company or any other manager engaged by the house developer. This clause reinforces the independent rights of house owners to manage their own community.

The New Property Law further widens the scope of assets that can be mortgaged, allowing for any asset associated with property rights to be mortgaged as collateral unless a specific prohibition under another law or regulation applies. See "*16. PRC REGULATIONS – 16.6 Regulations on Real Estate Transfer and Sale – Mortgage on real estate*".

Real Estate Registration

According to the Interim Regulations on Real Estate Registration issued by the State Council on 24 November 2014 and enforced on 1 March 2015, PRC will apply a uniform registration system over real estate. Under this system, ownership of buildings and land use right shall be registered in accordance with the provisions of the interim regulations. If registration is applied by reasons of transfer or settlement of mortgage, the application shall be made jointly by both parties. However, the first registration application for the real estate without registration record shall be filed by either party involved. Any interested party may apply to inquire about or copy the real estate registration materials in accordance with the law and the registration. The competent authorities shall not refuse to provide the information which has been registered. Furthermore, the Interim Regulation confirmed that various real estate ownership certificates issued prior to the implementation of the interim regulation shall remain valid.

The MLR implemented the Implementing Rules of the Interim Regulations on Real Estate Registration (the "**Rules**") on 1 January 2016. The Rules stipulate that after the acceptance of an application for real estate registration, the real estate registration authority shall perform site inspection. The owners and interested parties may inquire and obtain the relevant real estate registration information. The Rules also clarify that real estate registration information shall be managed by the relevant real estate registration authorities, which shall establish a real estate registration information management system and an information safety and confidentiality system. No individual or entity shall disclose such real estate registration information.

16.7 Major Laws and Regulations

Regulation on Fiscal Debts of Local Governments

In accordance with Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of National Economy issued jointly by the PBOC and CBRC in March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise bonds and medium term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, Circular 19 and Circular 2881 were separately promulgated in June 2010 and November 2010, respectively. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platform. In accordance with Circular 2881, the indebtedness of local governments will impact their financing platform's issuance of enterprise bonds.

On 21 September 2014, Circular 43 was promulgated by the State Council. Circular 43 aims to regulate the financing system of local governments and presents three channels. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions nor incur new government debts. Public interest projects may be funded by the PRC government through issuing government bonds since the new Budget Law of the PRC (the "**New Budget Law**"), which took effect on 1 January 2015, empowers local governments to issue government bonds and carry out public interest projects with the income generated such as city infrastructure construction which may be operated independently by social investors or jointly by the PRC government and social investors through the establishment of special purpose companies. Social investors or such special purpose companies shall invest in accordance with market-oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Social investors or the special purpose companies shall bear the obligation to pay off such debts and the PRC government shall not be liable for any of the social investors' or special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to the State Council for approval, and then included in the budget plan of local governments.

On 11 May 2015, the Opinion on the Proper Solution of the Follow-up Financing Issues for Projects under Construction of Financing Platform of Local Governments was issued jointly by the Ministry of Finance of the PRC, the PBOC and the CBRC ("**Circular 40**") was promulgated by the General Office of the State Council of the PRC. In accordance with Circular 40, local governments at all levels and banking financial institutions shall properly deal with follow-up financing issues for projects under construction of financing platform companies. Projects under construction refer to projects that have started construction upon the completion of examination, approval or filing procedures in accordance with the relevant regulations by competent investment authorities before the date on which Circular 43 was promulgated.

The key tasks of local governments and banking financial institutions are as follows:

- Support stock financing needs for projects under construction. Local governments at all levels and banking financial institutions shall ensure the orderly development of projects under construction. For the loans to the projects under construction of financing platform companies, if the loan contracts with legal effect had been signed before 31 December 2014 and the loans had been granted but the contracts have not yet expired, banking financial institutions shall, under the premise of fully controlling risks and implementing credit conditions, continue to grant loans as agreed in the contracts, and shall not call in loans in advance, delay or suspend the granting of loans.

- Regulate increment financing for projects under construction. Local governments at all levels shall pay close attention to the incremental financing needs which are expected to be given for the projects under construction of the financing platform companies, and shall, under the premise of compliance with laws and regulations and standard administration, make overall arrangements for various kinds of capitals such as fiscal capital and social capital and ensure the continuation and completion of projects under construction. For the projects under construction of financing platform companies for which the loan amount in the contracts that have been signed fails to meet the construction needs, if it is suitable for them to adopt a government and social capital cooperation mode, they shall prioritise the adaptation of such a mode to make up the construction needs. If they are in compliance with the relevant state provisions without any other funding sources for construction, but the PRC government and social capital cooperation mode is not suitable temporarily, the increment financing needs shall be incorporated into government budget management and solved through issuing government bonds by local governments as required by law and the relevant regulations.

- Administer in an effective and proper manner follow-up financing for projects under construction. Banking financial institutions shall carefully check the destinations of the loans, and focus on supporting the projects under construction of financing platform companies such as farmland water conservancy facilities, affordable housing projects and urban railway systems.

- Improve supporting measures. Under the premise of ensuring fiscal expenditure needs, in the regions where there are corresponding amounts of government bonds issuance and where the treasury balances exceed the treasury payment for one and a half months, the local financial departments are allowed to, within the limit of the amount of government bonds issuance, make more effort to effectively use the fiscal funds in the previous years and use the surplus amount of the treasury for capital flow before government bond issuance, so as to address the time difference between the financing for projects under construction and government bonds issuance.

Regulation on the Issuance of Foreign Bonds

Pursuant to the **NDRC Circular**, which was promulgated by the NDRC and became effective on 14 September 2015, where domestic enterprises and overseas enterprises controlled by them or their overseas branches issue foreign debts, which are debt instruments of no less than one year tenor that are denominated in domestic currency or foreign currency with the capital repaid and interest paid as agreed, including bonds issued overseas and long and medium-term international commercial loans, the enterprises shall apply to the NDRC for dealing with the formalities of record-filing and registration before issuance. The NDRC shall decide to accept such application within five working days upon the receipt of the application and provide the Record-filing and Registration Certification of Issuance of Foreign Debts by Enterprises within seven working days after acceptance. The enterprises shall submit the issuance information to the NDRC within 10 working days after the end of each issuance.

Bidding and Tendering Management

Bidding and tendering of various construction projects have been provided for in the Bidding and Tendering Law of the People's Republic of China promulgated by SCNPC on 30 August 1999 which became effective on 1 January 2000, Regulation on the Implementation of the Bidding and Tendering Law of the People's Republic of China promulgated by State Council on 20 December 2011 which became effective on 1 February 2012 and was amended on 1 March 2017 and which amendment became effective on the same date, Measures for the Construction Bidding and Tendering of Construction Projects jointly promulgated by NDRC, MOC, MOR, MOT, Ministry of Information Industry of the People's Republic of China, Ministry of Water Resources of the People's Republic of China, and Civil Aviation Administration of China promulgated on 8 March 2003 which became effective on 1 May 2003 and was amended on 11 March 2013 and which amendment became effective on 1 May 2013, Administrative Measures for the Bidding and Tendering of Design of Construction Projects issued by MOC on 18 October 2000 and became effective on the same date, Provisions on the Tendering Scope and Scale Standards of Construction Projects issued by NDRC on 1 May 2000 and became effective on the same date and Administrative Measures for the Bidding and Tendering of Housing Construction and City Infrastructure Work issued by MOC on 1 June 2001 and became effective on the same date.

In accordance with the Bidding and Tendering Law of the People's Republic of China, certain types of projects shall go through bidding processes during phases, including project survey, design, construction, supervision and procurement of the essential equipment and materials relating to the project construction. Such projects include projects related to social public interests and public security, including large infrastructure and utilities, projects invested by using state-owned fund or financed by the PRC government in whole or in part and projects using loans or funding aid from international organisations or foreign government.

The process of bidding and tendering consists of five stages including bid invitation, tendering, bid opening, bid evaluation and bid award. The principles of openness, fairness and equal competition shall be followed in the bidding and tendering for construction project contracting and the contractor shall be chosen after evaluation. After the contractor is determined, the tenderee shall issue the notification to the successful bidder. The notification is legally binding on both the tenderee and the bid winner.

In accordance with the Bidding and Tendering Law of the People's Republic of China and Measures for the Construction Bidding and Tendering of Construction Projects, if any project that should undergo bidding as required by law fails to go through the bidding process, or the items subject to bidding are disintegrated or the bidding process is otherwise evaded, the relevant administrative supervision department shall order rectification within a specified period, and may impose a fine of 0.5 per cent. up to 1.0 per cent. of the contract amount of the project. For projects using the state-owned funds in whole or in part, the project approval authority may suspend the implementation of the project or suspend the fund appropriation, and impose punishment on the person directly in charge of the entity or other person directly liable. Further, in accordance with the provisions of the Interpretations of the Supreme People's Court on Issues of Law Application during the Trial of Construction Contracts for Building Projects issued by the Supreme People's Court on 25 October 2004 and which became effective on 1 January 2005, if any project that is required to undergo a bidding process fails to go through the bidding process or the bid award is invalid, the construction contract for building projects shall become invalid.

Quality Management

Laws and regulations on project quality mainly include Construction Law of the People's Republic of China which became effective on 1 March 1998 and amended on 22 April 2011 which amendment became effective on 1 July 2011, Regulation on Quality Management of Construction Projects issued by the State Council on 30 January 2000 and became effective on the same date, Administrative Measures for Quality Management of Construction Project Survey amended by MOC on 22 November 2007 and became effective on the same date, Administrative Measures for Completion Acceptance Record of Building Construction and City Infrastructure Projects issued by MOHURD on 19 October 2009 and became effective on the same date, Measures for Quality Warranty of Building Construction

Projects issued by MOC on 30 June 2000 and became effective on the same date, Measures for Completion Acceptance of Port Works promulgated by MOT on 12 April 2005 which became effective on 1 June 2005 and amended on 5 September 2014 and 19 April 2016, Measures for Completion (Delivery) Acceptance of Highway Works promulgated by MOT on 31 March 2004 and its implementation rules which was promulgated on 1 May 2010 and Measures for the Management of Construction Project Quality Deposits issued by the MOHURD and the Ministry of Finance on 20 June 2017 and became effective on 1 July 2017.

According to the Regulation on Quality Management of Construction Projects, all the building, surveying, designing, construction and supervision units shall be responsible for the quality of the construction projects. The competent administrative department of construction at or above county level is the competent authority for quality supervision and management of construction projects.

Environmental Protection Management

Major laws and regulations on environmental protection during the project construction process include the Environmental Protection Law of the People's Republic of China amended by SCNPC on 24 April 2014 which became effective on 1 January 2015, Law on Environmental Impact Assessment of the People's Republic of China promulgated by SCNPC on 28 October 2002 which became effective on 1 September 2003 and last amended on 2 July 2016, Administrative Regulations on Environmental Protection of Construction Projects issued by State Council on 29 November 1998 and became effective on the same date and amended on 16 July 2017, and Administrative Measures for Environmental Protection Acceptance of Construction Projects upon Completion promulgated by SEPA on 27 December 2001 which became effective on 1 February 2002 and amended on 22 December 2010 which amendment became effective on the same date.

In accordance with the provisions of the Administrative Regulations on Environmental Protection of Construction Projects and Administrative Measures for Environmental Protection Acceptance of Construction Projects upon Completion, the PRC government implements the system of environmental impact assessment on construction projects. After the completion of a construction project, the competent administrative department of environmental protection will undergo environmental protection acceptance process and assess whether the construction project has met the requirements for environmental protection.

Environmental Protection

The Environmental Protection Law, promulgated on 26 December 1989 by the Standing Committee of the National People's Congress, which became effective on 26 December 1989, as amended on 24 April 2014, establishes the legal framework for environmental protection in the PRC. The environmental protection department of the State Council supervises environmental protection work in the PRC and establishes national standards for the discharge of pollutants. Each of the local environmental protection bureaus is responsible for the environmental protection work within their respective jurisdictions.

Air Pollution

The Air Pollution Prevention Law, promulgated on 29 April 2000 by the Standing Committee of the National People's Congress, which became effective on 1 September 2000 and was amended on 29 August 2015 and became effective on 1 January 2016, establishes the legal framework for air pollution prevention in the PRC. The environmental protection department of the State Council formulates national air quality standards. Each of the local environmental protection bureaus is authorised to regulate air pollution within each of their respective jurisdictions by formulating specific local standards and may impose penalties for violation.

Water Pollution

The Water Pollution Prevention Law, promulgated on 11 May 1984 by the Standing Committee of the National People's Congress, which became effective on 1 November 1984, and last amended on 27 June 2017, establishes the legal framework for water pollution prevention in the PRC. The environmental protection department of the State Council formulates national waste discharge standards. Enterprises that discharge waste into water shall pay a treatment fee. Each of the local environmental protection bureaus is authorised to regulate water pollution within each of its respective jurisdictions by formulating more specific local standards, and may impose penalties for violation, including suspending operations.

Noise Pollution
The Noise Pollution Prevention Law, promulgated by the Standing Committee of the National People's Congress on 29 October 1996, which became effective on 1 March 1997, establishes the framework for noise pollution prevention in the PRC. Under the Noise Pollution Prevention Law, any person undertaking a construction, decoration or expansion project which might cause environmental noise pollution, shall prepare and submit an environmental impact report to the environmental protection authority for approval. Facilities for prevention and control of environmental noise pollution shall be designed and approved by the environmental protection authority prior to the commencement of the project, and be built and put into use simultaneously with the project works. Facilities for prevention and control of environmental noise pollution may not be dismantled or suspended without the approval of the environmental protection authority.

Construction Projects
The Environmental Impact Appraisal Law, promulgated by the Standing Committee of the National People's Congress on 28 October 2002, which became effective on 1 September 2003 and was amended on 2 July 2016, Administrative Regulations on Environmental Protection of Construction Projects, promulgated by the State Council on 29 November 1998, which became effective on 29 November 1998 and was amended on 16 July 2017, and the Measures for the Administration of Examination and Approval of Environmental Protection Facilities of Construction Projects, promulgated by the Ministry of Environmental Protection on 27 December 2001, which became effective on 1 February 2002 and was amended on 22 December 2010, require enterprises planning construction projects to engage qualified professionals to provide assessment reports on the environmental impact of such projects. The assessment report shall be filed with and approved by the relevant environmental protection bureau prior to the commencement of any construction work. The construction project shall not commence operation, unless inspected and approved by the relevant environmental protection bureau.

16.8 Labour

Employment Contracts
The Labour Contract Law, promulgated by the Standing Committee of the National People's Congress on 29 June 2007, which became effective on 1 January 2008 and was amended on 28 December 2012 and became effective on 1 July 2013, governs the relationship between employers and employees and provides for specific provisions in relation to the terms and conditions of an employee contract. The Labour Contract Law stipulates that employee contracts shall be in writing and signed. It imposes more stringent requirements on employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. Pursuant to the Labour Contract Law, employment contracts lawfully concluded prior to the implementation of the Labour Contract Law and continuing as at the date of its implementation shall continue to be performed. Where an employment relationship was established prior to the implementation of the Labour Contract Law but no written employment contract was concluded, a contract shall be concluded within one month after its implementation.

Employee Funds
Under applicable PRC laws, regulations and rules, including the Social Insurance Law, promulgated by the Standing Committee of the National People's Congress on 28 October 2010, which became effective on 1 July 2011, the Interim Regulations on the Collection and Payment of Social Insurance Premiums, promulgated by the State Council on 22 January 1999, which became effective on 22 January 1999, and Administrative Regulations on the Housing Provident Fund, promulgated by the State Council on 3 April 1999, which became effective on 3 April 1999 and as amended on 24 March 2002, employers are required to contribute, on behalf of their employees, to a number of social

security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance and to housing provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the outstanding amount within a stipulated time period.

16.9 Regulations Regarding Overseas Investment, Financing and Acquisition Activities

NDRC Supervision

According to the Measures for the Administration of Approval and Filing of Overseas Investment Projects effective from 8 May 2014 and amended on 27 December 2014, the procedure of approval and filing shall be applied to different overseas investment projects. Specifically, if the amount of the investment made by the Chinese party is U.S.$1 billion or more, or if the project is related to sensitive countries, regions or industries, regardless of the investment amount, the projects shall be subject to the approval of NDRC. If the amount of the investment made by the Chinese party is U.S.$2 billion or more, and the project is related to the sensitive countries, areas or industries, the projects shall be subject to the examination of NDRC and then shall be reported to the State Council for approval. Projects other than as specified above shall be subject to the filing with the competent governmental body.

Specifically, overseas investment projects carried out by enterprises under central management, or those carried out by local enterprises in which the amount of Chinese investment reaches or exceeds U.S.$300 million shall be subject to the filing with NDRC. Those carried out by local enterprises in which the amount of Chinese investment is below U.S.$300 million shall be subject to the filing with competent investment departments of the provincial government.

Investment projects to be carried out in Hong Kong and/or the Macao Special Administrative Region shall be governed by the Measures for the Administration of Approval and Filing of Overseas Investment Projects.

According to the NDRC Circular, which was issued by the NDRC on 14 September 2015 and came into effect on the same day, if a PRC enterprise or an offshore enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a maturity of more than one year, such enterprise must in advance of issuing such bonds, file certain prescribed documents with the NDRC and procure a registration certificate from the NDRC in respect of such issue.

The NDRC Circular relates to the matters as listed below:

- remove the quota review and approval system for the issuance of foreign debts by enterprises, reform and innovate the ways that foreign debts are managed, and implement the administration of record-filing and the registration system. Realise the supervision and administration of the size of foreign debts borrowed on a macro level with the record-filing, registration, and information reporting of the issuance of foreign debts by enterprises;

- before the issuance of foreign debts, enterprises shall first apply to the NDRC for the handling of the record-filing and registration procedures and shall report the information on the issuance to NDRC within ten working days of completion of each issuance;

- record-filing and registration materials to be submitted by an enterprise for the issuance of foreign debts shall include: application report for the issuance of foreign debts and issuance plan, including the currency, size, interest rate, and maturity of foreign debts, the purpose of the funds raised, back flow of funds, etc. The applicant shall be responsible for the authenticity, legality, and completeness of the application materials and information;

- the NDRC shall decide whether to accept the application for record-filing and registration within five working days of receiving it and shall issue a Certificate for Record-filing and Registration of the Issuance of Foreign Debts by Enterprises within seven working days of accepting the application and within the limit of the total size of foreign debts;

- the issuer of foreign debts shall handle the procedures related to the outflow and inflow of foreign debt funds with the Certificate for Record-filing and Registration according to the regulations. When the limit of the total size of foreign debts is exceeded, the NDRC shall make a public announcement and no longer accept applications for record-filing and registration;

- if there is a major difference between the actual situation of the foreign debts issued by the enterprises and the situation indicated in the record-filing and registration, an explanation shall be given when reporting relevant information. The NDRC shall enter the poor credit record of an enterprise which maliciously and falsely reports the size of its foreign debts for record-filing and registration into the national credit information platform.

MOFCOM Supervision

MOFCOM issued the new version of the Overseas Investment Administration Rules on 6 September 2014, effective from 6 October 2014 (the "**New Overseas Investment Rules**"). Under the New Overseas Investment Rules, a domestic enterprise intending to carry out any overseas investment shall report to the competent department of commerce for verification or filing and the competent department of commerce shall, with regard to an enterprise so verified or filed, issue it an Enterprise Overseas Investment Certificate. If two or more enterprises make a joint investment to establish an overseas enterprise, the larger (or largest) shareholder shall be responsible for the verification or filing procedure after obtaining written consent of the other investing parties.

An enterprise that intends to invest in a sensitive country or region or a sensitive industry shall apply for the verification by MOFCOM. "Sensitive countries and regions" refer to those countries without a diplomatic relationship with the PRC, or subject to the United Nations Security Council sanctions or otherwise under the list of verified countries and regions published by MOFCOM from time to time. "Sensitive industries" refer to those industries involving the products and technologies which are restricted from being exported, or affecting the interests of more than one country (or region). In accordance with the New Overseas Investment Rules, a central enterprise shall apply to MOFCOM for verification and MOFCOM shall, within 20 working days after accepting such application, decide whether or not the verification is granted. For a local enterprise, it shall apply through the provincial department of commerce to MOFCOM for such verification. The provincial department of commerce shall give a preliminary opinion within 15 working days after accepting such local enterprise's application, and submit all application documents to MOFCOM. MOFCOM shall decide whether or not to grant the verification within 15 working days of receipt of such preliminary opinion from the provincial department of commerce. Upon verification, the Enterprise Overseas Investment Certificate shall be issued to the investing enterprise by MOFCOM.

All overseas investments other than those subject to MOFCOM verification as described above are subject to a filing procedure. The investing enterprise shall complete the filing form through the Overseas Investment Management System, an online system maintained by MOFCOM, print out a copy of such filing form for stamping with the company chop, and then submit such stamped filing form together with a copy of its business licence for filing at MOFCOM (for a central enterprise) or the provincial department of commerce (for a local enterprise) respectively.

MOFCOM or the provincial department of commerce shall accept the filing and issue the Enterprise Overseas Investment Certificate within three working days upon receipt of such filing form.

The investing enterprise must carry out the investment within two years of the date of the relevant Enterprise Overseas Investment Certificate, otherwise such certificate will automatically become invalid and a new filing or verification application has to be made by the investing enterprise. In addition, if any item specified in such certificate is changed, the investing enterprise shall make the change of registration at MOFCOM or the provincial department of commerce (as the case may be).

If an overseas invested company carries out a re-investment activity offshore, the investing enterprise shall report such re-investment activity to MOFCOM or the provincial department of commerce (as the case may be) after the legal process of the investment is completed offshore. The investing enterprise shall complete and print out a copy of the Overseas Chinese-invested Enterprise Re-investment Report Form from the Overseas Investment Management System and stamp and submit such form to MOFCOM or the provincial department of commerce.

Foreign Exchange Administration

According to the Circular of the State Administration of Foreign Exchange on the Promulgation of the Foreign Exchange Control Policy on Direct Investment to Domestic Entities which was issued on 13 July 2009 and effective from 1 August 2009 and the Circular of the State Administration of Foreign Exchange on Further Improving and Revising the Foreign Exchange Control Policy on Direct Investment which was issued on 13 February 2015 and effective from 1 June 2015, after domestic institutions have been examined by the authorities in charge of direct overseas investment and have obtained their approval, the banks shall carry out the procedures of registration under the supervision of the Foreign Exchange Bureau. The bank shall go through the formalities for outward remittance of funds for overseas direct investment. The scope of foreign exchange funds for overseas direct investment of domestic institutions includes their own foreign exchange funds, domestic loans in foreign currencies in compliance with the relevant provisions, foreign exchange purchased with Renminbi, material objects, intangible assets and other foreign exchange funds approved by the Foreign Exchange Bureaus for overseas direct investment. The profits gained from overseas direct investment of domestic institutions may be deposited in overseas banks and used for overseas direct investment. Registration with the Foreign Exchange Bureau is not required for overseas investment and the establishment of overseas enterprises or control by an overseas enterprise established or controlled by a domestic investment institution.

According to the Administrative Measures for Foreign Debt Registration and its operating guidelines, effective as at 13 May 2013 and amended on 4 May 2015, issuers of foreign debts are required to register with the SAFE. Issuers other than banks and financial departments of the PRC government shall go through registration or record-filing procedures with the local branch of the SAFE within 15 business days of entering into a foreign debt agreement. If the receipt and payment of funds related to the foreign debt of such issuer is not handled through a domestic bank, the issuer shall, in the event of any change in the amount of money withdrawn, principal and interest payable or outstanding debt, go through the relevant record-filing procedures with the local branch of the SAFE.

17. TAXATION

The following overview of certain PRC, Hong Kong and EU tax consequences of the purchase, ownership and disposition of the Bonds is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The overview does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with the consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of the Bonds should consult their own tax advisers concerning the application of PRC, Hong Kong and EU tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Bonds arising under the laws of any other taxing jurisdiction.

17.1 PRC

The following overview describes the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC holders of the Bonds in this section. Reference is made to PRC taxes from the taxable year beginning on or after 1 January 2008.

Pursuant to the Enterprise Income Tax Law of the PRC (the "**EIT Law**"), the PRC Individual Income Tax Law (the "**IIT Law**") and the implementation regulations in relation to both the EIT Law and the IIT Law, PRC income tax at a rate of 10.0 per cent. or 20.0 per cent. is normally applicable to PRC-sourced income derived by non-resident enterprises or individuals, respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident holders of the Bonds may be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10.0 per cent. for non-resident enterprise holders of the Bonds and at a rate of 20.0 per cent. for non-resident individual holders of the Bonds (or a lower treaty rate, if any).

Such income tax shall be withheld by the Issuer that is acting as the obligatory withholder and such PRC enterprise shall withhold the tax amount from each payment or payment due. To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non-PRC resident enterprise holders of the Bonds.

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by enterprise holders would be treated as income derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the IIT Law, any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of the PRC for less than one year shall pay individual income tax for any income obtained within the PRC. There is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10.0 per cent. enterprise income tax rate and 20.0 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "**Arrangement**"), holders of the Bonds who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the holders of the Bonds have in the PRC and certain other conditions are satisfied.

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation issued Circular 36, which introduced a new value-added tax ("**VAT**") from 1 May 2016. Under Circular 36, VAT is applicable where the entities or individuals provide services within the PRC. The operating income generated from the provision of taxable sale of services by entities and individuals, such as financial services, shall be subject to PRC VAT if the seller or buyer of the services is within PRC. In the event that foreign entities or individuals do not have a business establishment in the PRC, the purchaser of services shall act as the withholding agent. According to the Explanatory Notes to Sale of Services, Intangible Assets and Real Property attached to Circular 36, financial services refer to the business activities of financial and insurance operations, including loan processing services, financial services of direct charges, insurance services and the transfer of financial instruments, and the VAT rate is 6.0 per cent. Accordingly, the interest and other interest-like earnings received by a non-PRC resident holder of the Bonds from the Issuer will be subject to PRC VAT at the rate of 6.0 per cent. The Issuer will be obligated to withhold VAT of 6.0 per cent. and certain surcharges on VAT for payments of interest and certain other amounts on the Bonds paid by the Issuer to holders of the Bonds that are non-resident enterprises or individuals. And as the withholding agent, the Issuer shall calculate the withholding tax according to the following formula: withholding tax = price paid by the purchaser ÷ (1 + tax rate) × tax rate. According to Interim Regulation of the PRC on City Maintenance and Construction Tax, Interim Provisions on the Collection of Educational Surcharges and Notice of the Ministry of Finance on the Relevant Matters regarding Unifying the Policies on Local Education Surcharges and Administrative Measures on the Collection and Utilisation of Local Educational Surcharges in Sichuan, a city maintenance and construction tax (ranging between 1.0 per cent. to 7.0 per cent. depending on the location of the tax payer), an educational surcharge (3.0 per cent.) and a local educational surcharge (2.0 per cent.) will be applicable when entities and individuals are obliged to pay VAT (for an aggregate of 12.0 per cent. on any VAT payable). However, there is uncertainty as to whether gains derived from a sale or exchange of Bonds consummated outside of the PRC between non-PRC resident holders of the Bonds will be subject to PRC VAT. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new and as such, the interpretation and enforcement of such laws and regulations involve uncertainties.

However, despite the withholding of the PRC tax by the Issuer, the Issuer has agreed to pay additional amounts to holders of the Bonds so that holders of the Bonds would receive the full amount of the scheduled payment, as further set out in "9. TERMS AND CONDITIONS OF THE BONDS".

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

17.2 HONG KONG

Withholding Tax

No withholding tax in Hong Kong is payable on payments of principal (including any premium payable on redemption of the Bonds) or interest in respect of the Bonds or payments made by us.

Profits Tax

Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business.

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "**Inland Revenue Ordinance**") as it is currently applied, Hong Kong profits tax may be charged on revenue profits arising on the sale, disposal or redemption of the Bonds where such sale, disposal or redemption is or forms part of a trade, profession or business carried on in Hong Kong.

Interest on the Bonds will be subject to Hong Kong profits tax where such interest has a Hong Kong source, and is received by or accrues to:

1. a company carrying on a trade, profession or business in Hong Kong;

2. a person, other than a company, carrying on a trade, profession or business in Hong Kong and such interest is in respect of the funds of that trade, profession or business; or

3. a financial institution (as defined in the Inland Revenue Ordinance) and such interest arises through or from the carrying on by the financial institution or its business in Hong Kong.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or subsequent transfer of the Bonds (for so long as the register of holders of the Bonds is maintained outside Hong Kong, as is expected to be the case).

17.3 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 Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to 1 January 2019. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Bonds.

18. SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Managers dated 13 March 2018 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Managers, and the Managers have severally but not jointly agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds set forth opposite their names in the following table.

Managers	**Principal Amount of the Bonds to be subscribed by each Manager**
China International Capital Corporation Hong Kong Securities Limited......	87,750,000
Société Générale	33,750,000
China Minsheng Banking Corp., Ltd., Hong Kong Branch	3,375,000
Industrial and Commercial Bank of China (Asia) Limited	6,750,000
Shanghai Pudong Development Bank Co., Ltd. Singapore Branch	3,375,000
Total	**135,000,000**

The Subscription Agreement provides that the Managers and their affiliates, and their directors, officers and employees will be indemnified against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Managers are subject to certain conditions precedent, and entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Managers and certain of their respective subsidiaries or affiliates have performed certain investment banking and advisory services for, and entered into certain commercial banking transactions with, the Issuer and/or its subsidiaries, from time to time, for which they have received customary fees and expenses. The Managers and their subsidiaries or affiliates may, from time to time, engage in transactions with and perform services for the Issuer and/or its subsidiaries in the ordinary course of business.

In connection with the offering of the Bonds, the Managers and/or their affiliate(s) may act as an investor for their own account and may take up Bonds in the offering and in that capacity may retain, purchase or sell for their own account such securities and any securities of the Issuer and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Bonds being "offered" should be read as including any offering of the Bonds to the Managers and/or their affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

In the ordinary course of their various business activities, the Managers and their affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer, including the Bonds. The Managers or their affiliates that have a lending relationship with the Issuer may hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Bonds offered hereby. Any such short positions could adversely affect future trading prices of the Bonds offered hereby. The Managers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds or other financial instruments of the Bank, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments.

There are no interests of natural and legal persons involved in the issue, including conflicting ones, that are material to the issue.

In connection with the offering, the Managers or any person(s) acting on their behalves may, subject to all applicable laws, over-allot bonds or effect transactions with a view to supporting the market price(s) of the Bonds at a level above that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Bonds is made and, if begun, may cease at any time but it must end not later than the earlier of 30 days after the Issue Date and 60 days after the date of allotment of the Bonds.

18.1 GENERAL

The distribution of this Prospectus or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Prospectus or any offering material are advised to consult their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Prospectus may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been or will be taken in any jurisdiction by the Issuer or the Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Prospectus, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Bonds may be distributed or published, by the Issuer or the Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer or the Managers. If a jurisdiction requires that an offering of Bonds be made by a licensed broker or dealer and the Managers or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, such offering shall be deemed to be made by the Managers or such affiliate on behalf of the Issuer in such jurisdiction.

18.2 EUROPEAN ECONOMIC AREA

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

 (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

 (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds.

18.3 UNITED STATES

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each of the Managers has represented and warranted that it has not offered or sold, and will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act and, accordingly, that neither it nor any of its affiliates (including any person acting on behalf of the Managers or any of their respective affiliates) has engaged or will engage in any directed selling efforts with respect to the Bonds.

Terms used in the paragraph above have the meanings given to them by Regulation S under the Securities Act.

18.4 UNITED KINGDOM

Each of the Managers has represented, warranted and agreed that:

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

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

18.5 HONG KONG

Each of the Managers has represented, warranted and agreed that:

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

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

18.6 THE PEOPLE'S REPUBLIC OF CHINA

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

18.7 SINGAPORE

Each of the Managers has acknowledged that this Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Managers has represented, warranted and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase, and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor 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) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

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

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interests (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor or to a relevant person as 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;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 32 of the Securities and Futures (Offers of Investments), (Shares and Debentures) Regulations 2005 of Singapore.

18.8 JAPAN

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

The Issuer has not authorised and does not authorise the making of any offer of Bonds through any financial intermediary on its behalf, other than the offers made by the Managers with a view to the final placement of the Bonds as contemplated in this Prospectus. Accordingly, no purchaser of the Bonds, other than the Managers, is authorised to make any further offer of the Bonds on behalf of the Issuer or the Managers.

19. GENERAL INFORMATION

19.1 **Clearing System**: The Bonds have been accepted for clearance through Euroclear Bank SA/NV, Boulevard du Roi Albert II, 1210 Brussels, Belgium and Clearstream Banking S.A., 42 Avenue JF Kennedy, 1855 Luxembourg, Grand Duchy of Luxembourg. The Bonds have the following securities codes:

ISIN: XS1791714493
Common Code: 179171449
German Securities Code (WKN): A19X3G

19.2 **Authorisations**: The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by resolutions of the board of directors of the Issuer dated 19 June 2017 and the Chengdu SASAC on 2 November 2017. The Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC on 6 February 2018. PRC counsel to the Issuer and PRC counsel to the Managers have advised that no other approvals or consents are required from any regulatory authorities or other relevant authorities in the PRC for the Issuer to issue the Bonds except for (i) the submission of the Bonds for registration with the Sichuan Branch of the SAFE within 15 working days after the Issue Date and (ii) the filing of the requisite information and documents with the NDRC within 10 working days after the Issue Date. For consequences of non-registration, see "*1. RISK FACTORS – 1.3 RISKS RELATING TO THE BONDS – 1.3.2 Any failure to complete the relevant filings under the NDRC Notice and the relevant registration under SAFE within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds*".

19.3 **No Material and Adverse Change**: Except for otherwise disclosed in this Prospectus, there has been no material adverse change, or any development or event involving a prospective change, in the condition (financial or other), prospects, results of operations or general affairs of the Issuer or the Group since 31 December 2016.

19.4 **No Significant Change**: There has been no significant change in the financial or trading position of the Group since 31 December 2016.

19.5 **Litigation**: Except for otherwise disclosed in this Prospectus, no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the financial position or profitability of the Group.

19.6 **Material Contracts**: The Issuer has not entered into any contracts, other than in the ordinary course of the Issuer's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations under the Bonds.

19.7 **Available Documents**: Copies of the 2015 Audited Financial Statements, the 2016 Audited Financial Statements, the First Half 2017 Interim Financial Statements, the memorandum and articles of association of the Issuer, the Trust Deed and the Agency Agreement relating to the Bonds will be available for inspection from the Issue Date upon prior written request and proof of holding at the principal place of business in London of the Trustee, being at the date of this Prospectus at One Canada Square, London E14 5AL, United Kingdom, and at the specified office of the Principal Paying Agent from time to time, at all reasonable times during normal business hours (being 9.00 a.m. to 3.00 p.m.), so long as any Bond is outstanding.

19.8 **Financial Statements**: Ruihua, located at 5-11/F, West Tower of China Overseas Property Plaza, Building 7, No. 8 Yongdingmen Xibinhe Road, Dongcheng District, 100077 Beijing, China, has audited and rendered an unqualified audit opinion on the 2015 Audited Financial Statements, which are included in pages F-204 to F-297 in this Prospectus, and the 2016 Audited Financial Statements, which are included in pages F-102 to F-202 in this Prospectus. Ruihua has reviewed but has not audited the First Half 2017 Interim Financial Statements as at and for the six months ended 30 June 2017, which are included in pages F-3 to F-100 in this Prospectus. Ruihua is a member of the Chinese Institute of Certified Public Accountants.

19.9 **Listing of Bonds**: Application has been made to the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) for the Bonds in the aggregate nominal amount of €135,000,000 to be admitted to listing and trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange and the Bonds will be available for trading on the China Europe International Exchange (CEINEX). Effective date of listing of the Bonds is on or about 21 March 2018.

19.10 **Expenses of Admission to Trading**: The total expenses related to the admission to trading are expected to amount to approximately €3,500.

19.11 **Expenses**: The total expenses related to the issuance of the Bonds are expected to amount to approximately €0.75 million.

19.12 **Yield**: For the subscribers, the yield of the Bonds is 2.95 per cent. per annum, calculated on the basis of the Issue Price.

20. INDEX TO FINANCIAL STATEMENTS

Reviewed consolidated financial statements of the Issuer as at and for the six months ended 30 June 2017

Audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2016

Audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2015

Note: The stamps in Chinese on pages F-4, F-103 and F-205 are the official chops setting out the name of the Group's current independent auditor, Ruihua Certified Public Accountants and the names of the accountants in charge. The stamps in Chinese on each page of the financial statements are the official audit stamp used by Ruihua Certified Public Accountants setting out "approved by Ruihua".

Chengdu Xingcheng Investment Group Co., Ltd.

Review Report

RHYZ [2017] No. 51070001

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瑞华会计师事务所
RUIHUA CERTIFIED PUBLIC ACCOUNTANTS

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Review Report

RHYZ [2017] No.51070001

To Chengdu Xingcheng Investment Group Co., Ltd.:

We have reviewed the accompanying financial statements of Chengdu Xingcheng Investment Group Co., Ltd. (the "Company"), and its subsidiaries (collectively referred to as the "Xingcheng Group"),which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at June 30, 2017, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and of the Company for the period from January 2017 to June 2017. Management of the Xingcheng Group is responsible for the preparation and fair presentation of these financial statements. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the No.2101 of China Standards on Review Auditing – Review of Financial Statements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free from material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not be prepared in accordance with the Accounting Standards for Business Enterprises in all material respects and give a fair view of the consolidated financial statements of the Group and the statement of financial position of the Company as at 30 June 2017 and of the results, cash flows of the Group and of the Company for the period from January 2017 to June 2017.This reviewed report is being presented solely for the needs of issuing overseas bond to submit to the relevant authorities for Chengdu Xingcheng Investment Group Co., Ltd.,and shall not be used for any other purpose.

Ruihua Certified Public Accountants
(Special General Partnership)

Beijing, China

Chinese Certified Public Accountant:

Chinese Certified Public Accountant:

30 October 2017

Consolidated Statement of Financial Position

As of June 30, 2017

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd. Currency: RMB Yuan

Item	Note	30 Jun. 2017	31 Dec. 2016
Current assets:			
Monetary funds	Note 6, 1	9,288,811,801.80	13,117,182,947.29
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable	Note 6, 2	391,060,454.76	300,708,973.40
Prepayments	Note 6, 3	808,704,960.62	721,074,474.93
Insurance premiums receivable	Note 6, 4		
Cession premiums receivable	Note 6, 5		
Provision of cession receivable	Note 6, 6		
Interest receivable	Note 6, 4	1,775,182.50	
Dividends receivable			
Other receivables	Note 6, 5	600,166,312.05	485,945,701.30
Recoursable financial assets acquired			
Inventories	Note 6, 6	11,258,349,044.76	11,822,007,233.02
Non-current assets held for sale or assets held in disposal group for sale			
Non-current asset due within one year	Note 6, 10	720,642,785.27	720,642,785.27
Other current assets	Note 6, 7	160,239,330.32	194,372,453.58
Total current assets		**23,229,749,872.08**	**27,361,934,568.79**
Non-current assets:			
Available-for-sale financial assets	Note 6, 8	140,000,000.00	150,000,000.00
Held-to-maturity investments	Note 6, 9	4,154,224,385.64	4,433,993,866.73
Long-term accounts receivable	Note 6, 10	6,516,940,968.15	6,516,940,968.15
Long-term equity investments	Note 6, 11	387,534,893.60	341,699,772.50
Investment properties	Note 6, 12	3,461,204,381.04	3,509,579,933.37
Property, Plant and Equipment	Note 6, 13	67,964,375.55	70,568,253.33
Construction in progress	Note 6, 14	28,924,326,645.16	27,611,834,630.14
Materials for construction			
Disposal of Property, Plant and Equipment	Note 6, 15	-2,218,000.97	24,795.22
Intangible assets			
Development expenditure			
Goodwill			
Long-term deferred expenses	Note 6, 16	188,778,115.77	1,640,032.66
Deferred tax assets	Note 6, 17	109,533,958.37	96,742,599.97
Other non-current assets	Note 6, 18	444,736,035.34	319,287,390.56
Total non-current assets		**44,393,025,757.65**	**43,052,312,242.63**
Total assets		**67,622,775,629.73**	**70,414,246,811.42**

(Next)

(Brought forward)

Consolidated Statement of Financial Position (Continued)

As of June 30, 2017

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd. Currency: RMB Yuan

Item	Note	30 Jun. 2017	31 Dec. 2016
Current liabilities:			
Short-term loans	Note 6, 19	122,000,000.00	200,000,000.00
Financial liabilities measured at fair value of which changes are recorded in current profits and losses			
Derivative financial liabilities			
Notes payable			
Accounts payable	Note 6, 20	1,521,428,969.19	2,788,499,515.90
Advance from customers	Note 6, 21	3,502,986,643.65	3,687,953,077.16
Employee benefits payable	Note 6, 22	591,682.97	1,118,432.72
Taxes and dues payable	Note 6, 23	354,544,863.89	543,773,791.80
Interest payable	Note 6, 24	270,927,133.98	189,675,799.81
Dividends payable			
Other payables	Note 6, 25	1,754,215,415.14	1,882,911,582.59
Liabilities held for sale			
Non-current liabilities due within one year	Note 6, 26	7,039,059,080.00	8,956,413,000.00
Other current liabilities			
Total current liabilities		**14,565,753,788.82**	**18,250,345,199.98**
Non-current liabilities:			
Long-term loans	Note 6, 27	11,088,210,226.66	11,418,640,333.33
Bonds payable	Note 6, 28	8,247,620,117.43	8,683,887,855.33
Including: preferred shares			
Perpetual bonds			
Long-term payables	Note 6, 29	3,332,930,000.00	3,567,400,000.00
Long-term payroll payables			
Special payables	Note 6, 30	8,236,202,623.29	6,335,339,928.70
Accrued liabilities			
Deferred income			
Deferred tax liabilities	Note 6, 17	2,540,902.46	1,806,323.85
Other non-current liabilities			
Total non-current liabilities		**30,907,503,869.84**	**30,007,074,441.21**
Total liabilities		**45,473,257,658.66**	**48,257,419,641.19**
Owners' equity:			
Paid-in capital	Note 6, 31	5,525,400,000.00	5,525,400,000.00
Other equity instruments	Note 6, 32	1,000,000,000.00	1,000,000,000.00
Including: preferred shares			
Perpetual bonds		1,000,000,000.00	1,000,000,000.00
Capital reserve	Note 6, 33	12,532,358,293.69	12,699,829,147.18
Less: treasury shares			
Other comprehensive income			
Specific reserves			
Surplus reserve	Note 6, 34	133,681,347.65	133,681,347.65
Retained earnings	Note 6, 35	2,958,078,329.73	2,798,555,372.77
Total owners' equity attributable to parent company		22,149,517,971.07	22,157,465,867.60
Non-controlling interests			-638,697.37
Total owners' equity		**22,149,517,971.07**	**22,156,827,170.23**
Total liabilities and owners' equity		**67,622,775,629.73**	**70,414,246,811.42**

The accompanying notes from Page 15 to Page 98 form an integral part of these financial statements

Page 3 to Page 14 of these financial statements shall be signed by the following persons:

Legal representative: Person in charge of accounting: Person in charge of accounting organ:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

January-June 2017

Currency: RMB Yuan

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Item	Note	January-June 2017	January-June 2016
1. Total operating income		**2,318,656,390.93**	**2,797,926,178.70**
Including: Operating income	Note 6-36	2,318,656,390.93	2,797,926,178.70
2. Total operating costs		**2,071,507,966.58**	**2,126,497,733.84**
Including: Operating costs	Note 6-36	1,811,940,411.10	1,630,681,600.90
Taxes and extra charges	Note 6-37	102,666,867.36	307,544,525.35
Sales expenses	Note 6-38	27,149,851.84	31,346,999.91
Administrative expenses	Note 6-39	48,671,953.28	43,927,250.19
Financial expenses	Note 6-40	78,442,466.80	111,880,211.66
Impairment losses of assets	Note 6-41	2,636,416.20	1,117,145.83
Add: Gains from changes in fair value ("-" means loss)			
Investment income ("-" means loss)	Note 6-42	1,661,241.25	
Including: Investment income from associates and joint venture		-1,514,878.90	
Income on exchange (loss expressed with "-")			
Other income			
3. Operating profit ("-" means loss)		**248,809,665.60**	**671,428,444.86**
Add: Non-operating income	Note 6-43	2,711,495.42	7,554,345.54
Including: Gains on disposal of non-current assets			
Less: Non-operating expenses	Note 6-44	4,405,411.10	369,095.67
Including: Loss on disposal of non-current assets		6,172.85	
4. Total profit ("-" means loss)		247,115,749.92	678,613,694.73
Less: Income tax expenses	Note 6-45	63,455,289.46	183,368,102.31
5. Net profit ("-" means loss)		**183,660,460.46**	**495,245,592.42**
Net attributable to owners of parent company		183,689,623.63	495,286,632.59
Minority interests		-29,163.17	-41,040.17
6. After-tax net amount of other comprehensive incomes			
7. Total comprehensive incomes		**183,660,460.46**	**495,245,592.42**
Total comprehensive incomes attributable to owners of the parent company		183,689,623.63	495,286,632.59
Total comprehensive incomes attributable to minority shareholders		-29,163.17	-41,040.17

The accompanying notes from Page 15 to Page 98 form an integral part of these financial statements

Page 3 to Page 14 of these financial statements shall be signed by the following persons:

Legal representative: **Person in charge of accounting:** **Person in charge of accounting organ:**

Consolidated Statements of Cash Flows

January-June 2017

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd. Currency: RMB Yuan

Item	Note	January-June 2017	January-June 2016
1. Cash flow from operating activities:			
Cash received from sales of goods or rendering of services		2,092,442,559.64	1,306,989,453.72
Refund of taxes and levies			
Cash received relating to other operating activities		1,963,860,772.18	1,768,854,284.00
Subtotal of cash inflows from operating activities		4,056,303,331.82	3,075,843,737.72
Cash paid for goods and services		1,317,570,926.89	1,115,096,037.39
Cash paid to and on behalf of employees		64,292,993.35	57,686,050.93
Cash paid on taxes and levies		380,669,644.52	331,651,562.46
Other cash payment relating to operating activities		2,515,073,495.00	1,806,156,738.62
Subtotal of cash outflows from operating activities		4,277,607,059.76	3,310,590,389.40
Net cash flows from operating activities		-221,303,727.94	-234,746,651.68
2. Cash flows from investing activities:			
Cash received from withdrawal of investments		388,567,336.04	397,622,556.13
Cash received from return on investments		15,506,745.35	10,917,362.85
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		17,986,188.00	18,795,240.00
Net cash received from disposal of subsidiaries or other business units			
Other cash received relating to investing activities		6,012,933.32	209,673,467.87
Subtotal of cash inflows from investing activities		428,073,202.71	637,008,626.85
Cash paid to acquire fixed assets, intangible assets and other long-term assets		83,141,217.76	31,509,165.20
Cash paid for investment		113,137,844.50	406,326,211.21
Net cash paid to acquire subsidiaries and other business units			
Other cash payments relating to investing activities		173,981,847.02	374,682.70
Subtotal of cash outflows from investing activities		370,260,909.28	438,210,059.11
Net cash flows from investing activities		57,812,293.43	198,798,567.74
3. Cash Flows from Financing Activities:			
Cash received from capital contributions			
Including: Cash received from minority shareholder investments by subsidiaries			
Cash received from borrowings		7,234,000,000.00	2,187,000,000.00
Cash received from issuance of bonds			
Other cash received relating to financing activities		198,500,000.00	201,458,400.00
Subtotal of cash inflows from financing activities		7,432,500,000.00	2,388,458,400.00
Repayment of borrowings		10,194,254,026.67	2,902,607,000.00
Cash paid for interest expenses and distribution of dividends or profit		668,267,714.05	776,570,522.47
Including: dividends or profit paid by subsidiaries to minority shareholders			
Other cash payments relating to financing activities		32,221,079.53	2,396,594.40
Sub-total of cash outflows from financing activities		10,894,742,820.25	3,681,574,116.87
Net cash flows from financing activities		-3,462,242,820.25	-1,293,115,716.87
4. Effect of foreign exchange rate changes on cash and cash equivalents		-42,636,890.73	
5. Net increase in cash and cash equivalents		-3,668,371,145.49	-1,329,063,800.81
Add: Opening balance of cash and cash equivalents		12,934,826,177.98	12,376,826,981.85
6. Closing balance of cash and cash equivalents		9,266,455,032.49	11,047,763,181.04

The accompanying notes from Page 15 to Page 98 form an integral part of these financial statements

Page 3 to Page 14 of these financial statements shall be signed by the following persons:

Legal representative: **Person in charge of accounting:** **Person in charge of accounting organ:**

Consolidated Statement of Changes in Equity

January-June 2017

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Currency: RMB Yuan

Item	January-June 2017												
	Owners' equity attributable to owners of the parent company											Non-controlling interests	Total owners' equity
	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Specific reserve	Surplus reserve	General risk reserve	Retained earnings		
		Preferred shares	Perpetual bonds	Other									
1. Balance at the end of the previous year	5,525,400,000.00		1,000,000,000.00		12,699,829,147.18				133,681,347.65		2,798,555,372.77	-638,697.37	22,156,827,170.23
Add: changes in accounting policy													
Correction of errors in previous periods													
Merger of enterprises under the same control													
Other													
2. Balance at the beginning of the year	5,525,400,000.00		1,000,000,000.00		12,699,829,147.18				133,681,347.65		2,798,555,372.77	-638,697.37	22,156,827,170.23
3. Increases/decreases in current year (decrease expressed with "-")					-167,470,853.49						159,522,956.96	638,697.37	-7,309,199.16
(1)Total comprehensive income			24,166,666.67								159,522,956.96	-29,163.17	183,660,460.46
(2)Capital increased and reduced by shareholders													
1. Capital increased by owners													
2. Capital increased by holders of other equity instruments													
3. Amounts of share-based payments recognized in owners' equity													
4. Other													
(3)Profit distribution			-24,166,666.67										-24,166,666.67
1. Appropriations to surplus reserves													
2. Appropriations to general risk provisions													
3. Appropriations to shareholders			-24,166,666.67										-24,166,666.67
4. Other													
(4)Internal carry-forward of shareholders' equity													
1. New increase of capital (or share capital) from capital reserves													
2. New increase of capital (or share capital) from surplus reserves													
3. Surplus reserves for making up losses													
4. Other													
(5)Specific reserves													
1. Appropriation of current period													
2. Usage of current period													
(6)Other					-167,470,853.49							667,860.54	-166,802,992.95
4. Closing balance of current period	5,525,400,000.00		1,000,000,000.00		12,532,358,293.69				133,681,347.65		2,958,078,329.73		22,149,517,971.07

(Next)

Consolidated Statement of Changes in Equity (Continued)

January-June 2017

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Currency: RMB Yuan

Item	January-June 2016												
	Owners' equity attributable to owners of the parent company											Non-controlling interests	Total owners' equity
	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Specific reserve	Surplus reserve	General risk reserve	Retained earnings		
		Preferred shares	Perpetual bonds	Other									
1. Balance at the end of the previous year	5,525,400,000.00				10,164,115,992.18				102,536,787.19		2,293,483,596.89	-534,533.13	18,085,001,843.13
Add: changes in accounting policy													
Correction of errors in previous periods													
Merger of enterprises under the same control													
Other													
2. Balance at the beginning of the year	5,525,400,000.00				10,164,115,992.18				102,536,787.19		2,293,483,596.89	-534,533.13	18,085,001,843.13
3. Increases/decreases in current year (decrease expressed with "-")					435,700,000.00						495,286,632.59	-41,040.17	930,945,592.42
(1)Total comprehensive income											495,286,632.59	-41,040.17	495,245,592.42
(2)Capital increased and reduced by shareholders					435,700,000.00								435,700,000.00
1. Capital increased by owners					435,700,000.00								435,700,000.00
2. Capital increased by holders of other equity instruments													
3. Amounts of share-based payments recognized in owners' equity													
4. Other													
(3)Profit distribution													
1. Appropriations to surplus reserves													
2. Appropriations to general risk provisions													
3. Appropriations to shareholders													
4. Other													
(4)Internal carry-forward of shareholders' equity													
1. New increase of capital (or share capital) from capital reserves													
2. New increase of capital (or share capital) from surplus reserves													
3. Surplus reserves for making up losses													
4. Other													
(5)Specific reserves													
1. Appropriation of current period													
2. Usage of current period													
(6)Other													
4. Closing balance of current period	5,525,400,000.00				10,599,815,992.18				102,536,787.19		2,788,770,229.48	-575,573.30	19,015,947,435.55

The accompanying notes from Page 15 to Page 98 form an integral part of these financial statements

Page 3 to Page 14 of these financial statements shall be signed by the following persons:

Legal representative: Person in charge of accounting: Person in charge of accounting organ:

Statement of Financial Position

As of June 30, 2017

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd. Currency: RMB Yuan

Item	Note	30 Jun. 2017	31 Dec. 2016
Current assets:			
Monetary funds		4,858,890,252.30	8,421,138,827.85
Financial assets at fair value through profit or loss			
Notes receivable			
Accounts receivable	Note 14-1	371,185,360.51	286,880,661.21
Prepayments		685,501,432.87	574,868,780.19
Interest receivable			
Dividends receivable			
Other receivables	Note 14-2	1,907,096,465.73	1,718,029,004.52
Inventories		6,733.90	11,159.52
Non-current assets held for sale or assets held in disposal group for sale			
Non-current asset due within one year		720,642,785.27	720,642,785.27
Other current assets		379,087.14	1,536,262.84
Total current assets		**8,543,702,117.72**	**11,723,107,481.40**
Non-current assets:			
Available-for-sale financial assets		100,000,000.00	110,000,000.00
Held-to-maturity investments			
Long-term accounts receivable		6,516,940,968.15	6,516,940,968.15
Long-term equity investments	Note 14-3	5,121,146,877.50	4,639,443,390.99
Investment properties		3,231,405,685.05	3,276,321,095.91
Property, Plant and Equipment		3,253,086.50	3,587,261.40
Construction in progress		28,912,451,594.07	27,624,398,728.92
Materials for construction			
Disposal of Property, Plant and Equipment		-2,218,000.97	24,795.22
Bio-assets in production			
Oil and gas assets			
Intangible assets			
Development expenditure			
Goodwill			
Long-term deferred expenses		187,372,268.45	
Deferred tax assets		824,020.40	233,154.99
Other non-current assets		63,932,040.34	69,287,390.56
Total non-current assets		**44,135,108,539.49**	**42,240,236,786.14**
Total assets		**52,678,810,657.21**	**53,963,344,267.54**

(Next)

(Brought forward)

Statement of Financial Position (Continued)

As of June 30, 2017

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd. Currency: RMB Yuan

Item	Note	30 Jun. 2017	31 Dec. 2016
Current liabilities:			
Short-term loans			
Financial liabilities measured at fair value of which changes are recorded in current profits and losses			
Notes payable		1,388,710,347.17	2,474,461,960.38
Accounts payable		248,936.03	4,972,952.39
Advance from customers		46,946.75	262,917.62
Employee benefits payable		64,109,369.01	140,563,777.43
Taxes and dues payable		210,927,133.98	173,738,699.81
Interest payable			
Dividends payable			
Other payables		781,226,466.24	863,706,285.64
Liabilities held in disposal group for sale			
Non-current liabilities due within one year		6,810,650,000.00	7,743,883,000.00
Other current liabilities			
Total current liabilities		**9,255,919,199.18**	**11,401,589,593.27**
Non-current liabilities:			
Long-term loans		8,605,616,666.66	8,494,080,333.33
Bonds payable		6,753,128,676.08	7,192,072,145.61
Including: preferred shares			
Perpetual bonds			
Long-term payables		3,332,930,000.00	3,567,400,000.00
Long-term payroll payables			
Special payables		5,740,741,864.05	4,363,392,260.77
Accrued liabilities			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		**24,432,417,206.79**	**23,616,944,739.71**
Total liabilities		**33,688,336,405.97**	**35,018,534,332.98**
Shareholders' equity:			
Paid-in capital		5,525,400,000.00	5,525,400,000.00
Other equity instruments		1,000,000,000.00	1,000,000,000.00
Including: preferred shares			
Perpetual bonds		1,000,000,000.00	1,000,000,000.00
Capital reserve		11,477,141,335.30	11,478,922,969.89
Less: treasury shares			
Other comprehensive income			
Specific reserves			
Surplus reserve		125,927,696.46	125,927,696.46
Retained earnings		862,005,219.48	814,559,268.21
Total shareholders' equity		**18,990,474,251.24**	**18,944,809,934.56**
Total liabilities and shareholders' equity		**52,678,810,657.21**	**53,963,344,267.54**

The accompanying notes from Page 15 to Page 98 form an integral part of these financial statements

Page 3 to Page 14 of these financial statements shall be signed by the following persons:

Legal representative: **Person in charge of accounting:** **Person in charge of accounting organ:**

Statement of Profit or Loss and Other Comprehensive Income

January-June 2017

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Currency: RMB Yuan

Item	Note	January-June 2017	January-June 2016
1. Operating income	Note 14-4	302,312,529.20	445,303,435.59
Less: operating costs	Note 14-4	73,437,241.61	51,498,974.44
Taxes and extra charges		19,072,689.30	35,264,137.44
Sales expenses		61,200.00	
Administrative expenses		17,651,317.74	16,020,327.79
Financial expenses		88,162,986.97	102,376,237.39
Impairment losses of assets		2,363,461.63	172,068.70
Add: Gains from changes in fair value ("-" means loss)			
Investment income ("-" means loss)	Note 14-5	-1,583,878.90	
Including: Investment income from associates and joint venture		-1,514,878.90	
Other income			
2. Operating profit ("-" means loss)		**99,979,753.05**	**239,971,689.83**
Add: Non-operating income		174,521.20	5,189,139.16
Including: Gains on disposal of non-current assets			
Less: Non-operating expenses		3,902,003.66	308,654.00
Including: Loss on disposal of non-current assets			
3. Total profit ("-" means loss)		**96,252,270.59**	**244,852,174.99**
Less: Income tax expenses		24,639,652.65	61,170,026.57
4. Net profit ("-" means loss)		**71,612,617.94**	**183,682,148.42**
5. After-tax net amount of other comprehensive incomes			
6. Total comprehensive incomes		**71,612,617.94**	**183,682,148.42**

The accompanying notes from Page 15 to Page 98 form an integral part of these financial statements

Page 3 to Page 14 of these financial statements shall be signed by the following persons:

Legal representative: **Person in charge of accounting:** **Person in charge of accounting organ:**

瑞华会计师事务所(特殊普通合伙) 审核专用章

Statements of Cash Flows

January-June 2017

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Currency: RMB Yuan

Item	Note	January-June 2017	January-June 2016
1. Cash flow from operating activities:			
Cash received from sales of goods or rendering of services		227,469,496.69	439,155,950.89
Refund of taxes and levies			
Cash received relating to other operating activities		1,420,892,774.23	1,277,819,895.29
Subtotal of cash inflows from operating activities		1,648,362,270.92	1,716,975,846.18
Cash paid for goods and services		711,244.32	4,511,789.23
Cash paid to and on behalf of employees		12,053,822.97	11,268,125.38
Cash paid on taxes and levies		132,108,029.51	122,949,485.27
Other cash payment relating to operating activities		2,412,514,289.47	1,794,476,559.34
Subtotal of cash outflows from operating activities		2,557,387,386.27	1,933,205,959.22
Net cash flows from operating activities		-909,025,115.35	-216,230,113.04
2. Cash flows from investing activities:			
Cash received from withdrawal of investments		9,931,000.00	
Cash received from return on investments			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		7,986,188.00	
Net cash received from disposal of subsidiaries or other business units			
Other cash received relating to investing activities			209,162,801.68
Subtotal of cash inflows from investing activities		17,917,188.00	209,162,801.68
Cash paid to acquire fixed assets, intangible assets and other long-term assets		17,861,947.80	9,353,793.42
Cash paid for investment		485,000,000.00	
Net cash paid to acquire subsidiaries and other business units			
Other cash payments relating to investing activities			
Subtotal of cash outflows from investing activities		502,861,947.80	9,353,793.42
Net cash flows from investing activities		-484,944,759.80	199,809,008.26
3. Cash Flows from Financing Activities:			
Cash received from capital contributions			
Cash received from borrowings		6,720,000,000.00	1,600,000,000.00
Cash received from issuance of bonds			
Other cash received relating to financing activities		160,000,000.00	
Subtotal of cash inflows from financing activities		6,880,000,000.00	1,600,000,000.00
Repayment of borrowings		8,176,166,666.67	2,223,530,000.00
Cash paid for interest expenses and distribution of dividends or profit		637,254,063.47	694,627,684.55
Other cash payments relating to financing activities		32,221,079.53	2,396,594.40
Sub-total of cash outflows from financing activities		8,845,641,809.67	2,920,554,278.95
Net cash flows from financing activities		-1,965,641,809.67	-1,320,554,278.95
4. Effect of foreign exchange rate changes on cash and cash equivalents		-42,636,890.73	
5. Net increase in cash and cash equivalents		-3,402,248,575.55	-1,336,975,383.73
Add: Opening balance of cash and cash equivalents		8,261,138,827.85	8,435,603,280.69
6. Closing balance of cash and cash equivalents		4,858,890,252.30	7,098,627,896.96

The accompanying notes from Page 15 to Page 98 form an integral part of these financial statements

Page 3 to Page 14 of these financial statements shall be signed by the following persons:

Legal representative: Person in charge of accounting: Person in charge of accounting organ:

Statement of Changes in Equity

January-June 2017

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Currency: RMB Yuan

Item	January-June 2017										
	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Specific reserve	Surplus reserve	General risk reserve	Retained earnings	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
1. Balance at the end of the previous year	5,525,400,000.00		1,000,000,000.00		11,478,922,969.89				125,927,696.46		814,559,268.21	18,944,809,934.56
Add: changes in accounting policy												
Correction of errors in previous periods												
Other												
2. Balance at the beginning of the year	5,525,400,000.00		1,000,000,000.00		11,478,922,969.89				125,927,696.46		814,559,268.21	18,944,809,934.56
3. Increase/decrease in the period ("-" means decrease)					-1,781,634.59						47,445,951.27	45,664,316.68
(1)Total comprehensive incomes			24,166,666.67								47,445,951.27	71,612,617.94
(2)Capital increased and reduced by owners												
1. Capital increased by owners												
2. Capital increased by holders of other equity instruments												
3. Amounts of share-based payments recognized in owners' equity												
4. Other												
(3)Profit distribution			-24,166,666.67									-24,166,666.67
1. Appropriations to surplus reserves												
2. Appropriations to general risk provisions												
3. Appropriations to owners			-24,166,666.67									-24,166,666.67
4. Other												
(4)Internal carry-forward of owners' equity												
1. New increase of capital (or share capital) from capital reserves												
2. New increase of capital (or share capital) from surplus reserves												
3. Surplus reserves for making up losses												
4. Other												
(5)Specific reserves												
1. Appropriation of current period												
2. Usage of current period												
(6)Other					-1,781,634.59							-1,781,634.59
4. Closing balance of current period	5,525,400,000.00		1,000,000,000.00		11,477,141,335.30				125,927,696.46		862,005,219.48	18,990,474,251.24

(Next)

Statement of Changes in Equity (Continued)

As of June 30, 2017

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Currency: RMB Yuan

Item	January-June 2016										
	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive incomes	Specific reserve	Surplus reserve	General risk reserve	Retained earnings	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
1. Balance at the end of the previous year	5,525,400,000.00				9,243,222,969.89				94,783,136.00		612,608,224.07	15,476,014,329.96
Add: changes in accounting policy												
Correction of errors in previous periods												
Other												
2. Balance at the beginning of the year	5,525,400,000.00				9,243,222,969.89				94,783,136.00		612,608,224.07	15,476,014,329.96
3. Increase/decrease in the period ("-" means decrease)					235,700,000.00						183,682,148.42	419,382,148.42
(1)Total comprehensive incomes											183,682,148.42	183,682,148.42
(2)Capital increased and reduced by owners					235,700,000.00							235,700,000.00
1. Capital increased by owners					235,700,000.00							235,700,000.00
2. Capital increased by holders of other equity instruments												
3. Amounts of share-based payments recognized in owners' equity												
4. Other												
(3)Profit distribution												
1. Appropriations to surplus reserves												
2. Appropriations to general risk provisions												
3. Appropriations to owners												
4. Other												
(4)Internal carry-forward of owners' equity												
1. New increase of capital (or share capital) from capital reserves												
2. New increase of capital (or share capital) from surplus reserves												
3. Surplus reserves for making up losses												
4. Other												
(5)Specific reserves												
1. Appropriation of current period												
2. Usage of current period												
(6)Other												
4. Closing balance of current period	5,525,400,000.00				9,478,922,969.89				94,783,136.00		796,290,372.49	15,895,396,478.38

The accompanying notes from Page 15 to Page 98 form an integral part of these financial statements

Page 3 to Page 14 of these financial statements shall be signed by the following persons:

Legal representative: Person in charge of accounting: Person in charge of accounting organ:

Chengdu Xingcheng Investment Group Co., Ltd.
Notes of Jan-Jun 2017 Financial Statement
(Monetary unit is RMB Yuan unless otherwise stated)

Note 1 General information

1. Company Profile

Chengdu Xingcheng Investment Group Co., Ltd. (hereinafter referred to as Xingcheng Group, the Group, or the Company) was established and acquired the business license, registration No.510100000095376, issued by Chengdu Administration for Industry and Commerce on 26 March 2009. On 31 March 2016, the business license was updated to unified social credit code No.915101006863154368. The Company is a limited liability company (wholly state-funded) with Chengdu State-owned Assets Supervision and Administration Commission (hereinafter referred to as Chengdu SASAC) performing responsibilities and functions of investor. Legal Representative: Ren Zhineng. Company address: No.99 Zhuojin Road East, High-tech Zone, Chengdu. As of 30 June 2017, the Company's registered capital is 5.5254 billion yuan.

2. The Nature of Business and Main Business Activities of the Company

Nature of the business: mainly in municipal public construction projects, construction of major government projects and real estate development.

Main business activities: land consolidation and development; investment and financing, construction and management for urban infrastructure; low-rent housing, affordable housing, development and construction for limit commercial housing and ordinary commercial housing; operation and management for state-owned assets; etc.

3. The Name of Parent Company and the Group Headquarter

The Company is a direct subordinate enterprise of Chengdu State-owned Assets Supervision and Administration Commission.

4. The Scope of Consolidated Financial Statements

The Group included the following subsidiaries in consolidated scope at the end of current period: eight second-tier subsidiaries and two third-tier subsidiaries, details refers to Note 8 Interests in Other Entities. At current period end, two subsidiaries were added and one eliminated to/from the scope of consolidated financial statements due to new establishments and loss of control, details refers to Note 7 Changes on the Scope of Consolidation.

5. Approval for Issuing of the Financial Statements

The financial statements has been authorised for issuing by the Company's board of directors resolution.

Note 2 Basis of Preparation

With the going-concern assumption as the basis and based on transactions and other events that actually occurred, the Company prepared financial statements in accordance with <The Accounting Standards for Business Enterprises' Basic Standard> issued by the Ministry of Finance with Decree No.33 and revised with Decree No.76, the 42 specific accounting standards, the Application Guidance of Accounting Standards for Business Enterprises, the Interpretation of Accounting Standards for Business Enterprises and other regulations issued and revised from 15 Feb. 2006 onwards (hereinafter jointly referred to as the Accounting Standards for Business Enterprises or ASBE, China Accounting Standards or CAS).

Financial accounting of the Company is on accrual basis in line with relevant provisions of ASBE. Besides some financial instruments, all financial statements are based on historical cost measurement. A provision is provided for the impairment complying with relevant regulations once financial asset impairment occur.

Note 3 Statement of Compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the Company's financial position as of 30 June 2017, and the Company's results of operations and cash flows for the period from January to June of 2017.

Note 4 Important Accounting Principles and Accounting Estimates

The Group stipulated several specific accounting principles and accounting estimates based on practical business and operation and in accordance with relevant rules of ASBE for transactions and events such as revenue recognition, see Note 4.23 Revenues for details. For note on significant accounting judgments and estimates made by administration see Note 4.27 Significant Accounting Judgments and Estimates.

1. Accounting Period

The Company's fiscal periods include fiscal years and fiscal periods shorter than a complete fiscal year. The Company's fiscal year starts on 1 Jan. and ends on 31 Dec. of every year according to the Gregorian calendar.

2. Monetary Unit

RMB yuan is the dominant currency used in the economic circumstances where the Company and its domestic subsidiaries are involved. Therefore, the Company and its domestic subsidiaries use RMB yuan as their bookkeeping base currency. And the Company adopted RMB yuan as the bookkeeping base currency when preparing the financial statements.

3. Accounting Methods on Business Combinations under or Not under the Same Control

The term "business combinations" refers to a transaction or event bringing together two or more separate enterprises into one reporting entity. Business combinations are classified into the business combinations under the same control and the business combinations not under the same control.

(1) Business Combinations under the Same Control

A business combination under the same control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or the same parties both before and after the business combination and on which the control is not temporary. In a business combination under the same control, the party which obtains control of other combining enterprise(s) on the combining date is the combining party, the other combining enterprise(s) is (are) the combined party. The "combining date" refers to the date on which the combining party actually obtains control on the combined party.

The assets and liabilities that the combining party obtains in a business combination shall be measured on the basis of their carrying amount in the combined party on the combining date. As for the balance between the carrying amount of the net assets obtained by the combining party and the carrying amount of the consideration paid by it (or the total par value of the shares issued), the capital reserve (additional paid-in capital) shall be adjusted. If the capital reserve (additional paid-in capital) is not sufficient to be offset, the retained earnings shall be adjusted.

The direct costs for the business combination of the combining party shall be recorded into the profits and losses at current period.

(2) Business Combination Not under the Same Control

A business combination not under the same control is a business combination in which the combining enterprises are not ultimately controlled by the same party or the same parties both before and after the business combination. In a business combination not under the same control, the party which obtains the control on other combining enterprise(s) on the purchase date is the acquirer, and other combining enterprise(s) is (are) the acquiree. The "acquisition date" refers to the date on which the acquirer actually obtains the control on the acquiree.

The combination costs of the business combination not under the same control shall be the fair values, on the acquisition date, of the assets paid, the liabilities incurred or assumed and the equity securities issued by the acquirer in exchange for the control on the acquire. The intermediary and other relevant administrative expenses such as audit, legal and valuation advisory for business combinations are recognised in profit or loss when incurred.

The transaction cost of equity instruments or liability instruments issued as the acquisition consideration by the acquirer is taken as initial recognition of equity instruments or liability instruments. Within 12 months after the acquisition, if the contingent consideration needs to be adjusted as new of further evidences are obtained in respect of circumstances exists as of the acquisition date, the amount previously included in the goodwill shall be adjusted. The cost of combination incurred in the acquirer and identifiable net assets at the acquisition during the combination are measured at fair value at the acquisition date. Where the cost of combination exceeds the acquirers interest in the fair value of the acquirees identifiable net assets, the difference is recognised as goodwill. Where the cost of combination is less than the acquirers interest in the fair value of the acquirees identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquirees identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If the cost of combination is still less than the acquirers interest in the fair value of the acquirees identifiable net assets the acquirer shall recognised the remaining difference immediately in profit or loss for current period.

Where the temporary difference obtained by the acquirer was not recognised due to inconformity with the conditions applied for recognition of deferred income tax, if, within the 12 months after acquisition, additional information can prove the existence of related information at acquisition date and the expected economic benefits on the acquisition date arose from deductible temporary difference by the acquiree can be achieved, relevant income tax assets can be recognised, and goodwill offset. If the goodwill is not sufficient, the difference shall be recognised as profit of current period.

For a business combination achieved in stages that involves multiple exchange transactions, according to the No.5 Inform of Printing and Distributing the Explanation of Accounting Standards issued by the Finance of Ministry (Finance and Account [2012] No.19) and Article 51 of Chinese Accounting Standards for Business Enterprises No.33- Consolidated financial statement, relating with the judgment standards of package deal, a judgment about whether it is package deal or not should be made. If it is package deal, please refer to Note 4.9 Long-term equity investment for accounting treatment; if it is not package deal, distinguish them as individual financial statement and consolidated financial statement for accounting treatment:

For the individual financial statements, the book value of the long-term equity investment held before the acquisition date plus the newly added equity investment on the acquisition date, and then sum should be recorded as the original investment cost; the long-term equity investment involved with other comprehensive income held before the acquisition date, the way to deal with the investment will be the same with the way the acquiree directly dispose the related assets and liabilities (i.e., under the equity method, beside the portion caused by the acquirees recalculated defined benefit plans net assets and net liabilities, the rest are transferred into investment income). For the consolidated financial statements, for the shares in acquiree held before the acquisition date, the shares are recalculated according to the fair value on the acquisition date. The difference between the fair value and book value should be recorded in current year investment income; for the shares in the acquiree held before the acquisition date involving other comprehensive income. The way to deal with the other comprehensive income should be the same with the way the acquire directly dispose the relevant assets and liabilities (i.e., under the equity method, beside the portion of changes caused by the acquirees recalculated defined benefit plans net assets and net liabilities, the rest are transferred into investment income).

4. Methods for Preparing Consolidated Financial Statements

(1) The Criteria for Recognition of Consolidated Financial Statements Scope

The scope of consolidated financial statements shall be confirmed as on the basis of control. Control means the Company has the right to the investee, variable returns by participating in the relevant activities of the investees as well as the ability to use the power to influence the return amount of the investee. Scope of consolidation includes the Company and its subsidiaries. A subsidiary is the subject controlled by the Company.

The Company will re-evaluate once the change of relevant facts and circumstances causes changes in the control factor described above.

(2) Methods for Preparing Consolidated Financial Statements

Subsidiaries are fully consolidated from the date on which the Company obtains control on their net assets and operation decision-making and are de-consolidated from the date when such control ceases. As for a disposed subsidiary, its operating results and cash flows before the disposal date has been appropriately included in the consolidated income statement and cash flow statement; and as for subsidiaries disposed in current period, the opening items in the consolidated balance sheet are not adjusted. For a subsidiary acquired in a business combination not under the same control, its operating results and cash flows after the acquiring date have been appropriately included in the consolidated income statement and cash flow statement, and the opening items and comparative items in the consolidated financial statements are not adjusted. For a subsidiary acquired in a business combination under the same control or a combined party obtained in a takeover, its operating results and cash flows from the beginning of the reporting period of the combination to the combination date have been appropriately included in the consolidated income statement and cash flow statement, and the comparative items in the consolidated financial statements are adjusted at the same time.

The financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company during the preparation of the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Company and subsidiaries. For a subsidiary acquired from a business combination not under the same control, the individual financial statements of the subsidiary are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant inter-group balances, transactions and unrealised profits are offset in the consolidated financial statements.

The portion of a subsidiary's shareholders' equity and the portion of a subsidiary's net profits and losses for the period not held by the Company are recognised as minority interests and minority shareholder profits and losses respectively and presented separately under shareholders equity and net profits in the consolidation financial statements. The portion of a subsidiary's net profits and losses for the period that belong to minority interests is presented as the item of minority shareholder profits and losses under the bigger item of net profits in the consolidated financial statements. Where the loss of a subsidiary shared by minority shareholders exceeds the portion enjoyed by minority shareholders in the subsidiary's opening owners' equity, minority interests are offset.

Where the Company losses control on its original subsidiaries due to disposal of some equity investments or other reasons, the residual equity interests are re-measured according to the fair value on the date when such control ceases. The summation of the consideration obtained from the disposal of equity interests and the fair value of the residual equity interests, minus the portion in the original subsidiary's net assets measured on a continuous basis from the acquisition date that is enjoyable by the Company according to the original shareholding percentage in the subsidiary, is recorded in investment gains for the period when the Company's control on the subsidiary ceases. Other comprehensive incomes in relation to the equity investment in the original subsidiary are treated on the same accounting basis as the acquire directly disposes the relevant assets or liabilities (that is, except for the changes in the net liabilities or assets with a defined benefit plan resulted from re-measurement of the original subsidiary, the rest shall all be transferred into current investment gains) when such control ceases. Thereafter, the residual equity interests shall be following-up measured according to ASBE No.2 - Long-term Equity Investment or ASBE No.22 - Recognition and Measurement of Financial Instruments, see detailed Note 4.12 "Long-term Equity Investment" or Note 4.8 "Financial Instruments."

Where the Company losses control on its original subsidiaries due to step by step disposal of equity investments through multiple transactions, it needs to distinguish the Company losses control on its subsidiaries due to disposal of equity investments whether belongs to a package deal. All the transaction terms, conditions and economic impact of the disposal of subsidiaries equity investment are in accordance with one or more of the following conditions, which usually indicate the multiple transactions, should be considered as a package deal for accounting treatment. These deals are at the same time or under the condition of considering the influence of each other to concluded; These transactions only be as a whole can achieve a complete business result; The occurrence of a deal depends on at least one other transactions A deal alone is not economical, it is economical with other trading together. Those not belong to a package deal, each of them a deal depends on circumstances respectively conduct accounting treatment in accordance with the applicable principles of part disposal of subsidiaries of a long-term equity investment under the condition of not losing control on its subsidiaries (see Note 4.12, (2)④) and Where the Company losses control on its original subsidiaries due to disposal of some equity investments or other reasons (See the front paragraph) relevant transactions of the Company losses control on its subsidiaries due to disposal of equity investments belonging to a package deal, considered as a transaction and conduct accounting treatment. However, Before losing control, every disposal cost and corresponding net assets balance of subsidiary of disposal investment are confirmed as other comprehensive income in consolidated financial statements, which together transferred into the current profits and losses in the loss of control , when the Company losing control on its subsidiary.

5. Classification of Joint Arrangements and Accounting Methods for Joint Operation

The joint arrangements refer to an arrangement jointly controlled by two or more than two participants. The joint arrangements are divided into joint operation and joint venture according to the rights and obligations of the Company under the joint arrangements. 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. 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.

The Company adopts the equity method to calculate the investment of the joint venture, and shall be accounted according to the accounting policies described in Note 4.12, (2)② "Long-term Equity Investment Measured by Equity Method".

As a joint operator of the joint operation, the Company confirms its rights to the assets, and obligations for the liabilities held alone, and the rights to the assets, and obligations for the liabilities held jointly according to the Company' s share; confirms its revenue from the sale of its share of the output of the joint operation; confirms its revenue from the sale of the output of the joint operation according to the Company' s share; and confirms its expenses according to the Company' s share, including its share of any expenses incurred jointly.

When the Company invests or sells assets (the asset does not constitute a business, the same below) to the joint operation or buys assets from the joint operation, before selling the assets to third parties, the Company only confirms partial gains and losses attributable to the other participant of the joint operation produced by the transaction. When the assets occur loss of asset impairment that is in accordance with the regulations in ASBE No.8 - impairment of assets, for investing or selling assets to the joint operation, the Company fully confirms the losses; and for buying assets from the joint operation, the Company confirms the losses according to its share.

6. Recognition Criteria of Cash and Cash Equivalents

Cash and cash equivalents of the Company comprise cash on hand, deposits that can be readily withdrawn on demand and those investments having short holding term (normally will be due within three months from the day of purchase), with strong liquidity and easy to be exchanged into certain amount of cash that have low risks of change.

7. Foreign Currency Businesses and Translation of Foreign Currency Financial Statements

(1) Accounting Treatments for Translation of Foreign Currency Transactions

As for a foreign currency transaction, the Company shall convert the amount in a foreign currency into amount in its bookkeeping base at the spot exchange rate of the transaction date, while as for such transactions as foreign exchange or involving in foreign exchange, the Company shall convert it into amount in the bookkeeping base currency at actual exchange rate of which the transaction is occurred.

(2) Accounting Treatments for Translation of Foreign Currency Monetary Items and Non-monetary Items

On the balance sheet date, the foreign currency monetary items shall be translated at the spot exchange rate on the balance sheet date. The exchange difference arising from that, except ① exchange rate difference belonging to foreign currency specific borrowing related to acquisition and construction of assets eligible for capitalization shall be treated on the principles of borrowing cost capitalization; ②exchange rate difference arising from other changes in carrying amount except post-amortization costs of foreign currency monetary items available for sale shall be recorded in other comprehensive income, shall be recorded in the profits and losses in current period.

When it involves overseas business in preparing the consolidated financial statements, for the translation difference of foreign currency monetary items of net investment in overseas business arising from the change in exchange rate, it shall be recorded into other comprehensive incomes; and be recorded into disposal gains and losses at current period when disposing overseas business.

A foreign currency non-monetary item measured at the historical costs shall still be translated at the spot exchange rate on the transaction date. Where the foreign non-monetary items measured at the fair value shall be converted into amount in its bookkeeping base currency at spot exchange rate, the exchange gains and losses arising thereof shall be treated as change in fair value, and recorded into current period gains and losses or as other comprehensive incomes.

(3) Translation of foreign currency financial statements

When it involves overseas business in preparing the consolidated financial statement, for the translation difference of foreign currency monetary items of net investment in overseas business arising from the change in exchange rate, it shall be recorded into the item of difference of foreign currency financial statement translation under the owners' equity; and be recorded into disposal gains and losses at current period when disposing overseas business.

The foreign currency financial statement of overseas business should be translated in to RMB yuan financial statement by the following methods: The asset and liability items in the balance sheets shall be translated at a spot exchange rate on the balance sheet date. Among the owners' equity items, except for the items as undistributed profits, other items shall be translated at the spot exchange rate at the time when they are incurred. The income and expense items in the profit statements shall be translated at the spot exchange rate of the transaction date. The undistributed profits at year-begin is the undistributed profits at the end of last year after the translation; undistributed profits at year-end shall be listed as various distribution items after the translation; after the translation, the balance between assets and the sum of liabilities and owners' equities shall be recorded into other comprehensive gains and losses as difference of foreign currency translation. Where an enterprise disposes of an overseas business without the control right, it shall shift the differences, which is presented under the items of the owners' equities in the balance sheet and which arises from the translation of foreign currency financial statements relating to this overseas business, into the disposal profits and losses of current period by all or proportion of the disposed overseas business.

Foreign cash flow shall be translated at the spot exchange rate of the date of cash flow incurred. The influence of exchange rate on the cash flow shall be adjustment item and individually listed in the cash flow statement.

And the opening balance and the actual balance of last year shall be listed at the amounts after translation of foreign currency financial statement in last year.

Where the control of the Company over an overseas operation ceases due to disposal of all or some of the Company' s owners' equity in the overseas operation or other reasons, the foreign-currency statement translation difference belonging to the parent Company' s owners' equity in relation to the overseas operation which is stated under the shareholders equity in the balance sheet shall be all restated as gains and losses of the disposal period.

Where the Company's equity in an overseas operation decreases due to disposal of some equity investment or other reasons but the Company still has control over the overseas operation, the foreign-currency statement translation difference in relation to the disposed part of the overseas operation shall be recorded into minority interests instead of current gains and losses. If what's disposed is some equity in an overseas associated enterprise or joint venture, the foreign-currency statement translation difference related to the overseas operation shall be recorded into the gains and losses of current period of the disposal according to the disposal ratio.

8. Financial instruments

A financial asset or financial liability is recognised when the Company becomes one party of a financial instrument contracts. Financial assets and liabilities are initially recognised at fair value. In the case of financial assets and liabilities at fair value through profit or loss the related transaction costs are recognised in profit or loss for current period. For other financial assets, transaction costs that are attributable to the acquisition of the financial assets are included in the initial recognition amounts.

(1) Determination of the Fair Value of Main Financial Assets and Financial Liabilities

Fair value refers to the price that a market participant shall receive for selling an asset or shall pay for transferring a liability in an orderly transaction on the measurement date. As for the financial assets or financial liabilities for which there is an active market, the quoted prices in the active market shall be used to determine the fair values thereof. The quoted prices in the active market refers to the prices available from stock exchange, brokers agencies, guilds, pricing organization and etc., which represent the actual trading price under equal transaction. Where there is no active market for a financial instrument, the Company shall adopt value appraisal techniques, including the prices adopted by the parties, who are familiar with the condition, in the latest market transaction upon their own free will, the current fair value obtained by referring to other financial instruments of the same essential nature, the cash flow capitalization method and the option pricing model, etc., to determine its fair value.

(2) Classification, Recognition and Measurement of Financial Assets

The purchase and sale of financial assets under the normal ways shall be recognised and stopped to be recognised respectively at the price of transaction date. Financial assets shall be classified into the following four categories when they are initially recognised: the financial assets which are measured at their fair values and the variation of which is recorded into the profits and losses of current period; the investments which will be held to their maturity; loans and the account receivables; and financial assets available for sale.

①The financial assets which are measured at their fair values and the variation of which is recorded into the profits and losses of current period

Including transactional financial assets and the financial assets which are designated to be measured at their fair value and of which the variation is recorded into the profits and losses of current period.

The financial assets meeting any of the following requirements shall be classified as transactional financial assets: A. The purpose to acquire the said financial assets is mainly for selling them in the near future; B. Forming a part of the identifiable combination of financial instruments which are managed in a centralised way and for which there are objective evidences proving that the enterprise may manage the combination by way of short-term profit making in the near future; C. Being a derivative instrument, excluding the designated derivative instruments which are effective hedging instruments, or derivative instruments to financial guarantee contracts, and the derivative instruments which are connected with the equity instrument investments for which there is no quoted price in the active market, whose fair value cannot be reliably measured, and which shall be settled by delivering the said equity instruments.

The financial assets meeting any of the following requirements shall be designated as financial assets which are measured at their fair values and the variation of which is recorded into the profits and losses of current period for initial recognition: A. the designation can eliminate or significantly reduce the difference of relevant gains and losses between recognition and measurement causing from different bases for measurement of financial assets; B. The official written documents for risk management and investment strategies of the enterprise have clearly stated that it shall ,manage, evaluate and report to important management personnel based on the fair value, about the financial assets group or the Company of financial assets & liabilities which the financial assets are belong to.

For the financial assets which are measured at their fair values and the variation of which is recorded into the profits and losses of current period shall continue to be measured by fair value, gains and losses of change in fair value, dividends and interest related with these financial assets should be recorded into gains and losses of current period.

②Held-to-maturity Investment

Referring to a non-derivative financial asset with a fixed date of maturity, a fixed or determinable amount of repo price and which the Company holds for a definite purpose or the Company is able to hold until its maturity.

For the held-to-maturity investment adopting actual interest rate method, which is measured at the post-amortization costs, the profits and losses that arise when such financial assets or financial liabilities are terminated from recognition, or are impaired or amortised, shall be recorded into the profits and losses of current period.

The actual interest rate method refers to the method by which the post-amortization costs and the interest incomes of different installments or interest expenses are calculated in light of the actual interest rates of the financial assets or financial liabilities (including a set of financial assets or financial liabilities). The actual interest rate refers to the interest rate adopted to cash the future cash flow of a financial asset or financial liability within the predicted term of existence or within a shorter applicable term into the current carrying amount of the financial asset or financial liability.

When the actual interest rate is determined, the future cash flow shall be predicted on the basis of taking into account all the contractual provisions concerning the financial asset or financial liability (the future credit losses shall not be taken into account).and also the various fee charges, trading expenses, premiums or reduced values, etc., which are paid or collected by the parties to a financial asset or financial liability contract and which form a part of the actual interest rate.

③Loans and the Accounts Receivables

Referring to non-derivative financial assets, which there is no quotation in the active market, with fixed recovery cost or recognizable. Financial assets that are defined as loans and the accounts receivables by the Company including notes receivables, accounts receivables, interest receivable, dividends receivable and other receivables etc..

Loans and the accounts receivables are made follow-up measurement on the basis of post-amortization costs employing the effective interest method. Gains or loss arising from the termination recognition, impairment occurs or amortization shall be recorded into the profits and losses of current period.

④Assets Available for Sales

Including non-derivative financial asset that has been assigned as assets available for sales on the initial recognition and financial assets excluded those measured at fair value and of which the variation into profits and losses of current period, they are some financial assets, loans and accounts receivables, held-to-maturity investment.

The cost at the period-end of the available-for-sale liabilities instruments should be confirmed according to its amortised cost method, that is the initially recognised amount which deduct the principal that had been repaid, to plus or minus the accumulative amortization amount formed by the amortization between the difference of the initially recognised amount and the amount on the due date that adopted the actual interest rate method, and at the same time deduct the amount after the impairment loss happened. The cost at the period-end of the available-for-sale equity instruments is its initial cost.

Financial assets available-for-trade are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognised as other comprehensive income and be carried forward when the said financial assets stopped recognition, then it shall be recorded into the profits and losses of current period. But, the equity instrument investment which neither have quotation in the active market nor its fair value could not be reliable measured, as well as the derivative financial assets that concern with the equity instruments and should be settled through handing over to its equity instruments, should take the follow-up measurement according to the cost.

Interest receive during the holding of assets available for sales and cash dividends with distribution announcement by invested companies, it shall be recorded into the investment income.

(3) Impairment of Financial Assets

The Company assesses at the balance sheet date the carrying amount of every financial asset except the financial assets that measured by the fair value. If there is objective evidence indicating a financial asset may be impaired, a provision is provided for the impairment.

The Company carries out a separate impairment test for every financial asset which is individually significant. As for a financial asset which is individually insignificant, an impairment test is carried out separately or in the financial asset group with similar credit risk. Where the financial asset (individually significant or insignificant) is found not impaired after the separate impairment test, it is included in the financial asset group with similar credit risk and tested again on the Company basis. Where the impairment loss is recognised for an individual financial asset, it is not included in the financial asset group with similar credit risk for an impairment test.

①Impairment on Held-to Maturity Investment, Loans and Receivables

The financial assets measured by cost or amortised cost write down their book value by the estimated present value of future cash flow. The difference is recorded as impairment loss. If there is objective evidence to indicate the recovery of value of financial assets after impairment, and it is related with subsequent event after recognition of loss, the impairment loss recorded originally can be reversed. The book value of financial assets after impairment loss reversed shall not exceed the amortised cost of the financial assets without provisions of impairment loss on the reserving date.

②Impairment of Available-for-sale Financial Assets

When it is judged that the decrease of fair value of the available-for-sale equity instrument investment is serious and not temporarily after comprehensive considering relevant factors, it reflected that the available-for-sale equity instrument investment occurred impairment. Of which, the serious decline refers to the accumulative decline range of the fair value over 20%; while the non-temporary decline refers to the consecutive decline time of the fair value over 12 months.

When an available-for-trade financial asset is impaired, the cumulative loss arising from declining in fair value that had been recognised in other comprehensive income shall be removed and recognised in profit or loss. The amount of the cumulative loss that is removed shall be difference between the acquisition cost with deduction of recoverable amount less amortised cost, current fair value and any impairment loss on that financial asset previously recognised in profit or loss.

If, after an impairment loss has been recognised, there is objective evidence that the value of the financial asset is recovered, and it is objectively related to an event occurring after the impairment loss was recognised, the initial impairment loss can be reversed and the reserved impairment loss on available-for-trade equity instrument is recorded in the profit or loss, the reserved impairment loss on available-for-trade debt instrument is recorded in the current profit or loss.

The equity instrument where there is no quoted price in an active market, and whose fair value cannot be reliably measured, or impairment loss on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument shall not be reversed.

(4) Recognition and Measurement of Financial Assets Transfer

Where a financial asset satisfies any of the following requirements, the recognition of it is terminated: ①The contractual rights for collecting the cash flow of the said financial asset are terminated; ② The said financial asset has been transferred and nearly all of the risks and rewards related to the ownership of the financial asset to the transferee; or ③The said financial asset has been transferred. And the Company has ceased its control on the said financial asset though it neither transfers nor retains nearly all of the risks and rewards related to the ownership of the financial asset.

Where the Company neither transfers nor retains nearly all of the risks and rewards related to the ownership of a financial asset, and it does not cease its control on the said financial asset, it recognises the relevant financial asset and liability accordingly according to the extent of its continuous involvement in the transferred financial asset. The term "continuous involvement in the transferred financial asset" refers to the risk level that the enterprise faces resulting from the change of the value of the financial asset.

If the transfer of an entire financial asset satisfies the conditions for stopping recognition, the difference between the amounts of the following 2 items is recorded in the profits and losses of current period: (1) The book value of the transferred financial asset; and (2) The sum of consideration received from the transfer, and the accumulative amount of the changes of the fair value originally recorded in other comprehensive incomes.

If the transfer of partial financial asset satisfies the conditions to stop the recognition, the book value of the transferred financial asset is apportioned between the portion whose recognition has been stopped and the portion whose recognition has not been stopped according to their respective relative fair value, and the difference between the amounts of the following 2 items is included into the profits and losses of current period: (1) The summation of the consideration received from the transfer and the portion of the accumulative amount of changes in the fair value originally recorded in other comprehensive incomes which corresponds to the portion whose recognition has been stopped; and (2) The amortised carrying amounts of the aforesaid amounts.

In respect of the assets using recourse to sell or using endorsement to transfer, the Company needs to determine whether almost all of the risks and rewards of the financial asset ownership are transferred. If almost all of the risks and rewards of the financial asset ownership had been transferred to the transferee, derecognise the financial assets. For almost all of the risks and rewards of the financial asset ownership retained, do not end to recognise the financial assets. For which neither transfer or retain almost all of the risks and rewards of the financial asset ownership, continuously judge whether the Company retain the control of the assets, and conduct accounting treatment according to the principle of mentioned in the previous paragraphs.

(5) Classification and Measurement of Financial Liabilities

In the initial recognition, financial liabilities are divided into the financial liabilities measured at fair values and whose changes are recorded in current gains and losses and other financial liabilities. Financial liabilities are initially recognised at their fair values. As for a financial liability measured at fair value and whose changes are recorded in current gains and losses, the relevant trading expense is directly recorded in the profits and losses for current period. As for other financial liabilities, the relevant trading expenses are recorded in the initially recognised amounts.

①Financial liabilities measured at fair values and whose changes are recorded in current gains and losses

Such financial liabilities are divided into transactional financial liabilities and financial liabilities designated to be measured at fair values and whose changes are recorded in current gains and losses in the initial recognition under the same conditions where such financial assets are divided into transactional financial assets and financial assets designated to be measured at fair values and whose changes are recorded in current gains and losses in the initial recognition.

Financial liabilities measured at fair values and whose changes are recorded in current gains and losses are subsequently measured at their fair values. Gains or losses arising from the fair value changes, as well as the dividend and interest expenses in relation to the said financial liabilities, are recorded in the profits and losses for current period.

②Other Financial Liabilities

As for a derivative financial liability connected to an equity instrument for which there is not quoted price in an active market and whose fair value cannot be reliably measured and which must be settled by delivering the equity instrument, it is subsequently measured on the basis of costs. Other financial liabilities are subsequently measured according to the amortised cost using the actual interest rate method. Gains or losses arising from de-recognition or amortization of the said financial liabilities is recorded in the profits and losses for current period.

(6) De-recognition of Financial Liabilities

Only when the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly. Where the Company (debtor) enters into an agreement with a creditor so as to substitute the existing financial liabilities by way of any new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, it terminates the recognition of the existing financial liability, and at the same time recognises the new financial liability.

Where the recognition of a financial liability is totally or partially terminated, the difference between the book value which has been terminated from recognition and the considerations it has paid (including the non-cash assets it has transferred out and the new financial liabilities it has assumed) shall be recorded into the profits and losses of current period.

(7) Offsetting Financial Assets and Financial Liabilities

When the Company has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

(8) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The Company issues (including refinancing), re-purchases, sells or written-offs the equity instrument as the disposing of the changes of the equity. The Company does not recognised the changes of the fair value of the equity instrument. The transaction expenses related to the equity transaction would be deducted from the equity.

All types of distribution (excluding stock dividends) made by the Company to holders of equity instruments are deducted from shareholders equity. The Company does not recognise any changes in the fair value of equity instruments.

9. Receivables

Receivables include account receivables and other accounts receivables.

(1) Criteria for Recognition of Bad Debts

The Company carries out an inspection for book value of receivables on the balance sheet date. Where there is any objective evidence proving that the receivables have been impaired, an impairment provision shall be made: A serious financial difficulty occurs to the issuer or debtor; The debtor breaches any of the contractual stipulations (for example, fails to pay or delays the payment of interests or the principal, etc.); The debtor will probably become bankrupt or carry out other financial reorganizations; Other objective evidences showing the impairment of the receivables.

(2) Method for Bad Debts Provision

①Criteria for recognition and provisions of bad debts in receivables that is individually significant

The Company treats receivables over 1 million yuan as individually significant item.

The Company made an independent impairment test on receivables with significant single amounts; the financial assets without impairment by independent impairment test should be included in financial assets portfolio with similar credit risk to take the impairment test. Receivables was recognised with impairment should no longer be included in receivables portfolio with similar credit risk to take the impairment test.

②Evidence and provisions of bad debts in account receivables with credit risk characteristics portfolios:

A. Evidence of Credit Risk Characteristics Portfolios

Whether the financial asset is individually significant without impairment by independent impairment test or not individually significant, it is included in a group of financial assets with similar and relevant credit risk characteristics. Such credit risk reflects the debtors repayment ability of all due amount under the contract, and is related to the estimation of future cash flow expected to be derived from the assets.

Evidence of portfolios:

Item	Evidence of portfolios
Aging risk portfolio	Amount receivable beyond other types
Government debts	Accounts receivable of related government departments are mainly advance investments paid by related government departments
Affiliates transactions	Group internal transactions
Deposit, petty cash and other project settlement	Deposit, petty cash and droppage in the project settlement

B. Provisions for Bad Debts by Credit Risk Characteristics Portfolios

During the group impairment test, the amount of bad debts provisions is determined by the assessed result from the experience of historical loss and current economic status and the existing loss in the estimated receivables according to the portfolios of receivables and similar credit risk characteristics (debtors repayment ability under contract).

Provisions for different portfolios

Item	Provision
Aging risk portfolios	Aging analysis
Government debts	No provision for bad debts since normally its collectable
Affiliates transactions	No provision for bad debts
Deposit, petty cash and other project settlement	No provision for bad debts since normally its collectable

Provisions for bad debts by aging analysis in portfolios

Aging	Accounts receivable provision ratio (%)	Other receivable provision ratio (%)
Within 1 year (inclusive)		
1-3 years (inclusive)	5.00	5.00
3-5 years (inclusive)	20.00	20.00
Over 5 years	40.00	40.00

③Individual Provision of Bad Debts in Receivables that Is Not Individually Significant

For receivables not individually significant while strong evidence indicating obvious difference on recoverability, individual provision for bad debts (or provision for bad debts by specific identification method) shall be adopted.

④Treatment of the Group Internal Accounts

The current accounts included in the consolidated statements of the Company's internal units do not make provision for bad debts. If there is objective evidence showing that impairment occurred, for example, there is objective evidence that the affiliates (debtors) has been revoked, bankruptcy, insolvency, etc., the impairment loss shall be recognised individually and make provision for bad debts by individual recognition method.

(3) The Reversal of Bad Debts Provision

If there is objective evidence of recovery in value of account receivables, and the recovery can be related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and recognised in profit or loss. However, the reversal shall not result in a carrying amount that exceeds what the amortised cost would have been had the impairment loss not been recognised at the date the impairment is reversed.

10. Inventories

(1) Classification of Inventory

Inventories Mainly Include Development Expenditure, Development Products, Etc.

(2) Valuation Method of Inventories upon Acquisition and Delivery

The inventories shall be measured upon acquisition in light of their cost. The cost of development products consists of land acquisition expense, infrastructure expense, construction and installation expense and development indirect expense. Borrowing costs eligible for capitalization shall be recorded in development product cost. Development product shall be carried forward to cost of sales in accordance with unit development cost and sold area upon selling.

(3) Basis for Determining Net Realizable Value of Inventories and Provisions for Decline in Value of Inventories

At the balance sheet date, inventories are measured at the lower of the cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made. The provision for inventories decline in value is determined by the difference of the cost of individual item less its realizable value.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

(4) The Perpetual Inventory System is Maintained for Stock System.

(5) Amortization Method of the Low-value Consumables and Packing Articles

Low value consumables and packaging articles are amortised using immediate write-off method.

11. Held for Sale Non-currrent Assets and Disposal Groups

If the Company is mainly selling (including non-monetary assets of commercial nature, the same below), rather than continuing to use a non-current asset or disposal group to recover its book value, then it shall be classified as held for sale category. All the following conditions shall be met: a non-current asset or disposal group may be sold immediately according to common practices in similar transactions; you can immediately sell in the current situation; the Company has made decisions and obtained purchase commitments according to plan for sale; estimated sale will be completed within one year. The disposal group refers to a group of assets and the liabilities directly related to these assets are transferred in the transaction disposed as a whole by selling or other methods. The asset group or groups of the disposal group sharing the goodwill obtained in the enterprise merger according to the regulations in ASBE No.8 - impairment of assets, shall include the goodwill allocated to the disposal group.

Non-current assets and disposal group classified as held for sale in the initial measurement or re-measurement on the date of the balance sheet, of which the book value is higher than the net amount of fair value minus the sale costs, the book value write-downs to the net amount of fair value less sale costs and the write-down is recognized as impairment loss included in the current profits and losses. Provision for impairment of assets held for sale shall be made as well. For the disposal group, assets impairment loss recognized offsets book value of goodwill in disposal group before offseting book value of non-current assets measured according to applied regulations and discounted rates in ASBE No. 42 - Non-Current Assets and Disposal Groups Held for Sale and Termination of Business Operation (hereinafter referred to as "ASBE Held for Sale"). For the increasing net amount of fair value of disposal group less sale cost on subsequent balance sheet date, previous offset amount shall be restored and recognized asset impairment loss of non-current asset shall be transferred to profits and losses in the period.

Non-current asset in diposal group or held for sale non-current asset is not depreciated and amortized while interest and other expenses of liabilities in diposal group held for sale shall be recognized continuously.

The Company ceases classifying it to held for sale or removing non-current asset from held for sale disposal group when non-current asset or diposal group no longer satisfying classification conditions and measured at the lower of the following: (1) for book value before classified as held for sale, adjusted amount of depreciation, amortization or impairment that should be recognized under the assumption that it is not held for sale;(2) recoverable amount.

12. Long-term Equity Investments

The long-term equity investment in this part refers to the Company has control of, common control of or significant influence over, an investee. For the investments that the Company has no control, common control or significant influences over the investee, they will be recorded as available-for-sale or financial assets or financial asset measured at fair value with its changes into profit and loss, the related accounting policies refer to Note 4.8 financial instruments.

Common control is the contractually agreed sharing of control over an arranged activity, and exists only when the strategic financial and operating 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.

(1) Recognition of Investment Costs

As for long-term equity investments acquired by enterprise merger, if the merger is under the same control, the share of the book value of the owners' equity of the merged enterprise, on the date of merger, is regarded as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If the capital reserve is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. If the consideration of the merging enterprise is that it issues equity securities, it shall, on the date of merger, regard the share of the book value of the shareholder's equity of the merged enterprise on the consolidated financial statement of the ultimate control party as the initial cost of the long-term equity investment. The total face value of the stocks issued shall be regarded as the capital stock, while the difference between the initial cost of the long-term equity investment and total face value of the shares issued shall offset against the capital reserve. If the capital reserve is not sufficient to absorb the difference, the remaining balance is adjusted against retained earnings. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. The equities of the combined party which respectively acquired through multiple transaction under the same control that ultimately form into the combination of the enterprises under the same control, should be disposed according whether belongs to package deal; if belongs to package deal, each transaction would be executed accounting treatment by the Company as a transaction of acquiring the control right. If not belongs to package deal, it shall, on the date of merger, regard the enjoyed share of the book value of the shareholder's equity of the merged enterprise on the consolidated financial statement of the ultimate control party as the initial cost of the long-term equity investment, and as for the difference between the initial investment cost of the long-term equity investment and sum of the book value of the long-term equity investment before the combination and the book value of the consideration of the new payment that further required on the combination date, should adjust the capital reserve; if the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. The equity investment held before the combination date which adopted the equity method for accounting, or the other comprehensive income confirmed for the available-for-sale financial assets, should not have any accounting disposal for the moment.

For the long-term investment required from the business combination under different control, the initial investment cost regarded as long-term equity investment on the purchasing date according to the combination cost, the combination costs shall be the sum of the fair values of the assets paid, the liabilities incurred or assumed and the equity securities issued by the Company. The equities of the acquirees which respectively acquired through multiple transaction that ultimately form into the combination of the enterprises under the different control, should be disposed according whether belongs to package deal; if belongs to package deal, each transaction would be executed accounting treatment by the Company as a transaction of acquiring the control right. If not belongs to package deal, the sum of the book value of the original held equity investment of the acquirees and the newly added investment cost should be regarded as the initial investment cost of the long-term equity investment that changed to be accounted by cost method. If the original held equity is calculated by cost method, the other relevant comprehensive income would not have any accounting disposal for the moment. If the original held equity investment is the financial assets available for sale, its difference between the fair value and the book value as well as the accumulative changes of the fair value that include in the other comprehensive income, should transfer into the current gains and losses.

The audit, legal, valuation and consulting fees, other intermediary fees, and related administrative fees paid by the absorbing party or acquirer for the business combination are recognised in profit or loss as incurred.

Besides the long-term equity investments formed by business combination, the other long-term equity investments shall be initially measured by cost, the cost is fixed in accordance with the ways of gaining, such as actual cash payment paid by the Company, the fair value of equity securities issued by the Company, the agreed value of the investment contract or agreement, the fair value or original carrying amount of exchanged assets from non-monetary assets exchange transaction, the fair value of the long-term equity investments, etc. The expenses, taxes and other necessary expenditures directly related with gaining the long-term equity investments shall also be recorded into investment cost. The long-term equity investment cost for those could execute significant influences on the investees because of appending the investment or could execute joint control but not form as control, should be as the sum of the fair value of the original held equity investment and the newly added investment cost recognised according to the No.22 of ASBE - Recognition and Measurement of Financial Instrument.

(2) Subsequent Measurement and Recognition of Profit or Loss

A long-term equity investment where the investing enterprise has joint control (except for which forms into common operators) or significant influence over the investors should be measured by equity method. Moreover, long-term equity investment adopting the cost method in the financial statements, and which the Company has control on invested entity.

①Long-term Equity Investment Measured by Adopting Cost Method

The price of a long-term equity investment measured by adopting the cost method shall be included at its initial investment cost and append as well as withdraw the cost of investing and adjusting the long-term equity investment. The return on investment at current period shall be recognised in accordance with the cash dividend or profit announced to distribute by the invested entity, except the announced but not distributed cash dividend or profit included in the actual payment or consideration upon gaining the investment.

②Long-term Equity Investment Measured by Adopting Equity Method

Where the initial investment cost of a long-term equity investment exceeds the investing enterprises interest in the fair values of the investee's identifiable net assets at the time of acquisition, no adjustment shall be made to the initial investment cost. Where the initial investment cost of a long-term equity investment is less than the investing enterprises interest in the fair values of investees identifiable net assets at the time of acquisition, the difference shall be charged to profit or loss for current period, and the cost of the long-term equity investment shall adjusted accordingly.

Under the equity method, the Company shall recognise its share of the investee's net profit or losses, as well as its share of the investees other comprehensive income, as investment income or losses and other comprehensive income, and adjust the carrying amount of the investment accordingly. The carrying amount of the investment shall be reduced by the portion of any profit distributions or cash dividends declared by the investee that is attributable to the Company. The Company' s share of the investees owners' equity changes, other than those arising from the investees net profit or loss, other comprehensive income or profit distribution, shall be recognised in the Company s equity, and the carrying amount of the long-term equity investment shall be adjusted accordingly. The share of the investee's net profit or loss for current period is recoginised after adjusting the investees net profit in accordance with the Company' s accounting policies and accounting period based on the fair value of the identifiable assets when the investment is made. For the unrealised profit or loss between the Company and an associate or joint venture, the part belongs to the Company, calculated with the percentage held by the Company, should be offset, and accordingly, the Company recognises the investment income or loss. Any losses resulting from transactions between the Company and the investee, which are attributable to asset impairment shall not be eliminated. The assets launched by the Company to the associated enterprises or the joint ventures if could form into business, the long-term equity investment without control right which acquired by the investors, should regard the fair value of the launched business as the initial investment cost the newly added long-term equity investment, and for the difference between the initial investment cost and the book value of the launched business, should be included into the current gains and losses with full amount. The assets sold by the Company to the associated enterprises or the joint ventures if could form into business, the difference between the acquired consideration and the book value of the business should be included in the current gains and losses with full amount. The assets purchased by the Company to the associated enterprises or the joint ventures if could form into business, should be accounting disposed according to the regulations of No.20 of ASBE - Business Combination, and should be recognised gains or losses related to the transaction with full amount.

When the investee is recognised net losses, reduce the book value of long-term equity investments and long-term equity of net investment (in substance) in investee to zero. In addition, the Company has the obligations on additional losses, then the expected obligation as estimated liabilities and included in the current investment losses. Where the net profit from investee units, restoration confirm the amount of revenue sharing after offset the amount of unrecognised loss sharing.

③Acquisition of Minority Interest

The difference between newly increased equity investment due to acquisition of minority interests and portion of net asset cumulatively calculated from the acquisition date is adjusted as capital reserve. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against returned earnings.

④Disposal of Long-term Equity Investment

Where the parent company disposes long-term investment in a subsidiary without a change in control, the difference in the net asset between the amount of disposed long-term investment and the amount of the consideration paid or received is adjusted to the owners' equity. If the disposal of long-term investment in a subsidiary involves loss of control over the subsidiary, the related accounting policies in Note 4.4, (2) - Methods for Preparing Consolidated Financial Statements applies.

Disposal of a long-term equity investment under other circumstances, the difference between the proceeds actually received and receivable and the carrying amount is recognised in profit or loss for current period.

For the long-term equity investment measured by equity method, if the residual equity after disposal still adopts the equity method for measurement, the other comprehensive income originally recorded into owners' equity should adopt the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees according to the corresponding proportion. The owners' equity recognised owning to the changes of the other owners' equity except for the net gains and losses, other comprehensive income and the profits distribution of the investees, should be transferred into the current gains and losses according to the proportion.

For the long-term equity investment which adopts the cost method of measurement, if the residual equity still adopt the cost method, the other comprehensive income recognised owning to adopting the equity method for measurement or the recognition and measurement standards of financial instrument before acquiring the control of the investees, should adopt the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees and should be carried forward into the current gains and losses according to the proportion; the changes of the other owners' equity except for the net gains and losses, other comprehensive income and the profits distribution among the net assets of the investees which recognised by adopting the equity method for measurement, should be carried forward into the current gains and losses according to the proportion.

For those the Company lost the control of the investees by disposing part of the equity investment as well as the remained equity after disposal could execute joint control or significant influences on the investees, should change to measure by equity method when compiling the individual financial statement and should adjust the measurement of the remained equity to equity method as adopted since the time acquired; if the remained equity after disposal could not execute joint control or significant influences on the investees, should change the accounting disposal according to the relevant regulations of the recognition and measurement standards of financial instrument, and its difference between the fair value and book value on the date lose the control right should be included in the current gains and losses. For the other comprehensive income recognised by adopting equity method for measurement or the recognition and measurement standards of financial instrument before the Company acquired the control of the investees, should execute the accounting disposal by adopting the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees when lose the control of them, while the changes of the other owners' equity except for the net gains and losses, other comprehensive income and the profits distribution among the net assets of the investees which recognised by adopting the equity method for measurement, should be carried forward into the current gains and losses according to the proportion. Of which, for the disposed remained equity which adopted the equity method for measurement, the other comprehensive income and the other owners' equity should be carried forward according to the proportion; for the disposed remained equity which changed to execute the accounting disposal according to the recognition and measurement standards of financial instrument, the other comprehensive income and the other owners' equity should be carried forward in full amount.

For those the Company lost the control of the investees by disposing part of the equity investment, the disposed remained equity should change to calculate according to the recognition and measurement standards of financial instrument, and difference between the fair value and book value on the date lose the control right should be included in the current gains and losses. For the other comprehensive income recognised from the original equity investment by adopting the equity method, should execute the accounting disposal by adopting the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees when terminate the equity method for measurement, while for the owners' equity recognised owning to the changes of the other owners' equity except for the net gains and losses, other comprehensive income and the profits distribution of the investees, should be transferred into the current investment income with full amount when terminate adopting the equity method.

Where the Company loses control of a subsidiary in multiple transactions in which it disposes of its subsidiary in stages, if each of the multiple transactions forms part of a bundled transaction which eventually results in loss of control of the subsidiary, these multiple transactions are accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets in each transaction prior to the loss of control are recognised in other comprehensive income and transferred to the profit or loss when the parent eventually loses control of the subsidiary.

13. Investment properties

Investment property is property held to earn rental or for capital appreciation or both. It includes a land use right that is leased out, a land use right held for transfer upon capital appreciation, and a building that is leased out. Moreover, Empty buildings held for operating leasing also shall be included in investment properties if board of directors making written resolution to clearly showing they will be used for operating leasing and this intention won't change in short period.

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 recognised in profit or loss in the period in which they are incurred.

The Company uses the cost method for subsequent measurement of investment property, and adopts a depreciation or amortization policy for the investment property which is consistent with that for buildings or land use rights.

Testing method for impairment of investment property and accrued method for provision of investment property please refer to Note 4.19 Impairment of long-term assets.

Where self-occupied property or inventory converts into investment property, or investment property converts into self-occupied property, the carrying amount before the change shall be accounted as the value after conversion.

Upon the date investment property converts into self-occupied property, the investment property shall be converted to fixed asset or intangible asset. Upon the date self-occupied property converts to earn rental or for capital appreciation, the fixed asset or intangible asset shall be converted to investment property. When converted to investment property measured by cost methods, the carrying amount before the change shall be accounted as the value after conversion.

Where an investment property is disposed or no longer in use permanently and no economic benefits expected to be obtained from the disposal, derecognised the investment property. The income from sale, transfer or disposal of the investment property is recorded in the profit or loss after deduction of its carrying amount and related tax.

14. Property, Plant and Equipment

(1) Recognition Criteria for Property, Plant and Equipment

Property, Plant and Equipment are tangible assets that are held for use in the production or supply of labor or services, for rental to others, or for administrative purposes, and have useful lives of more than one fiscal year. Property, Plant and Equipment are recognised only when it is probable that economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. Property, Plant and Equipment are initially measured at cost and the effect of any expected costs of abandoning the asset at the end of its use is considered.

(2) Depreciation of Each Category of Property, Plant and Equipment

Property, Plant and Equipment is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of Property, Plant and Equipment are as follows:

Category	Method	Depreciation period (years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings	Straight-line method	40	5	2.375%
Electronic equipment	Straight-line method	5	5	19%
Transportation vehicles	Straight-line method	6	5	15.83%
Office facilities	Straight-line method	8	5	11.88%
Machinery and equipment	Straight-line method	8	5	11.88%
Pipe network facilities	Straight-line method	8	5	11.88%

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.

(3) Testing Methods and Provisions for Impairment of Property, Plant and Equipment

For details of the testing method of impairment and withdraw method of impairment provision for impairment on Property, Plant and Equipment, please refer to Note 4.19 "impairment of long-term assets".

(4) Identification Basis and Valuation Methods for Property, Plant and Equipment Acquired under Finance Leases

A finance lease is a lease that transfers in substance all the risks and rewards incident to ownership of an asset. Title may or may not eventually be transferred. 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.

(5) Other Explanations

Subsequent expenditure incurred for a fixed asset is recorded as fixed asset cost and the carrying amount of the component of the fixed asset that is replaced shall be derecognised only when the economic benefits associated with the asset will probably flow to the Company and the cost of the asset can be measured reliably. Otherwise, such expenditure shall be recognised in profit or loss in the period in which they are incurred.

Terminate to recognise the fixed assets when the fixed assets under disposing state or being estimated that could not generate any economy benefits through using or disposing. The revenue from selling, transferring or disposing a fixed asset is booked into profit and loss at current period after deduction of book value and related tax.

The Company conducts a review of useful life, expected net residual value and depreciation methods of the fixed asset at least on an annual base. Any change is regarded as change in accounting estimates.

15. 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 transferred to a fixed asset when it is ready for intended use.

For details of the testing method of impairment and withdraw method of impairment provision on construction in progress, please refer to Note 4.19 Impairment of long-term assets.

16. Borrowing Costs

Borrowing costs include interest, amortization of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings. Where the borrowing costs can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalised when the asset disbursements and borrowing costs have already incurred, and the necessary acquisition and construction or production activities to enable assets to be ready for the intended use or sale have already started. The capitalization of the borrowing costs shall be terminated when asset eligible for capitalization under acquisition and construction or production is ready for the intended use or sale. Other borrowing costs shall be recognised as expenses when occurred.

Where funds are borrowed for a specific-purpose, the amount of interest to be capitalised is the actual interest expense incurred on that borrowing for the period less any bank interest earned form depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed for a general-purpose, the amount of interest to be capitalised on such borrowings is determined by applying a weighted average interest rate to the weighted average of the excess amounts of accumulated expenditure on the asset over and above the amounts of specific-purpose borrowings.

During the period of capitalization, the exchange difference on foreign currency specific borrowings shall all be capitalised. And the exchange difference on foreign currency general borrowings shall be recorded into profits and losses of current period.

Assets eligible for capitalization shall refer to the fixed assets, investment properties, inventories and other assets, of which the acquisition and construction or production may take quite a long time to get ready for its intended use or for sale.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of asset eligible for capitalization is interrupted by activities other than those necessary to prepare the asset for its intended use or sale, when the interruption is for a continuous period of more than 3 months. Borrowing costs incurred during these periods recognised as an expense for current period until the acquisition, construction or production is resumed.

17. Intangible Assets

(1) Intangible Assets

The term intangible asset refers to the identifiable non-monetary assets without physical shape, possessed or controlled by the Company.

The intangible assets are initially measured by cost. Expenses related to intangible assets, if the economic benefits related to intangible assets are likely to flow into the Company and the cost of intangible assets can be measured reliably, shall be recorded as cost of intangible assets. The expenses other than this shall be booked in the profit or loss when they occur.

Land use rights that are purchased by the Company are accounted for as intangible assets. Buildings, such as plants that are developed and constructed by the Company, and costs of relevant land use rights and buildings, are accounted for as intangible assets and fixed assets respectively. Payments for the land and buildings purchased are allocated between the land use rights and the buildings; if they cannot be reasonably allocated, all of the land use rights and buildings are accounted for as fixed assets.

When an intangible asset with a definite useful life is available for use, its original cost less net residual value and any accumulate impairment losses is amortised over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortised.

For an intangible asset with a definite useful life, the Company reviews the useful life and amortization method at the end of the period, and makes adjustment when necessary. An additional review is also carried out for useful life of the intangible assets with indefinite useful life. If there is evidence showing the foreseeable limit period of economic benefits generated to the enterprise by the intangible assets, then estimate its useful life and amortise according to the policy of intangible assets with definite useful life.

(2) Testing Methods and Provision for Impairment of Intangible Assets

Testing methods and provision for impairment of intangible assets please refer to Note 4.19 Impairment of long-term assets.

18. Long-term deferred expenses

Long-term deferred expenses refer to general expenses with the apportioned period over one year that have occurred but attributable to the current and future periods. Long-term deferred expenses of the Company mainly include house renovation expenditure, etc., and should be amortised by straight-line method in expected beneficial period.

19. Impairment of long-term assets

Non-financial assets with non-current nature include fixed assets, construction in progress, intangible assets with definite useful lives, investment properties measured by cost methods and long-term equity investment on subsidiaries, jointly operations. The Company assesses whether there are any indicators of impairment for all non-financial assets at the balance sheet date, and impairment test is carried out and recoverable value is estimated if such an indicator exits. Goodwill and intangible assets with indefinite useful lives, as well as intangible assets not ready for use, are tested for impairment annually regardless of indicators of impairment.

Impairment of loss is calculated and provisions taken by the difference if the recoverable value of the assets is lower than the book value. The recoverable value is the higher of estimated present value of the future expected cash flows from the asset and net fair value of the asset less disposed cost. The fair value of asset is determined by the sales agreement price within an arms length transaction. In case there is no sales agreement, but there is active market of assets, the fair value can be determined by the selling price. If there is neither sales agreement nor active market, the fair value of the asset can be estimated based on the best information obtained. Disposal expenses include expenses related to the legislation, taxes, transportations and the direct expense for the asset to be ready for sale. When calculating the present value of expected future cash flows from an asset or asset group, the management shall estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows. Provision for asset impairment is calculated and determined on the individual basis. If the recoverable of individual asset is hard to estimate, the recoverable amount can be determined by the asset group where subject asset belongs to. Asset group is the smallest set of assets that can have cash flow in independently.

For the goodwill separately presented in financial statements, when in an impairment test, its book value shall be apportioned to the asset group or a combination of asset group which are expected to benefit from the synergy effect of the enterprise merger. When the test result shows the recoverable amount of an asset group or a combination of asset groups is lower than its book value, it shall be recognised as the corresponding impairment loss. The amount of the impairment loss shall first charge against the book value of the headquarter' assets and goodwill which are apportioned to the asset group or combination of asset groups, then charge it against the book value of other assets in proportion to the weight of other assets in the asset group or combination of asset groups with the goodwill excluded.

Once the loss from above asset impairment is recognised, the recoverable part cannot be reserved in the subsequent periods.

20. Employee Compensation

Employee compensation of the Company mainly includes short-term employee compensation, departure benefits, demission benefits and other long-term employee compensation. Of which: Short-term compensation mainly includes salary, bonus, allowances and subsidies, employee services and benefits, medical insurance premiums, birth insurance premium, industrial injury insurance premium, housing fund, labor union expenditure and personnel education fund, non-monetary benefits etc. The short-term compensation actually happened during the accounting period when the active staff offering the service for the Company should be recognised as liabilities and is included in the current gains and losses or relevant assets cost. Of which the non-monetary benefits should be measured according to the fair value.

Welfare after demission mainly includes basic pension insurance, unemployment insurance and annuity. Welfare plan after demission mainly includes defined contribution plans, of which deposited amounts are charged to relevant asset costs or current profits and losses during the period in which they are incurred.

When terminating labor relations before expiration of contract, or layoffs with compensations, and the Company cannot terminate the labor relations unilaterally or reduce the demission welfare, remuneration and liabilities produced from the dismission welfare should be determined and included in current profits and losses when determining the costs of dismission welfare and recombination. However, dismission welfare not fully paid within 12 months after annual report period should be handled the same as other long-term employees payrolls.

The inside employee retirement plan is treated by adopting the same principle with the above dismiss ion welfare. The Company would recorded the salary and the social security insurance fees paid and so on from the employees service terminative date to normal retirement date into current profits and losses (dismission welfare) under the condition that they meet the recognition conditions of estimated liabilities.

The other long-term welfare that the Company offers to the staffs, if meet with the defined contribution plans, should be accounting disposed according to the defined contribution plans, while the rest should be disposed according to the defined benefit plans.

21. Estimated Liabilities

The Company should recognise the related obligation as a estimated liability when the obligation meets the following conditions: (1) That obligation is a present obligation of the Company; (2) It is probable that an outflow of economic benefits from the Company will be required to settle the obligation; (3) A reliable estimate can be made of the amount of the obligation.

On the balance sheet date, the Company shall take into full consideration of the risks, uncertainty, time value of money, and other factors to measure the estimated liabilities in accordance with the best estimate of the necessary expenses for the performance of the current obligation.

When all or some of the expenses necessary for the liquidation of an estimated liabilities of the Company is expected to be compensated by a third party, the compensation should be separately recognised as an asset only when it is virtually certain that the reimbursement will be obtained. Besides, the amount recognised for the reimbursement should not exceed the book value of the estimated liabilities.

22. Perpetual Bond and Other Financial Instruments

(1) The Distinction between Perpetual Bond, Etc.

Perpetual bond and other financial instruments issued by the Company which also meet the following conditions are regarded as equity instruments:

①This financial instruments exclude contract obligations of handing over cash or other financial instruments to other parties or exchanging financial assets or liabilities under potential disadvantage with other parties.

②When the financial instrument is non-derivative and must be or could be settled by enterprise's own equity instruments in the future, contract obligations of settlement through handing over own equity instruments in variable numbers are excluded; when the financial instrument is derivative, the Company shall only settle it through exchanging cash or other financial assets in fixed amount with own equity instruments in fixed numbers.

Other financial instruments aside from equity instruments classified on above mentioned conditions issued by the Company shall be classified as financial liabilities.

Compound instrument issued by the Company shall be recognised as a liability according to fair value of liability components and recognised as other equity instrument by using actual received amount less fair value of liability component. Transaction expenses of issuing compound financial instruments shall be apportioned between the portion of liability and equity component to total issuing amount.

(2) Accounting Methods on Perpetual Bond

Perpetual bond and other financial instruments classified as financial liability, of which the relevant interests, bonus or dividends, gains or losses and gains or losses from redemption or refinancing excluding borrowing cost eligible for capitalization (referring to Note 4.16 borrowing cost) shall be recorded in the profits and losses in current period.

When issuing, re-purchasing, selling or written-off the perpetual bond classified as equity instrument, the Company treats it as equity changes and deducts expenses related to the equity transaction. Distribution made by the Company to holders of equity instruments are distributions of profits. The Company does not recognise any changes in the fair value of equity instruments.

23. Revenue

(1) Criteria for Recognition of Revenue

1) Revenue from Selling Goods

The revenue is reliably measured given major risks and rewards of goods ownership have been transferred to the buyer while neither continuous management that usually keeps relation with ownership is retained nor effective control over sold goods is implemented. Relevant economic benefits may flow into enterprise. Revenue from sales of goods is recognised when relevant costs incurred or to be incurred is reliably measured.

2) Revenue from Rendering of Services

If an enterprise can, on the date of the balance sheet, reliably estimate the outcome of a transaction concerning the labor services it provides, it shall recognise the revenue from providing services employing the percentage-of-completion method. The completion degree of labor transaction shall be recognised based on the proportion of incurred labor costs over estimated total costs.

The outcome of a transaction involving rendering of services can be estimated reliably when all of the following conditions are satisfied: ①the amount of revenue can be measured reliably; ②it is probable that the associated economic benefits will flow to the Company; ③the stage of completion of the transaction can be measured reliably; ④the costs incurred and to be incurred for the transaction can be measured reliably.

If the outcome of a transaction involving rendering of services cannot be estimated reliably, the revenue is recognised by the cost incurred and estimated compensation, and the actual cost is booked into profit and loss. No revenue is recognised if the cost incurred cannot be recovered.

3) Royalty Revenue

According to the contract or agreement, the revenue is recognised on an accrual basis.

4) Interest Revenue

The amount of interest revenue should be measured and recognised in accordance with the length of time for which the Company's cash is used by others and the actual interest rate.

(2) Methods of Recognition for Revenue

1) Sale of Property Revenue

Sale of property shall be recognised as revenue when satisfying the following requirements: completion of delivery, obtaining payment proof from buyer on delivery under contract, and completion financial settlement can be reliably processed.

2) Leasing Property Revenue

Leasing property shall be recognised as revenue on an accrual basis agreed in contract when assets meeting conditions under contract.

3) Financing Interest Revenue

Financing interest revenue shall be recognised as revenue on actual interest rate method by the agreed amount and date in the contract.

24. Government Grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Company at no consideration, excluding the capital invested by the government as equity owner. Government grant can be classified as grant related to the assets and grants related to the income. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognised directly in profit or loss for current period.

The Company normally recognises and measure government grants at actual amount upon receiving.

A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent period, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related costs are recognised. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised directly in profit or loss for current period.

Government grants related both to asset and income shall be recognised respectively by distinguishing into different parts. Those which are difficult to distinguish shall be wholly recognised as government grant related to income.

Government grants related to daily business activity shall be recorded into other revenue or offset relevant costs; government grants belong to other situation shall be recorded in non-operating income and expense.

For repayment of a government grant already recognised, if there is a related deferred income, the repayment is offset against the carrying amount of the deferred income, and any excess is recognised in profit or loss for the period. If there is no related deferred income, the repayment is recognised immediately in profit or loss for the period.

25. Deferred Income Tax Assets / Deferred Income Tax Liabilities

(1) Income Tax of Current Period

On the balance sheet date, for the current income tax liabilities (or assets) of current period as well as the part formed during the previous period, should be measured by the income tax of the estimated payable (returnable) amount which be calculated according to the regulations of the tax law. The amount of the income tax payable which is based by the calculation of the current income tax expenses is according to the result measured from the corresponding adjustment of the pre-tax accounting profit of current year which in accordance with the relevant regulations of the tax law.

(2) Deferred Income Tax Assets and Deferred Income Tax Liabilities

The difference between the book value of certain assets and liabilities and their tax assessment basis, as well as the temporary difference occurs from the difference between the book value of the items which not be recognised as assets and liabilities but could confirm their tax assessment basis according to the regulations of the tax law, the deferred income tax assets and the deferred income tax liabilities should be recognised by adopting liabilities law of the balance sheet.

No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill, the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). Besides, no deferred tax assets is recognised for the taxable temporary differences related to the investments of subsidiary companies, associated enterprises and joint enterprises, and the investing enterprise can control the time of the reverse of temporary differences as well as the temporary differences are unlikely to be reversed in the excepted future. Otherwise, the Company should recognise the deferred income tax liabilities arising from other taxable temporary difference.

No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill, the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). Besides, no deferred tax assets is recognised for the taxable temporary differences related to the investments of subsidiary companies, associated enterprises and joint enterprises, and the investing enterprise can control the time of the reverse of temporary differences as well as the temporary differences are unlikely to be reversed in the excepted future. Otherwise, the Company should recognise the deferred income tax liabilities arising from other taxable temporary difference.

For any deductible loss or tax deduction that can be carried forward to the next year, the corresponding deferred income tax asset shall be determined to the extent that the amount of future taxable income to be offset by the deductible loss or tax deduction to be likely obtained.

On the balance sheet date, the deferred income tax assets and the deferred income tax liabilities shall be measured at the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

The book value of deferred income tax assets shall be reviewed at each balance sheet date. If it is unlikely to obtain sufficient taxable income to offset against the benefit of the deferred income tax asset, the book value of the deferred income tax assets shall be written down. Any such write-down should be subsequently reversed where it becomes probable that sufficient taxable income will be available.

(3) Income Tax Expenses

Income tax expenses include current income tax and deferred income tax.

The rest current income tax and the deferred income tax expenses or revenue should be included into current gains and losses except for the current income tax and the deferred income tax related to the transaction and events that be confirmed as other comprehensive income or be directly included in the shareholders equity which should be included in other comprehensive income or shareholders equity as well as the book value for adjusting the goodwill of the deferred income tax occurs from the business combination.

(4) Offset of Income Tax

The current income tax assets and liabilities of the Company should be listed by the written-off net amount which intend to executes the net amount settlement as well as the assets acquiring and liabilities liquidation at the same time while owns the legal rights of settling the net amount.

The deferred income tax assets and liabilities of the Company should be listed as written-off net amount when having the legal rights of settling the current income tax assets and liabilities by net amount and the deferred income tax and liabilities is relevant to the income tax which be collected from the same taxpaying bodies by the same tax collection and administration department or is relevant to the different taxpaying bodies but during each period which there is significant reverse of the deferred income tax assets and liabilities in the future and among which the involved taxpaying bodies intend to settle the current income tax and liabilities by net amount or are at the same time acquire the asset as well as liquidate the liabilities.

26. Leases

A finance lease is a lease that transfers in substance all the risks and rewards incident to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

(1) The Company as Lessee under Operating Lease

Lease payments under an operating lease are recognised by a lessee on a straight-line basis over the lease term, and either included in the cost of the related asset or charged to profit or loss for current period. The contingent rents shall be recorded in the profit or loss of the period in which they actually arise.

(2) The Company as Leaser under Operating Lease

Lease income from operating leases shall be recognised by the leaser in profit or loss on a straight-line basis over the lease term. Initial direct cost of significance in amount shall be capitalised when incurred. Initial direct cost of small amount shall be recorded into the profit and loss when incurred. Contingent rents are credited to profit or loss in the period in which they actually arise.

(3) The Company as Lessee under Financing Lease

For an asset that is held under a finance lease, at the lease commencement, the leased asset is recorded at the lower of its fair value at the lease commencement and the present value of the minimum lease payments, and the minimum lease payment is recorded as the carrying amount of the long-term payables; the difference between the recorded amount of the leased asset and the recorded amount of the payable is accounted for as unrecognised finance charge. Besides, Initial direct costs incurred by the lessee during the process of negotiating and securing the lease agreement shall be added to the amount recognised for the leased asset. The net amount of minimum lease payment deducted by the unrecognised finance shall be separated into long-term liabilities and long-term liability within one year for presentation.

Unrecognised finance charge shall be computed by the effective interest method during the lease term. Contingent rent shall be booked into profit or loss when actually incurred.

(4) The Company as lesser under Financing Lease

For an asset that is leased out under a financing lease, the aggregate of the minimum lease receipts at the commencement of the lease and the initial direct costs is recorded as a financing lease receivable, and unguaranteed residual value is recorded at the same time; the difference between the aggregate of the minimum lease receipt, initial direct costs, and unguaranteed residual value, and the aggregate of their present values, is recognised as unearned finance income, which is amortised using the effective interest rate method over each period during the lease term. Finance lease receivable less unearned finance income shall be separated into long-term liabilities and long-term liability within one year for presentation.

Unearned finance income shall be computed by the effective interest method during the lease term.

Contingent rent shall be credited into profit or loss when actually incurred.

27. Critical Accounting Judgments and Estimates

Due to the inside uncertainty of operating activity, the Company needs to make judgments, estimates and assumption on the book value of the accounts without accurate measurement during the employment of accounting policies. And these judgments, estimates and assumption were made basing on the prior experience of the senior executives of the Company, as well as in consideration of other factors. These judgments, estimates and assumption would also affect the report amount of income, costs, assets and liabilities, as well as the disclosure of contingent liabilities on balance sheet date. However, the uncertainty of these estimates was likely to cause significant adjustment on the book value of the affected assets and liabilities in the future.

The Company would check periodically the above judgments, estimates and assumption on the basis of continuing operation. For the changes in accounting estimates only affected on current period, the influence should be recognised at the period of change incurred; for the changes in accounting estimates affected current period and also the future period, the influence should be recognised at the period of change occurred and future period.

On the balance sheet date, the Company needs to make judgments, estimates and assumption on the accounts in the following important items:

(1) Classification of Leases

The Company classified leases to operation lease and financing lease based on the regulations of No.21 of ASBE - Lease. The executives have to make analysis and judgment on whether all risks and rewards related to ownership of leasing assets has been transferred to lessee or whether the Company undertakes all risks and rewards related to ownership of leased assets.

(2) Provision for Bad Debts

The Company measures loss on bad debts by allowance method according to accounting policies of receivables. Impairment on receivables is based on judgment of recoverability, Evaluation of impairment on receivables requires judgment and estimate of executives. The difference between actual results and previous estimates affects book value of receivables and accrual and reversal of provision for bad debts in the period when estimate changes.

(3) Provisions for Decline in Value of Inventories

According to accounting policies on inventories, the Company makes provisions for decline in value measured at the lower of the cost and net realizable value for inventories whose costs higher than net realizable values or obsolete and slow-moving inventories. value of inventories declining to the net realizable value is based on evaluation of marketability and net realizable value. Evaluating decline in value of inventories requires executives to obtain solid evidence and considering purpose for inventories held, events after balance sheet date and other affective factors before making judgments and estimates. The difference between actual results and previous estimates affects book value of receivables and accrual and reversal of provision for decline in value of inventories in the period when estimate changes.

(4) Held-to Maturity Investment

Non-derivative financial asset with a fixed date of maturity, a fixed or determinable amount of repo price and which the Company holds for a definite purpose or the Company is able to hold until its maturity is classified as held-to maturity investment. Numerous judgments are involved to conduct the classification The Company assesses intention and capability of holding these investments to maturity in the process of judgment. Except for specific circumstances (such as selling investments with insignificant amount near maturity date) all these investments shall be re-classified to financial assets available for sale if the Company fails to hold them to maturity and not be treated as held-to maturity investment in two complete fiscal years after current one. Abovementioned situation may significantly affect values of related financial assets listed on financial statement as well as risk management strategies on financial instruments of the Company.

(5) Impairment on Held-to Maturity Investment

Recognition of impairment on held-to maturity investment to a large extent relies on judgments of executives. Objective evidences indicating impairment include the issuer having serious financial difficulties by which cause financial asset couldn't be traded in active market or failing to fulfill contract (e.g. breach on paying interests or the principal), etc. The Company shall evaluate the effect of evidences indicating impairment of the investment on estimated cash flow in the future.

(6) Provision for Impairment of Long-term Assets

On the balance sheet date, the Company needs to make judgment on impairment of non-current assets excluding financial asset. Intangible assets with indefinite useful lives shall be conducted with impairment test when there are any indicators of impairment besides annually impairment test. For other non-current assets except for financial assets, impairment test shall be conducted when any

existing indicator showing the carrying amount couldn't be recovered.
When book value of asset or asset group is higher than recoverable amount, which is the higher of net amount after fair value less disposed cost and estimated present value of cash flow in the future, impairment incurred.
The net value shall be recognised via fair value less disposal cost, referring to sales agreement price or observable market price of similar assets in fair dealing, minus disposed incremental cost directly attributable to the asset.
Critical judgments on production, price, relevant operating cost and discount rate for calculating present value of the asset (or asset group) shall be made when estimating present value of future cash flows. The Company adopts all available relevant materials including estimates of production, price and operating cost based on reasonable and supportable assumptions to estimate recoverable amount.
The Company conducts impairment test on goodwill minimum on annual basis. It requires estimation on present value of future cash flows of asset group or asset sets distributed with goodwill. The Company needs to estimate cash flows from future asset group or asset set and choose suitable discount rate to recognise present value of future cash flows during estimation.

(7) Depreciation and Amortization

The company depreciates and amortises investment properties, fixed assets and intangible assets after considering their residual values in useful lives by straight-line method. The Company would check useful lives periodically to determine depreciation and amortization amounts recorded into each fiscal period. The Company determines useful lives on the basis of previous experience of similar assets combing with expected technology upgrading. Depreciation and amortization amounts will be adjusted in future periods if previous estimates change significantly.

(8) Deferred Income Tax Assets

The Company recognises deferred income tax assets by all unutilised tax losses where it becomes probable that sufficient taxable profits will be available to offset losses. It requires executives of the Company using substantial judgments for estimating time and amount of taxable profits incurred and combing with strategies of tax planning to determine the amount of deferred income tax asset to be recognised.

(9) Income Tax

Final tax treatment and calculation of partial transactions are uncertain in normal business activities of the Company. Approval of tax authorities needs to be obtained on pre-tax items. If there are any differences between final recognition and initial estimate of the tax items, these differences will have impact on current period income tax and deferred income tax in final recognition period.

Note 5 Principal Taxes Applied

Taxes and their rates

Category	Tax rate
Value Added Tax	(1) General: paid by calculating output tax with applied tax rate (6%,11%,17%) for taxable income and deducting offset input tax at current period. (2) Simplified :for properties obtained by selling or leasing before 30 Apr. 2014, paid at 5% of tax payable; for water expenses collected from property management service paid at 3% of vat.
City Construction Tax	Paid at 7% of the circulating tax actually paid.
Educational Surcharge and Local Educational Surcharge	Paid at 3% (2%) of the circulating tax actually paid.
Enterprise Income Tax	Paid at 25% of income tax payable.
Land Value Incremental Tax	Paid at 30%-60% of ultra progressive tax rate

Note 6 Notes on Major Items of Consolidated Financial Statements

Unless otherwise indicated, the following annotations (including annotation on major items of the Company financial statements): the beginning of the year refers to 1 Jan. 2017, the end of the period refers to 30 Jun. 2017, current period refers to Jan. - Jun. 2017, and prior period refers to Jan. - Jun. 2016.

1. Monetary Funds

Item	30 Jun. 2017	31 Dec. 2016
Cash on hand	61,265.51	441.68
Cash in bank	9,288,700,277.38	13,117,132,322.84
Other monetary funds	50,258.91	50,182.77
Total	9,288,811,801.80	13,117,182,947.29
Including: total amount of deposits overseas	6,719,428.79	10,876.80

Note: balance on 30 Jun. 2017 of restricted monetary funds of the Company is 22,356,769.31 yuan (balance on 31 Dec. 2016 is 182,356,769.31 yuan) which is pledge against bank loans.

2. Accounts Receivable

(1) Disclosure on Types of Accounts Receivable

Types	30 Jun. 2017				
	Book balance		Provision for bad debts		Book Value
	Amount	(%)	Amount	Provision (%)	
Accounts receivable of which provision for bad debts is of individually significant					
Accounts receivable of provisions for bad debts by credit risk characteristics portfolios	391,661,699.59	99.97	601,244.83	0.15	391,060,454.76

Types	30 Jun. 2017				
	Book balance		Provision for bad debts		Book Value
	Amount	(%)	Amount	Provision (%)	
Accounts receivable of which provision for bad debts is of individually insignificant	131,306.29	0.03	131,306.29	100.00	
Total	391,793,005.88	100.00	732,551.12		391,060,454.76

(To be continued)

Types	31 Dec. 2016				
	Book balance		Provision for bad debts		Book Value
	Amount	Ratio (%)	Amount	Provision (%)	
Accounts receivable of which provision for bad debts is of individually significant					
Accounts receivable of provisions for bad debts by credit risk characteristics portfolios	301,029,015.04	99.96	320,041.64	0.11	300,708,973.40
Accounts receivable of which provision for bad debts is of individually insignificant	131,306.29	0.04	131,306.29	100.00	
Total	301,160,321.33	100.00	451,347.93		300,708,973.40

①Accounts receivable of provisions for bad debts by aging analysis in portfolios

Aging	30 Jun. 2017		
	Accounts receivable	Provisions for bad debts	Provisions (%)
< 1 Year	14,031,175.63		
1-2 Years	5,362,862.79	268,143.14	5.00
2-3 Years	621,475.00	31,073.75	5.00
3-4 Years	41,716.31	8,343.26	20.00
4-5 Years	267,443.00	53,488.60	20.00
> 5 Years	600,490.18	240,196.08	40.00
Total	20,925,162.91	601,244.83	

②Accounts receivable of provisions for bad debts by other method in portfolios

Aging	30 Jun. 2017		
	Accounts receivable	Provisions for bad debts	Provisions (%)
Government debts	369,486,710.82		
Deposit, petty cash and other project settlement	1,249,825.86		
Total	370,736,536.68		

(2) Accounts Receivable Listed by Top Five Balance on 30 Jun. 2017 of Debtors

Name of Debtors	Book Balance	Proportion in total accounts receivable (%)	Provision for Bad Debts
Chengdu Urban and Rural Construction Committee	280,642,785.27	71.63	
Chengdu Municipal Finance Bureau	63,993,232.73	16.33	
Government Office Administration of Chengdu Peoples Government	20,047,483.20	5.12	
Shiling Subdistrict Office	4,768,725.77	1.22	
Chengdu Yao Shun Green Environmental Protection Co., Ltd.	2,674,784.71	0.68	
Total	372,127,011.68	94.98	

3. Prepayments

(1) Listed by Aging Structure

Aging	30 Jun. 2017		31 Dec. 2016	
	Amount	Ratio (%)	Amount	Ratio (%)
< 1 Year	264,232,359.66	32.67	276,964,601.45	38.41
1-2 Years	101,057,640.05	12.50	376,948,492.89	52.27
2-3 Years	376,775,577.53	46.59	1,202,221.22	0.17
> 3 Years	66,639,383.38	8.24	65,959,159.37	9.15
Total	808,704,960.62		721,074,474.93	

(2) Significant account payables over 1 year

Name of Debtees	Name of Debtors	30 Jun. 2017	Aging	Reasons
Chengdu Xingcheng Investment Group Co., Ltd.	Finance Bureau of Longquanyi District, Chengdu	350,000,000.00	2-3 Years	Unsettled
Chengdu Xingcheng Investment Group Co., Ltd.	Jinjiang Branch of Chengdu Land & Resources Bureau	30,000,000.00	3 Years	Unsettled
Chengdu Xingcheng Investment Group Co., Ltd.	Chenghua District Transportation Bureau (Baohe Subdistrict Office)	11,370,725.52	3 Years	Unsettled
Chengdu Xingcheng Investment Group Co., Ltd.	Chengdu Longquanyi District State-owned Assets Investment & Management Co., Ltd.	9,500,000.00	3 Years	Unsettled
Chengdu Xingcheng Investment Group Co., Ltd.	Chengdu Municipal Waterwork Co., Ltd.	3,185,495.25	3 Years	Unsettled
Total		404,056,220.77		

(3) Prepayments Listed by Top Five Balance on 30 Jun. 2017 of Debtors

Name of Debtors	Book Balance	Proportion in total accounts receivable (%)
Finance Bureau of Longquanyi District, Chengdu	350,000,000.00	43.28
China State Construction Engineering Corporation Limited	149,073,606.30	18.43
Shiling Subdistrict Office	56,181,460.75	6.95
Damian Subdistrict Office	40,068,454.43	4.95

Name of Debtors	Book Balance	Proportion in total accounts receivable (%)
Jinjiang Branch of Chengdu Land & Resources Bureau	30,000,000.00	3.71
Total	625,323,521.48	77.32

4. Interest receivable

(1) Types of interest receivable

Items	30 Jun. 2017	31 Dec. 2016
7-day notice deposits	1,775,182.50	

5. Other receivables

(1) Disclosure on Types of Other Receivables

Types	30 Jun. 2017				
	Book Balance		Provisions for bad debts		Book Value
	Amount	Ratio (%)	Amount	Provisions (%)	
Other receivable of which provision for bad debts is of individually significant					
Other receivable of provisions for bad debts by credit risk characteristics portfolios	602,576,737.17	100.00	2,410,425.12	0.40	600,166,312.05
Other receivable of which provision for bad debts is of individually insignificant					
Total	602,576,737.17	100.00	2,410,425.12		600,166,312.05

(To be continued)

Types	31 Dec. 2016				
	Book Balance		Provisions for bad debts		Book Value
	Amount	Ratio (%)	Amount	Provisions (%)	
Other receivable of which provision for bad debts is of individually significant					
Other receivable of provisions for bad debts by credit risk characteristics portfolios	488,053,788.25	100.00	2,108,086.95	0.43	485,945,701.30
Other receivable of which provision for bad debts is of individually insignificant					
Total	488,053,788.25	100.00	2,108,086.95		485,945,701.30

①Other receivable of provisions for bad debts by aging analysis in portfolios

Aging	30 Jun. 2017		
	Other receivable	Provisions for bad debts	Provisions (%)
< 1 Year	4,265,261.41		

Aging	30 Jun. 2017		
	Other receivable	Provisions for bad debts	Provisions (%)
1-2 Years	6,553,558.52	327,677.92	5.00
2-3 Years	1,391,767.14	69,588.36	5.00
3-4 Years	1,928,707.43	385,741.48	20.00
4-5 Years	587,163.24	117,432.65	20.00
> 5 Years	3,774,961.77	1,509,984.71	40.00
Total	18,501,419.51	2,410,425.12	

②Other receivable of provisions for bad debts by other methods in portfolios

Name of Portfolios	30 Jun. 2017		
	Other receivable	Provisions for bad debts	Provisions (%)
Government debts	546,977,150.74		
Deposit, petty cash and other project settlement	37,098,166.92		
Total	584,075,317.66		

(2) Other Receivable Listed by Top Five Balance on 30 Jun. 2017 of Debtors

Name of Debtors	Nature of Fund	30 Jun. 2017	Aging	Proportion in total other receivables (%)	Balance on 30 Jun. 2017 of Bad Debts Provision
Land Exploitation and Consolidation Center of Dujiangyan	Land consolidation refund	176,710,000.00	1-2 Years	29.33	
Chengdu Cheng Fang Real Estate Co., Ltd.	Settlement of government agent construction project	65,596,489.39	2-3 Years	10.89	
Chengdu Academy of Agriculture and Forestry Sciences	Settlement of government agent construction project	50,308,647.56	2-3 Years	8.35	
Chengdu Housing Security Center	Settlement of government agent construction project	31,789,018.21	1-2 Years	5.28	
Urban & Village Construction Bureau of Shuangliu County	Wage deposit for migrant workers	10,179,093.30	2-3 Years	1.69	
Total		334,583,248.46		55.54	

6. Inventories

(1) Types of Inventories

Items	30 Jun. 2017		
	Book Balance	Provisions for Decline in Value of Inventories	Book Value
Raw materials	225,701.95		225,701.95
Development cost	10,091,699,698.93		10,091,699,698.93

Items	30 Jun. 2017		
	Book Balance	Provisions for Decline in Value of Inventories	Book Value
Development products	1,166,408,547.44		1,166,408,547.44
Revolving materials	15,096.44		15,096.44
Total	11,258,349,044.76		11,258,349,044.76

(To be continued)

Items	31 Dec. 2016		
	Book Balance	Provisions for Decline in Value of Inventories	Book Value
Raw materials	225,701.95		225,701.95
Development cost	11,119,816,663.16		11,119,816,663.16
Development products	701,930,500.83		701,930,500.83
Revolving materials	34,367.08		34,367.08
Total	11,822,007,233.02		11,822,007,233.02

(2) Capitalization amount of borrowing expenses in balance on 30 Jun. 2017 of inventories is 482,515,013.86 yuan.

7. Other current assets

Item	30 Jun. 2017	31 Dec. 2016
Prepaid taxes and dues	160,239,330.32	194,372,453.58

8. Available-for-sale financial assets

(1) Available-for-sale financial assets are as follows:

Items	30 Jun. 2017			31 Dec. 2016		
	Book Balance	Impairment Provision	Book Value	Book Balance	Impairment Provision	Book Value
Available-for-sale liability instrument						
Available-for-sale equity instrument	140,000,000.00		140,000,000.00	150,000,000.00		150,000,000.00
Including: measured at fair value						
Measured at cost	140,000,000.00		140,000,000.00	150,000,000.00		150,000,000.00
Others						
Total	140,000,000.00		140,000,000.00	150,000,000.00		150,000,000.00

(2) Available-for-sale financial assets measured at cost on period-end

Investees	Book Balance				Impairment Provision				Shareholding ratio in investees%	Cash Dividends of Current Period
	31 Dec. 2016	Increase for current period	Decrease for current period	30 Jun. 2017	31 Dec. 2016	Increase for current period	Decrease for current period	30 Jun. 2017		
Chengdu Financial City Invest & Development Co., Ltd	100,000,000.00			100,000,000.00					2.86	

Investees	Book Balance				Impairment Provision				Shareholding ratio in investees%	Cash Dividends of Current Period
	31 Dec. 2016	Increase for current period	Decrease for current period	30 Jun. 2017	31 Dec. 2016	Increase for current period	Decrease for current period	30 Jun. 2017		
Chengdu Health care Industry Development Co., Ltd.	10,000,000.00		10,000,000.00							
Chengdu Rural Equity Ownership Circulation Guarantee Co., Ltd.	40,000,000.00			40,000,000.00					13.33	
Total	150,000,000.00		10,000,000.00	140,000,000.00						

9. Held-to-maturity Investments

Items	30 Jun. 2017			31 Dec. 2016		
	Book Balance	Impairment Provision	Book Value	Book Balance	Impairment Provision	Book Value
1. New Community Construction Project in Yunling Village, Xinmin Town, Pi County	175,792,599.47		175,792,599.47	223,398,813.36		223,398,813.36
2. 980 Mu of Land Consolidation Project in Pilong Town, Pi County	193,696,888.89		193,696,888.89	193,696,888.89		193,696,888.89
3. New Community Construction Project in Minzhuziku Village, Qingbaijiang	349,843,654.76		349,843,654.76	344,796,790.88		344,796,790.88
4. New Community Construction Project in Xingfu Village, Xinghua, Qingbaijiang District	123,677,613.03		123,677,613.03	158,990,218.60		158,990,218.60
5. New Community Construction Project in Hongfeng, Hongyang Street, Qingbaijiang District	22,314,151.40		22,314,151.40	22,314,151.40		22,314,151.40
6. New Community Construction Projects in Jinsha Village and Shuangtu Village, Jiuchi Town, Pengzhou City	341,670,638.11		341,670,638.11	337,040,219.77		337,040,219.77
7. New Community Construction Project in Guiqiao, Mengyang Town, Pengzhou City	177,412,530.34		177,412,530.34	174,907,813.66		174,907,813.66
8. New Community Construction Project in Danan Village, Xiaoyudong Town, Pengzhou City	44,419,690.17		44,419,690.17	49,654,354.08		49,654,354.08
9. New Community Construction Project in Xinhuang Village, Tongji Town, Pengzhou City	98,354,285.81		98,354,285.81	108,354,285.81		108,354,285.81
10. New Community Construction Project in Dongping Village, Xiaoyudong Town, Pengzhou City	14,187,583.81		14,187,583.81	16,696,808.81		16,696,808.81
11. New Community Construction Project in Luoyang Village, Xiaoyudong Town, Pengzhou City	41,815,282.24		41,815,282.24	51,155,922.23		51,155,922.23
12. New Community Construction Project in Dawan Village, Xiaoyudong Town, Pengzhou City	41,216,108.09		41,216,108.09	52,387,022.49		52,387,022.49
13. New Community Construction Project in Yudong Village, Xiaoyudong Town, Pengzhou City	18,260,541.12		18,260,541.12	22,240,266.13		22,240,266.13
14. New Community Construction Project in Bailu Village, Bailu Town, Pengzhou City	10,095,248.72		10,095,248.72	15,792,812.05		15,792,812.05
15. New Community Construction Project in Wenlin Village, Gexianshan Town, Pengzhou City	56,615,800.03		56,615,800.03	65,189,194.45		65,189,194.45
16. New Community Construction Project in Sanjiechang, Sanjie	18,194,208.47		18,194,208.47	20,974,589.02		20,974,589.02

Items	30 Jun. 2017			31 Dec. 2016		
	Book Balance	Impairment Provision	Book Value	Book Balance	Impairment Provision	Book Value
Town, Pengzhou City						
17. New Community Construction Project in Xinnian Village, Sanjie Town, Pengzhou City	11,169,068.03		11,169,068.03	13,165,434.69		13,165,434.69
18. New Community Construction Project in Qingliang Village, Sanjie Town, Pengzhou City	9,116,097.20		9,116,097.20	11,078,286.07		11,078,286.07
19. New Community Construction Project in Fengbei Village, Sanjie Town, Pengzhou City	9,112,093.53		9,112,093.53	10,978,056.36		10,978,056.36
20. New Community Construction Project in Mangcheng Village,Qingchengshan Town, Dujiangyan City	192,400.00		192,400.00	192,400.00		192,400.00
21. New Community Construction Project in Yangqiao Village, Juyuan Town, Dujiangyan City	494,000.00		494,000.00	494,000.00		494,000.00
22. New Community Construction Project in Jinsheng Village, Xujia Town, Dujiangyan City	109,215,799.92		109,215,799.92	121,375,799.93		121,375,799.93
23. Post-disaster Reconstruction and Collective Construction Land Consolidation Project in Chengqing Community, Anlong Town, Dujiangyan	63,225,855.92		63,225,855.92	63,225,855.92		63,225,855.92
24. Post-disaster Reconstruction Project in Sanhebei Community, Fuxing Town, Jintang County	77,933,167.83		77,933,167.83	105,733,167.83		105,733,167.83
25. Post-disaster Reconstruction Project in Baiguo Town, Jintang County	34,819,568.46		34,819,568.46	46,352,083.76		46,352,083.76
26. Post-disaster Reconstruction Project in Qingjiang Town, Jintang County	9,000,000.00		9,000,000.00	12,000,000.00		12,000,000.00
27. New Village Project in Pingshuiqiao Village, Zhaojia Town, Jintang County	40,324,124.96		40,324,124.96	79,219,606.94		79,219,606.94
28. New Community Construction Project in Baofeng, Jinhua Town, Xinjin County	80,436,771.53		80,436,771.53	80,436,771.53		80,436,771.53
29. New Community Construction Project in Huangdu Village, Puxing Town, Xinjin County	49,562,351.27		49,562,351.27	49,562,351.27		49,562,351.27
30. Post-disaster Reconstruction Project in Wudian Community, Wujin Town, Xinjin County	172,788,808.85		172,788,808.85	169,989,819.96		169,989,819.96
31. New Community Construction Project in Wanjie Village, Xinping Town, Xinjin County	215,987,389.10		215,987,389.10	212,471,301.54		212,471,301.54
32. New Community Construction Project Phase 2 in Taipingchang, Xinping Town, Xinjin County	444,146,701.40		444,146,701.40	439,491,701.40		439,491,701.40
33. New Community Construction Project (Phase 1) in Qiquan Town, Chongzhou City	140,202,819.59		140,202,819.59	144,478,091.42		144,478,091.42
34. New Community Construction Project (Phase 2) in Qiquan Town, Chongzhou City	393,422,829.22		393,422,829.22	391,968,332.25		391,968,332.25
35. New Community Construction Project in Huanxi Village, Sanlang Town, Chongzhou City	30,056,110.76		30,056,110.76	32,056,110.74		32,056,110.74

Items	30 Jun. 2017			31 Dec. 2016		
	Book Balance	Impairment Provision	Book Value	Book Balance	Impairment Provision	Book Value
36. New Community Construction Project in Datong, Wenjingjiang, Chongzhou City	72,067,034.76		72,067,034.76	80,075,448.93		80,075,448.93
37. New Community Construction Project in Sanguan Village, Huaiyuan, Chongzhou City	52,126,958.25		52,126,958.25	58,126,958.24		58,126,958.24
38. New Community Construction Project in Tianshun, Jiezi, Chongzhou City	53,131,223.91		53,131,223.91	59,131,223.91		59,131,223.91
39. Longtan Settlement Project in Huaiyuan Town, Post-disaster Reconstruction, Chongzhou City	13,825,345.00		13,825,345.00	13,825,345.00		13,825,345.00
40. Tianguo Settlement Project in Huaiyuan Town, Post-disaster Reconstruction, Chongzhou City	50,057,555.00		50,057,555.00	50,057,555.00		50,057,555.00
41. New Community Construction Project in Tongxin Village, Chengjia Town, Pujiang County	28,304,512.34		28,304,512.34	48,602,611.61		48,602,611.61
42. New Community Construction Project in Quanshui, Anren Town, Dayi County	25,054,054.20		25,054,054.20	28,054,054.21		28,054,054.21
43. New Community Construction Project in Qinggang, Anren Town, Dayi County	29,060,595.55		29,060,595.55	32,060,595.54		32,060,595.54
44. New Community Construction Project in Caishan, Anren Town, Dayi County	51,100,672.24		51,100,672.24	56,100,672.22		56,100,672.22
45. New Community Construction Project in Liuping, Shaqu Town, Dayi County	11,023,218.03		11,023,218.03	12,023,218.04		12,023,218.04
46. New Community Construction Project in Longwan, Shaqu Town, Dayi County	10,023,259.39		10,023,259.39	11,023,259.40		11,023,259.40
47. Village-level Public Service Project	139,677,174.94		139,677,174.94	143,053,601.39		143,053,601.39
Total	4,154,224,385.64		4,154,224,385.64	4,433,993,866.73		4,433,993,866.73

Note: Held-to-maturity investments are mainly for small town construction projects which collect project fund interests and investing & financing management fees based on agreed standards on investment contracts.

10. Long-term Accounts Receivable

Items	30 Jun. 2017			31 Dec. 2016		
	Book Balance	Impairment Provision	Book Value	Book Balance	Impairment Provision	Book Value
The financing lease values	7,518,226,538.69		7,518,226,538.69	7,518,226,538.69		7,518,226,538.69
Less: reclassified to accounts receivable	280,642,785.27		280,642,785.27	280,642,785.27		280,642,785.27
Less: reclassified to non-current assets due within 1 year	720,642,785.27		720,642,785.27	720,642,785.27		720,642,785.27
Total	6,516,940,968.15		6,516,940,968.15	6,516,940,968.15		6,516,940,968.15

Note: the payment was initiated by the Company based on C.F.G. Approval (2013) No.1102 from Chengdu Municipal Development and Reform Commission, and C.J.W. (2012) No.53 Document from Chengdu City Urban Construction Committee as the project owners, responsible for construction tasks of the Second Ring Road (West) project and Two Expressways project, and later formed BLT.

The project includes Second Ring Road West expressway, with a whole project length of 20.8 kilometers. The construction project with investment estimate 9.20115 billion yuan started in March, 2012, and fully completed at the end of June, 2013 of which the audit of project completion is yet not to be finished. On December 29, 2015, the Company and Chengdu Urban and Rural Construction Committee signed the "Lease Contract of Chengdu Municipal Government Renting Enterprises to Invest in City Infrastructure Projects", with a lease period of 15 years from December 30, 2015 to December 29, 2030. Chengdu Urban and Rural Construction Committee shall pay 880,480,000.00 yuan annually to the Company as rent in accordance with the contract. Within the validity period of the contract, the two parties shall adjust the rent according to the final audit report of project completion and benchmark interest rate variation as the People's Bank of China in the same period. Chengdu Urban and Rural Construction Committee suspended appropriating the rent after 440,240,000 paid initially and proposed to adjust BLT scheme of which is not confirmed on the report date.

11. Long-term Equity Investments

Investees	31 Dec. 2016	Increase and decrease during current period				
		Additional investment	Negative investment	Investment profits or losses recognised under equity method	Adjustments of other comprehensive income	Other equity changes
I. Joint venture						
II. Associated enterprises						
Sichuan Provincial Investment Electricity Sale Co., Ltd.	69,886,533.11	35,000,000.00		-483,708.70		
China Sichuan International Investment Co., Ltd.	271,813,239.39			-1,024,696.46		
Chengdu Dong Jing Gas Co., Ltd.				-6,473.74		
Chengdu China Construction Ren Ju Ya Yuan Real Estate Development Co., Ltd		9,800,000.00				
Subtotal	341,699,772.50	44,800,000.00		-1,514,878.90		
Total	341,699,772.50	44,800,000.00		-1,514,878.90		

(To be continued)

Investees	Increase and decrease during current period			30 Jun. 2017	Balance on 30 Jun. 2017 of Impairment Provision
	Cash dividends or profits declare to issue	Impairment provision	Other		
I. Joint venture					
II. Associated enterprises					
Sichuan Provincial Investment Electricity Sale Co., Ltd.				104,402,824.41	
China Sichuan International Investment Co., Ltd.				270,788,542.93	
Chengdu Dong Jing Gas Co., Ltd.			2,550,000.00	2,543,526.26	
Chengdu China Construction Ren Ju Ya Yuan Real Estate Development Co., Ltd				9,800,000.00	
Subtotal			2,550,000.00	387,534,893.60	
Total			2,550,000.00	387,534,893.60	

Note: Increase and decrease during current period-other refers to the Company lost control over previous subsidiary Chengdu Dong Jing Gas Co., Ltd., since the latter increased investment in current period. Xing Cheng Group recorded remaining investment measured by fair value into investment value to associated enterprises on the date of loss of control.

12. Investment properties

(1) Investment properties measured by cost

Items	Buildings	Land use rights	Total
I. Total original book balance			
1. Balance on 31 Dec. 2016	3,999,308,572.90		3,999,308,572.90
2. Increase for current period			
3. Decrease for current period			
4. Balance on 30 Jun. 2017	3,999,308,572.90		3,999,308,572.90
II. Total accumulated depreciation and amortization			
1. Balance on 31 Dec. 2016	489,728,639.53		489,728,639.53
2. Increase for current period	48,375,552.33		48,375,552.33
1Accrual or amortization	48,375,552.33		48,375,552.33
3. Decrease for current period			
4. Balance on 30 Jun. 2017	538,104,191.86		538,104,191.86
III. Provision for impairment			

Items	Buildings	Land use rights	Total
1. Balance on 31 Dec. 2016			
2. Increase for current period			
3. Decrease for current period			
4. Balance on 30 Jun. 2017			
IV. Book value			
1. Book value at the end of the period	3,461,204,381.04		3,461,204,381.04
2. Balance of book value on 31 Dec. 2016	3,509,579,933.37		3,509,579,933.37

(2) Investment properties measured by fair value: none.

13. Property, Plant and Equipment

Items	Building & construction	Machines & equipment	Transportation vehicles	Electronic equipment	Office equipment	Total
I. Total original book balance						
1. Balance on 31 Dec. 2016	64,025,009.93	2,542,554.44	34,754,441.93	9,273,887.67	7,230,151.82	117,826,045.79
2.Increase for current year		170,406.75	9,960.00	1,510,230.11	170,111.11	1,860,707.97
(1) Purchasing		170,406.75	9,960.00	1,510,230.11	170,111.11	1,860,707.97
3. Decrease for current year		121,562.00	126,457.00	676,816.00	2,019,294.10	2,944,129.10
(1) Disposal or retirement		121,562.00	126,457.00	676,816.00	2,019,294.10	2,944,129.10
4. Balance on 30 Jun. 2017	64,025,009.93	2,591,399.19	34,637,944.93	10,107,301.78	5,380,968.83	116,742,624.66
II. Total accumulated depreciation						
1. Balance on 31 Dec. 2016	7,275,271.64	1,927,089.50	27,023,841.78	7,022,921.16	4,008,668.38	47,257,792.46
2 Increase for current year	768,638.52	103,374.36	1,130,936.12	975,936.62	206,252.52	3,185,138.14
(1) Accrual	768,638.52	103,374.36	1,130,936.12	975,936.62	206,252.52	3,185,138.14
3. Decrease for current year		119,857.10	120,134.15	643,055.22	781,635.02	1,664,681.49
(1) Disposal or retirement		119,857.10	120,134.15	643,055.22	781,635.02	1,664,681.49
4. Balance on 30 Jun. 2017	8,043,910.16	1,910,606.76	28,034,643.75	7,355,802.56	3,433,285.88	48,778,249.11
III. Impairment provision						
1. Balance on 31 Dec. 2016						
2 Increase for current year						
(1) Accrual						
3. Decrease for current year						
(1) Disposal or retirement						
4. Balance on 30 Jun. 2017						

Items	Building & construction	Machines & equipment	Transportation vehicles	Electronic equipment	Office equipment	Total
IV. Book value						
1. Balance of book value on 30 Jun. 2017	55,981,099.77	680,792.43	6,603,301.18	2,751,499.22	1,947,682.95	67,964,375.55
2. Balance of book value on 31 Dec. 2016	56,749,738.29	615,464.94	7,730,600.15	2,250,966.51	3,221,483.44	70,568,253.33

14. Construction in progress

(1) The construction in progress is as follows:

Project	30 Jun. 2017			31 Dec. 2016		
	Book Balance	Provision for impairment	Book Value	Book Balance	Provision for impairment	Book Value
Infrastructure construction in the eastern region	5,867,387,371.36		5,867,387,371.36	5,228,625,080.44		5,228,625,080.44
Infrastructure construction in the southern region	4,472,923,470.61		4,472,923,470.61	4,516,467,092.53		4,516,467,092.53
Infrastructure construction of new passenger station project	13,525,914,865.02		13,525,914,865.02	13,180,470,274.06		13,180,470,274.06
Major municipal BLT projects	1,040,452,262.67		1,040,452,262.67	801,126,867.41		801,126,867.41
Other projects	4,019,701,550.34	2,052,874.84	4,017,648,675.50	3,885,145,315.70		3,885,145,315.70
Total	28,926,379,520.00	2,052,874.84	28,924,326,645.16	27,611,834,630.14		27,611,834,630.14

(2) Changes of current period in significant construction in progress

Project Name	31 Dec. 2016	Increase in current period	Transfer to fixed assets in current period	Other decrease in current period	Balance at the end of the period
Infrastructure construction in the eastern region	5,228,625,080.44	638,762,290.92			5,867,387,371.36
Infrastructure construction in the southern region	4,516,467,092.53	148,526,237.14		192,069,859.06	4,472,923,470.61
Infrastructure construction of new passenger station project	13,180,470,274.06	345,444,590.96			13,525,914,865.02
Major municipal BLT projects	801,126,867.41	239,325,395.26			1,040,452,262.67
Other projects	3,885,145,315.70	134,556,234.64			4,019,701,550.34
Total	27,611,834,630.14	1,506,614,748.92		192,069,859.06	28,926,379,520.00

Note: Other projects decreases refer to sub-project under infrastructure construction in the southern region-maintenance and reconstruction of special housing for municipal discipline inspection commission and will be transferred to long-term deferred expenses after completion.

(3) Provision for impairment of current period on construction in progress

Item	Accrued Amount for Current Period	Reason
Total	2,052,874.84	Materials for construction (flagpole, stone) shortage and damage

15. Liquidation of Property, Plant and Equipment

Items	30 Jun. 2017	31 Dec. 2016
Disposing of cars		6,316.97
Disposing of old buildings	-2,218,000.97	18,478.25
Total	-2,218,000.97	24,795.22

16. Long-term deferred expenses

Items	31 Dec. 2016	Increase for Current Period	Current Period Amortised	Other Decrease	30 Jun. 2017
Amortization of house decoration	228,495.49	192,069,859.06	9,662,219.75		182,636,134.80
Others	1,411,537.17	6,594,819.54	1,864,375.74		6,141,980.97
Total	1,640,032.66	198,664,678.60	11,526,595.49		188,778,115.77

17. Deferred Tax Assets & Deferred Tax Liabilities

(1) Deferred tax assets without offsetting

Items	30 Jun. 2017		31 Dec. 2016	
	Deductible Temporary Difference	Deferred Tax Assets	Deductible Temporary Difference	Deferred Tax Assets
Provision for asset impairment	5,195,851.08	1,298,962.77	2,491,649.61	622,912.40
Deductible losses			7,614,530.04	1,903,632.51
Advance sale of real estate	384,518,574.70	96,129,643.68	364,689,216.99	91,172,304.26
Unrealised gains or losses of internal transactions	48,421,407.68	12,105,351.92	12,175,003.21	3,043,750.80
Total	438,135,833.46	109,533,958.37	386,970,399.85	96,742,599.97

(2) Deferred tax liabilities without offsetting

Items	30 Jun. 2017		31 Dec. 2016	
	Taxable Temporary Difference	Deferred Tax liabilities	Taxable Temporary Difference	Deferred Tax liabilities
Advance sale of real estate	10,163,609.84	2,540,902.46	7,225,295.39	1,806,323.85
Total	10,163,609.84	2,540,902.46	7,225,295.39	1,806,323.85

18. Other Non-current Assets

Items	30 Jun. 2017	31 Dec. 2016
Entrust loan	250,000,000.00	250,000,000.00
External lending	130,803,995.00	

Items	30 Jun. 2017	31 Dec. 2016
Houses & buildings to be sold	63,932,040.34	69,287,390.56
Total	444,736,035.34	319,287,390.56

Note: (1) 250,000,000.00 yuan entrust loan is from the Company's subsidiary Chengdu Small Town Invest Co., Ltd. to Pengzhou City Small Town Invest Co., Ltd. For Pengzhou City Small Town Construction Project with entrust period 5 years starting from 22 June, 2016 to 21 June, 2021.

(2) External lending is from the Company's subsidiary Chengdu Ren Ju Real Estate Co., Ltd to its associated enterprise Chengdu China Construction Ren Ju Ya Yuan Property Development Co., Ltd for developing Dujiangyan project and paying the land cost. The lending period is 2 years tentatively.

19. Short-term loans

Items	30 Jun. 2017	31 Dec. 2016
Pledge borrowing		78,000,000.00
Mortgage borrowing	122,000,000.00	122,000,000.00
Total	122,000,000.00	200,000,000.00

Note: types and amounts of mortgage assets related to mortgage borrowing please refer to Note 6.47.

20. Accounts Payable

(1) Accounts payable are as follows:

Items	30 Jun. 2017	31 Dec. 2016
≤ 1 Year (including 1 year)	32,953,604.66	2,129,331,064.79
1-2 Years (including 2 years)	889,888,327.45	120,275,010.97
2-3 Years (including 3 years)	91,009,107.11	157,997,260.64
> 3 Years	507,577,929.97	380,896,179.50
Total	1,521,428,969.19	2,788,499,515.90

(2) Significant account payables over 1 year

Items	30 Jun. 2017	Reason for unpaid
Social Insurance Administration Bureau of Longquanyi District, Chengdu City	243,808,266.36	Social Insurance compensation of relocation to be paid
Chengdu Longquanyi District State-owned Assets Investment & Management Co., Ltd.	199,998,686.51	Resettlement housing construction fees to be paid
Chengdu Municipal Land and Resources Bureau	39,727,000.00	Land-transferring fees to be paid
Zhongtai Construction Group Limited Company	35,734,153.77	Undue
Hydrology and Water Resources Survey Bureau of Sichuan Province	24,838,084.59	Compensation of relocation to be paid
China Construction Technology Group Co., Ltd	14,511,905.79	Undue
Chengdu Construction Engineering Group Corporation	10,466,251.42	Undue

Items	30 Jun. 2017	Reason for unpaid
Total	569,084,348.44	

21. Advance from customers

(1) Advance from customers is as follows:

Items	30 Jun. 2017	31 Dec. 2016
≤ 1 Year (including 1 year)	1,576,574,171.70	2,194,460,639.10
> 1 Year	1,926,412,471.95	1,493,492,438.06
Total	3,502,986,643.65	3,687,953,077.16

(2) Significant advance from customers over 1 year

Items	30 Jun. 2017	Reason for unpaid
Yinmu Road Project (residential)	1,166,513,874.00	Advance of selling real estate, unqualified for recognition
Jiannan Project (residential)	548,679,275.00	Advance of selling real estate, unqualified for recognition
Jiannan Project (commercial)	90,260,113.00	Advance of selling real estate, unqualified for recognition
Total	1,805,453,262.00	

22. Employee benefits payable

(1) Types of Employee Benefits Payable

Items	31 Dec. 2016	Increase for Current Year	Decrease for Current Year	30 Jun. 2017
1. Short-term benefits	1,118,432.72	52,447,346.39	53,298,261.50	267,517.61
2. Post-employment compensation - defined contribution plan		8,544,941.64	8,220,776.28	324,165.36
Total	1,118,432.72	60,992,288.03	61,519,037.78	591,682.97

(2) Short-term benefits

Items	31 Dec. 2016	Increase for Current Year	Decrease for Current Year	30 Jun. 2017
1. Payroll, bonus and allowance		39,357,639.09	39,357,639.09	
2. Staff and workers' welfare		4,570,410.92	4,570,410.92	
3. Social security expenses		2,762,352.18	2,762,352.18	
Including: medical insurance expense		2,500,946.71	2,500,946.71	
Work injury insurance expense		74,617.19	74,617.19	
Maternity insurance expense		186,788.28	186,788.28	
4. Housing funds		4,948,395.50	4,948,395.50	
5. Labor union dues and staff & workers education funds	1,118,432.72	808,548.70	1,659,463.81	267,517.61
6. Other short-term benefits				
Total	1,118,432.72	52,447,346.39	53,298,261.50	267,517.61

(3) Defined Contribution Plan

Items	31 Dec. 2016	Increase for Current Year	Decrease for Current Year	30 Jun. 2017
1. Basic pension insurance		6,330,494.32	6,330,494.32	
2. Unemployment insurance expense		180,058.37	180,058.37	
3. Enterprise annuity expense		2,034,388.95	1,710,223.59	324,165.36
Total		8,544,941.64	8,220,776.28	324,165.36

23. Taxes payable

Items	30 Jun. 2017	31 Dec. 2016
Value added tax	30,469,785.35	32,387,825.18
Land value increment tax	265,344,378.16	284,633,601.64
City maintenance and construction tax	2,168,918.41	2,234,044.38
Educational surtax	978,388.68	968,378.01
Building tax	6,837,051.19	17,576,194.44
Tenure tax	93,224.08	
Enterprise income tax	47,072,604.52	200,750,813.22
Individual income tax	981,114.93	4,392,004.78
Other taxes	599,398.57	830,930.15
Total	354,544,863.89	543,773,791.80

24. Interest payable

Items	30 Jun. 2017	31 Dec. 2016
Interests of bond	174,177,500.21	170,447,946.40
Interests of borrowing	51,370,866.67	937,100.00
Other interests	45,378,767.10	18,290,753.41
Total	270,927,133.98	189,675,799.81

Note: other interests refer to interest payable to investments of China Railway Construction Co., Ltd for Shenxianshu Project, China State Construction Co., Ltd for renovation project on in-city direction section of Chengyu Freeway.

25. Other payables

(1) Other Payables Listed by Natures:

Items	30 Jun. 2017	31 Dec. 2016
Deposit, retainage and bond	839,450,775.54	1,003,214,038.18
Holdback and agency receipt	557,368,019.90	572,669,826.56
Area difference compensation during resettlement of demolition	126,276,812.63	126,239,714.63

Items	30 Jun. 2017	31 Dec. 2016
Account current	124,999,127.98	104,070,502.46
consulting fee on reviewing construction cost	17,151,910.51	10,289,715.03
Property ownership processing fee	14,134,188.16	
Plant maintenance cost	2,639,044.61	5,471,089.20
Agency receipt on social security and housing fund	11,522.14	289,052.34
Others	72,184,013.67	60,667,644.19
Total	1,754,215,415.14	1,882,911,582.59

(2) Significant other payables over 1 year

Items	30 Jun. 2017	Reason for Not Paid
Chengdu Construction Engineering Group Corporation	186,599,409.05	Undue, retainage of completion materials, quality bond, deposit
West China Hospital, Sichuan University	153,421,427.00	Undue
China Southwest Architectural Design & Research Institute Co., Ltd.	105,595,574.80	Undue, deposit
China Huaxi Limited Company	102,937,467.47	Retainage of completion materials, quality bond, retainage of settlement auditing
PLA Troop 78006	75,694,320.00	Undue
Logistics Department of Sichuan Province PLA	65,000,000.00	Undue
Sichuan Aerospace Construction Engineering Company	42,534,334.60	Retainage of completion materials, quality bond, retainage of settlement auditing
Sichuan Shu Fu Housing Construction & Development Co., Ltd	45,000,000.00	Undue
Chengdu Land & Resources Bureau	40,000,000.00	Undue
Total	816,782,532.92	

26. Non-current liabilities due within one year

Items	30 Jun. 2017	31 Dec. 2016
Long-term borrowings due within one year (Note6-27)	6,120,959,080.00	8,556,413,000.00
Bonds payable due within 1 year (Note6-28)	400,000,000.00	400,000,000.00
Long-term payable due within 1 year (Note6-29)	518,100,000.00	
	7,039,059,080.00	8,956,413,000.00

27. Long-term borrowings

Items	30 Jun. 2017	31 Dec. 2016
Pledge borrowing	4,505,639,306.66	4,361,813,333.33
Mortgage borrowing	4,022,530,000.00	7,123,630,000.00
Guaranteed borrowing	80,000,000.00	214,960,000.00
Credit borrowing	8,601,000,000.00	8,274,650,000.00

Items	30 Jun. 2017	31 Dec. 2016
Subtotal	17,209,169,306.66	19,975,053,333.33
Less: long-term borrowings due within 1 year (Note 6.26)	6,120,959,080.00	8,556,413,000.00
Total	11,088,210,226.66	11,418,640,333.33

Note: types and amounts of mortgage assets for pledge and mortgage borrowings please refer to Note 6.47.

28. Bonds payable

(1) Bonds payable

Items	30 Jun. 2017	31 Dec. 2016
13 Rong Xing Bond (enterprise bond)	1,197,164,802.41	1,596,249,203.77
2015 non-public enterprise bond (Xing Cheng Company)	1,995,365,956.06	1,993,694,084.97
CDXC INV B2111HKEX	1,961,657,349.06	2,003,301,214.73
16 Xingcheng Investment MTN001	1,998,940,568.55	1,998,827,642.14
Ren Ju 2015 non-public enterprise bond	1,494,491,441.35	1,491,815,709.72
Subtotal	8,647,620,117.43	9,083,887,855.33
Less: balance on 30 Jun. 2017 of the part due within a year (note 6.26)	400,000,000.00	400,000,000.00
Total	8,247,620,117.43	8,683,887,855.33

(2) Increase & decrease variations of payable bonds

Bonds	Book Value	Issuance Date	Term	Amount	31 Dec. 2016
13 Rong Xing Bond (enterprise bond)	2,000,000,000.00	20131	7	2,000,000,000.00	1,596,249,203.77
2015 non-public enterprise bond (Xing Cheng Company)	2,000,000,000.00	201511	3	2,000,000,000.00	1,993,694,084.97
CDXC INV B2111HKEX	2,081,100,000.00	201611	5	2,081,100,000.00	2,003,301,214.73
16 Xingcheng Investment MTN001	2,000,000,000.00	201610	5	2,000,000,000.00	1,998,827,642.14
Ren Ju 2015 non-public enterprise bond	1,500,000,000.00	201510	3	1,488,150,000.00	1,491,815,709.72
Total	9,581,100,000.00			9,569,250,000.00	9,083,887,855.33

(To be continued)

Bonds	Issuance of Current Period	Foreign Currency Bonds Converted at the Period-end	Amortization on Premium/Discount	Current Period Repaid	Others	30 Jun. 2017
13 Rong Xing Bond (enterprise bond)			915,598.64	400,000,000.00		1,197,164,802.41
2015 non-public enterprise bond (Xing Cheng Company)			1,671,871.09			1,995,365,956.06
CDXC INV B2111HKEX		-48,780,000.00	7,136,134.33			1,961,657,349.06

Bonds	Issuance of Current Period	Foreign Currency Bonds Converted at the Period-end	Amortization on Premium/Discount	Current Period Repaid	Others	30 Jun. 2017
16 Xingcheng Investment MTN001			112,926.41			1,998,940,568.55
Ren Ju 2015 non-public enterprise bond			2,675,731.63			1,494,491,441.35
Total		-48,780,000.00	12,512,262.10	400,000,000.00		8,647,620,117.43

Note: interests of above bonds are paid on annual basis. Accrued and paid interests and are shown in interest payables.

29. Long-term Payables

Items	30 Jun. 2017	31 Dec. 2016
1. China Railway Construction Corporation Limited	450,000,000.00	450,000,000.00
2. China Construction Company Limited	700,000,000.00	700,000,000.00
3. Chengdu Finance Bureau	2,701,030,000.00	2,417,400,000.00
Subtotal	3,851,030,000.00	3,567,400,000.00
Less: the part due within a year (Note 6.26)	518,100,000.00	
Total	3,332,930,000.00	3,567,400,000.00

30. Special Payables

Items	31 Dec. 2016	Increase for Current Period	Decrease for Current Period	30 Jun. 2017
Special appropriation for starting area infrastructure in eastern & southern region	125,313,078.96	1,277,349,603.28		1,402,662,682.24
Renovation of West 2nd Ring Road & Two Expressways	2,640,000,000.00			2,640,000,000.00
Chengdu Intermediate People's Court Multiple-use Buildings Construction Project	258,133,658.48			258,133,658.48
Chengdu Media Buildings	5,480,000.00			5,480,000.00
Public Security Bureau "Combact Training"(including SWAT detachment's barracks) Construction Project	380,000,000.00			380,000,000.00
Major municipal BLT projects	44,710,000.00			44,710,000.00
Chengdu Municipal Party School New Campus, Pavilion and the Third Student Dormitory Buildings (including League Colleges' Buildings) Construction Project	52,350,047.74			52,350,047.74
New Campus of Chengdu University		299,053,700.00		299,053,700.00
Chengdu Jin He Kang Cheng Affordable Housing Project	1,123,007,646.12	53,274,521.87		1,176,282,167.99
Da Feng New CommunityAffordable Housing Projec	627,478,275.95	132,364,869.44		759,843,145.39
Zeng Jia Po Renovation Project	10,400,303.60	320,000.00		10,720,303.60

Items	31 Dec. 2016	Increase for Current Period	Decrease for Current Period	30 Jun. 2017
Expansion project of Chengdu Mental Health Center	3,270,242.26			3,270,242.26
Chengdu Childrens Welfare Home & Family Foster Rehabilitation Center Project	18,831,200.00			18,831,200.00
Chengdu Meteorological Monitoring & Forecasting Center Project	55,000,000.00			55,000,000.00
Chengdu Flood-control Materials Warehouse Project	5,000,000.00	4,000,000.00		9,000,000.00
Chengdu Technician Institute Teaching & Practical Training Building Project	39,000,000.00	34,500,000.00		73,500,000.00
Chengdu Disaster Relief Materials Distribution Center Project	1,000,000.00			1,000,000.00
Internet Town Project	45,000,000.00			45,000,000.00
Tianfu Ancient Town Characteristic handicraft & Agricultural Products Project	40,000,000.00			40,000,000.00
Chengdu Tianfu Ancient Town Union Project	3,960,000.00			3,960,000.00
Special Appropriation for Other Projects	857,405,475.59	100,000,000.00		957,405,475.59
Total	6,335,339,928.70	1,900,862,694.59		8,236,202,623.29

31. Paid-in Capital

Investor	31 Dec. 2016		Increase for Current Year	Decrease for Current Year	30 Jun. 2017	
	Amount	Ratio (%)			Amount	Ratio (%)
Chengdu Municipal State-owned Assets Supervision and Administration Commission	5,525,400,000.00	100.00			5,525,400,000.00	100.00

32. Other equity instrument

(1) Other financial instruments issued externally such as preferred shares and perpetual bond at period-end

On December 27, 2016, the Company and Huarong International Trust Co., Ltd signed the "Perpetual Bond's Rights Investment Contract of Huarong - Chengdu Xingcheng Group Perpetual Bond Collective Fund Trust Plan", and the contract number is Huarong Trust (2016) Trust No.353-Investment No.1. In Clause 2 of the contract, two Parties acknowledged and agreed that Party A intends to use the trust fund under the trust plan for the equity investment of perpetual bond's rights. In Clause 4, two Parties agreed that the total investment of the contract does not exceed 3,500,000,000 yuan, which can be divided into payments of investment price, and the specific amount is subject to the total investment amount which is actually paid for. In Clause 5, regarding the investment period, two Parties agreed the investment period under the contract is non-fixed term, which is since the starting date (including) of investment period to the date when Party B applies for redemption of perpetual bond in advance or the due date (not including) when Party B applies for all investment under the contract or other related due dates under the contract. Except for other agreement two Parties agree on, Xingcheng Company has the right to apply for maturity in writing to Huarong Trust Company on the date of expiration of 5 years since the starting date of the i^{th} investment period, and each interest date of expiration of 5+i years since the starting date of the i^{th} investment period, or at any other time agreed upon by two Parties. In addition, the Company returns the applied maturity investment price and corresponding investment income has not been paid (including the deferred payment of investment income under the i^{th} investment), and all other payables to Huarong Trust Company. In Clause 6, regarding the investment income, except for other agreement two Parties agree on, Xingcheng Company shall pay the corresponding current investment income of the i^{th} investment price to Huarong Trust Company on the income payment date of the i^{th} investment. Unless compulsory payment occurs, on each payment date under the contract, Xingcheng Company can choose by itself to delay the corresponding current investment income of the i^{th} investment price and all investment income deferred in accordance with this clause to the next payment date, and this is not subject to any number of deferred payments; the aforesaid investment income deferred does not constitute the failure of Party B to pay the investment income to Party A in full in accordance with this contract.

As of 31 Dec. 2016, the Company received the above investment of 1,000,000,000.00 yuan.

(2) Variations of financial instruments issued externally such as preferred shares and perpetual bond at period-end

Financial instruments issued externally	31 Dec. 2016	Increase for Current Period	Decrease for Current Period	30 Jun. 2017
The 1st perpetual bond in 2016 of Hua RongXing Cheng Group	1,000,000,000.00	24,166,666.67	24,166,666.67	1,000,000,000.00

Note: Net profits realised in current period attributable to holders of perpetual bond is 24,166,666.67 yuan all of which was paid as investment income.

33. Capital reserve

Items	31 Dec. 2016	Increase for Current Period	Decrease for Current Period	30 Jun. 2017
Premium on capital	924,214,811.37			924,214,811.37
Other Capital reserve	11,775,614,335.81		167,470,853.49	11,608,143,482.32
Total	12,699,829,147.18		167,470,853.49	12,532,358,293.69

Note: other capital reserve decrease for current period 167,470,853.49 arising from the Company freely transferring 816 apartments of public rental housing in Jin Shang Spring Block A infrastructure to Chengdu Housing Reserves Center according to Reply to Free Transferring of Public Rental

Housing in Jin Shang Spring Block A Project (C.G.Z.P. [2016] No.41) issued by Chengdu State-owned Assets Supervision and Administration Commission. The transferring value shall be determined according to the final audit report of project completion issued by municipal audit bureau.

34. Surplus reserve

Items	31 Dec. 2016	Increase for Current Period	Decrease for Current Period	30 Jun. 2017
Statutory surplus reserve	133,681,347.65			133,681,347.65
Others				
Total	133,681,347.65			133,681,347.65

35. Retained earnings

Item	Current Period	Prior Period
Before adjustment: Retained earnings at the end of prior year	2,798,555,372.77	2,293,483,596.89
Adjustment: Total Retained earnings at beginning of the year (increase+ ,decrease-)		
After adjustment: Retained earnings at beginning of the year	2,798,555,372.77	2,293,483,596.89
Add: Net profit attributable to owners' of the Company for current period	159,522,956.96	495,286,632.59
Less: Appropriation to statutory surplus reserve		
Appropriation to discretionary surplus reserve		
Profits payable (turn in income of state-owned assets)		
Retained earnings at the end of the period	2,958,078,329.73	2,788,770,229.48

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36. Operating incomes and operating costs

Items	Amount for current period		Amount for prior period	
	Income	Costs	Income	Costs
Sales of real estate	1,966,983,885.30	1,680,276,984.54	2,274,051,092.34	1,517,532,038.31
Assets leasing	157,175,048.38	75,830,648.95	151,140,647.05	58,998,645.24
Property management	110,828,524.44	35,487,085.22	137,465,626.25	44,569,701.11
Investing & financing management fees	640,000.00			
Capital interests	11,093,764.05		230,863,023.42	
Agent construction project management fees	61,417,066.72	7,336,409.68	3,000,000.00	6,994,852.77
Assets management and others	10,518,102.04	13,009,282.71	1,405,789.64	2,586,363.47
	2,318,656,390.93	1,811,940,411.10	2,797,926,178.70	1,630,681,600.90

37. Taxes and extra charges

Items	Amount for current period	Amount for prior period
Business tax	61,720,825.05	128,597,060.73
Urban maintenance and construction tax	7,867,103.02	10,260,929.41
Education surtax	5,656,865.21	7,331,273.65
Price regulating fund		2,187,935.68
Real Estate Tax	20,464,598.11	27,157,359.78
Tenure tax	5,670,192.91	
Land value-added tax		132,000,000.00
Others	1,287,283.06	9,966.10
Total	102,666,867.36	307,544,525.35

Note: detailed standards of taxes please see Note 5 Taxes.

38. Sales expenses

Items	Amount for current period	Amount for prior period
Marketing expenses	17,373,246.40	16,076,144.71
Employee benefits	3,817,959.82	3,553,333.27
Advertising expenses	2,655,409.17	8,824,085.50
Property management expenses	944,128.39	67,283.86
Consultancy expenses	520,000.00	622,075.46
Transportation expenses	349,697.00	383,599.00
Office and communication expenses	306,798.30	399,406.00
Depreciation and amortization	137,087.15	152,337.18
Utilities	125,590.94	42,063.94
Others	919,934.67	1,226,670.99
Total	27,149,851.84	31,346,999.91

39. Administrative expenses

Items	Amount for current period	Amount for prior period
Employee benefits	35,284,305.28	29,502,046.65
Business trip and transportation expenses	4,263,184.64	3,387,831.79
Office and communication expenses	2,753,607.41	3,055,115.51
Depreciation and amortization	2,225,304.90	3,223,590.23
Consultancy expenses	1,567,470.25	1,286,740.14
Advertising expenses	594,514.31	89,701.00
Business entertainment expenses	170,032.12	100,548.28

Items	Amount for current period	Amount for prior period
Taxes		985,307.51
Others	1,813,534.37	2,296,369.08
Total	48,671,953.28	43,927,250.19

40. Financial expenses

Items	Amount for current period	Amount for prior period
Interest expenses	98,093,079.55	127,996,397.50
Less: Interest income	52,120,048.11	16,718,009.65
Loss of exchange	22,433,563.21	
Service fee	147,184.67	114,438.00
Others	9,888,687.48	487,385.81
Total	78,442,466.80	111,880,211.66

41. Loss on Impairment of Assets

Items	Amount for current period	Amount for prior period
Loss on bad debts	583,541.36	1,117,145.83
Loss on impairment of construction in progress	2,052,874.84	
Total	2,636,416.20	1,117,145.83

42. Investment Income

Items	Amount for current period	Amount for prior period
Long-term equity investment income measured by equity method	-1,514,878.90	
Investment income by disposing available-for-sale financial assets	-69,000.00	
Transaction profit or loss on losing control over original subsidiary	3,245,120.15	
Total	1,661,241.25	

43. Non-operating income

Items	Amount for current period	Amount for prior period	Non-recurring profits and losses recorded in current period
Government grants-financial discount	2,152,300.00	2,099,600.00	2,152,300.00
Others	559,195.42	5,454,745.54	559,195.42
Total	2,711,495.42	7,554,345.54	2,711,495.42

44. Non-operating expenses

Items	Amount for current period	Amount for prior period	Non-recurring profits and losses recorded in current period
Total losses on disposal of	6,172.85		6,172.85

Items	Amount for current period	Amount for prior period	Non-recurring profits and losses recorded in current period
non-current assets			
Including: Losses on disposal of property, plant and equipment	6,172.85		6,172.85
Losses on disposal of intangible assets			
Donations to third parties	2,100,000.00	10,000.00	2,100,000.00
Penalty expense and overdue fine	1,248,087.53	50,000.00	1,248,087.53
Others	1,051,150.72	309,095.67	1,051,150.72
Total	4,405,411.10	369,095.67	4,405,411.10

45. Income tax expenses

(1) Table of income tax expenses

Items	Amount for current period	Amount for prior period
Income tax expenses for current period	75,512,069.25	144,334,857.51
Deferred tax expenses	-12,056,779.79	39,033,244.80
Total	63,455,289.46	183,368,102.31

(2) Adjustment process of accounting profits and income tax expenses

Items	Amount for current period
Total profits	247,115,749.92
Income tax expenses calculated by statutory/applied tax rate	61,778,937.49
influence of different applied tax rates to subsidiaries	
Influence of income tax before adjustment	130,784.92
Influence of non-payable tax income	-432,560.30
Influence of non-deductible cost, expenses and losses	1,239,841.08
Influence of using deductible loss of unrecognised deferred income tax assets in prior period	
Influence of deductible temporary difference or deductible loss of unrecognised deferred income tax assets	723,407.10
Balance variation of deferred income tax assets/liabilities at the beginning of current period affected by tax rate adjustment	
Others (influence of losing control over Dong Jing Gas Co., Ltd on income tax)	14,879.17
Income tax expenses	63,455,289.46

46. Supplementary information of the cash flow statement

(1) Supplementary information of the cash flow statement

Supplementary information	Amount for current period	Amount for prior period
I. Reconciliation of net profit to cash flows from operating activities:		

Supplementary information	Amount for current period	Amount for prior period
Net profit	183,660,460.46	495,245,592.42
Add: Provision for impairment losses of assets	2,636,416.20	1,117,145.83
Depreciation of fixed assets, bio-assets, and natural gas	51,560,690.47	50,781,077.57
Amortization of intangible assets		335,480.04
Amortization of long-term deferred expenses	11,526,595.49	291,315.08
Losses on disposal of fixed assets, intangible assets and other long-term assets(deduct: gains)		
Losses on scrapping of fixed assets (deduct: gains)	6,172.85	
Loss of fair value variation (deduct: gains)		
Financial expenses (deduct: gains)	129,183,418.42	127,996,397.50
Losses from investments (deduct: gains)	-1,661,241.25	
Decrease in deferred income tax assets (deduct: increase)	-12,791,358.40	38,990,227.62
Increase in deferred income tax liabilities (deduct: decrease)	734,578.61	
Decrease in inventories (deduct: increase)	473,814,371.11	651,506,431.61
Decrease in operating receivables (deduct: increase)	-260,428,178.76	-1,864,613,346.88
Increase in operating payables (deduct: decrease)	-799,545,653.14	263,603,027.53
Others		
Net cash flows from operating activities	-221,303,727.94	-234,746,651.68
II. Investing and financing activities that do not affect cash receipt and payment		
Liabilities converted capital		
Convertible bonds to be expired within one year		
Fixed assets subject to finance leases		
III. Net variation in cash and cash equivalents:		
Cash at the end of current period	9,266,455,032.49	11,047,763,181.04
Less: cash at the beginning of current period	12,934,826,177.98	12,376,826,981.85
Add: cash equivalents at the end of current period		
Less: cash equivalents at the beginning of current period		
Net increase in cash and cash equivalents	-3,668,371,145.49	-1,329,063,800.81

(2) Formation of Cash and Cash Equivalents

Items	30 Jun. 2017	31 Dec. 2016
I. Cash	9,266,455,032.49	12,934,826,177.98
Including: Cash on hand	61,265.51	441.68
Bank deposits that are available for payment at any time	9,266,343,508.07	12,934,775,553.53

Items	30 Jun. 2017	31 Dec. 2016
Other monetary funds that are available for payment at any time	50,258.91	50,182.77
II. Cash equivalents		
Including: bond investment due within 3 months		
III. Balance on 30 Jun. 2017 of cash and cash equivalents	9,266,455,032.49	12,934,775,553.53
Including: the restricted cash and cash equivalents used by parent company or groups subsidiaries		

Note: the cash and cash equivalents do not include restricted cash and cash equivalents used by parent company or groups subsidiaries

47. Assets with Restricted Ownership and Usufruct

Items	Period-end Book Value	Reason for Restriction
Monetary funds	22,356,769.31	Selling houses mortgage deposits
Accounts receivable	280,642,785.27	Pledge guarantee for bank loan of the company
Inventories	4,296,198,422.11	Pledge guarantee for bank loan of the company
Non-current assets due within a year	720,642,785.27	Pledge guarantee for bank loan of the company
Long-term accounts receivable	6,516,940,968.15	Pledge guarantee for bank loan of the company
Investment properties	3,008,029,963.23	Pledge guarantee for bank loan of the company
Total	14,844,811,693.34	

48. Monetary Items in Foreign Currency

Items	Currency	Balance on 30 Jun. 2017 of Foreign Currency	Converted Exchange Rate	Balance on 30 Jun. 2017 of Converted RMB yuan
Monetary funds	U.S. dollar	122,896,036.33	6.7744	832,546,908.51
Interest payable	U.S. dollar	812,500.00	6.7744	5,504,200.00
Bond payable	U.S. dollar	300,000,000.00	6.7744	2,032,320,000.00

Note 7 Changes on the Scope of Consolidation

1. New Subsidiary

On 16 May 2017, second-tier subsidiary of the Company Chengdu Ren Ju Real Estate Co., Ltd invested and set up a third-tier subsidiary Chengdu Ren Ju Tourism and Hotel Co., Ltd as an exclusive shareholder with registered capital of 30 million mainly for hotel management. No substantial operation has been conducted till 30 June, 2017.

On 26 June 2017, the Company invested and set up a second-tier subsidiary Chengdu Tianfu Greenway Construction and Investment Group Co., Ltd as an exclusive shareholder with registered capital of 5 billion mainly for investment, construction, operation and maintenance of municipal infrastructure and other construction projects.

2.The Company losing control over original subsidiary due to increasing capital

Chengdu Dong Jing Gas Co., Ltd (hereinafter referred to as Dong Jing Gas) was originally second-tier subsidiary of the Company. Based on Agreement on Capital increase and Share Expansion, Sino-foreign Joint Venture Contract and Joint Venture Articles of Incorporation signed on 7 Dec. 2016 between the Company and Sichuan Dong Yi Energy Exploitation Co., Ltd, Hua Run Gas Investment (China) Co., Ltd, Sichuan Hua You Group Co., Ltd, Dong Jing Gas was proposed to be transferred to Sino-foreign joint venture with increase of capital 11,170,000 yuan from the Company, 18,130,000 yuan from Hua Run Gas Investment (China) Co., Ltd, 14,700,000 yuan from Sichuan Hua You Group Co., Ltd. The Company occupies 13,720,000 yuan equity contribution of Dong Jing Gas which accounts for 28% proportion of shareholding. Dong Jing Gas obtained Approval Certificate for Foreign-invested Enterprises on 12 Mar.2017, completed transferring of company type and obtained Sino-foreign Joint Venture Business License on 28 Apr. 2017. The Company recognised 28 Apr. 2017 as the date of losing control over Dong Jing Gas according to relevant agreement, contracts and practical situation of Dong Jing Gas.

Note 8 Equity in other entities

1. Equity in subsidiary

(1) The structure of the enterprise group

Name of the subsidiary	Tier	Main operating place	Registration place	Nature pf business	Proportion of shareholding		Way of gaining
					Directly	Indirectly	
Chengdu Ren Ju Real Estate Industry Co., Ltd.	2-tier	Chengdu	Chengdu	Real Estate Development	100.00		Set up of investment
Chengdu Run Jin Cheng Industry Co., Ltd.	2-tier	Chengdu	Chengdu	Property Management	100.00		Set up of investment
Chengdu Xing Dong Real Estate Co., Ltd.	2-tier	Chengdu	Chengdu	Real Estate Development	100.00		Set up of investment
Chengdu Xing Cheng Construction Management Co., Ltd.	2-tier	Chengdu	Chengdu	Construction Management	100.00		Set up of investment
Chengdu Small Town Invest Co., Ltd.	2-tier	Chengdu	Chengdu	City Construction	100.00		Business Combination under the Same Control
Chengdu Xingcheng Capital Management Co., Ltd.	2-tier	Chengdu	Chengdu	Investment Management	100.00		Set up of investment
Chengdu Chengdu Center Construction Co., Ltd.	2-tier	Chengdu	Chengdu	City Construction	100.00		Set up of investment
Chengdu Tian Fu Greenway Construction Investment Group. Co., Ltd	2-tier	Chengdu	Chengdu	City Construction	100.00		Set up of investment
Chengdu Ren Ju Construction Management Co., Ltd.	3-tier	Chengdu	Chengdu	Construction Management		100.00	Set up of investment
Chengdu Ren Ju Tourism Hotel Co., Ltd.	3-tier	Chengdu	Chengdu	Hotel Management		100.00	Set up of investment

Note: (1) In the report period, the Company lost control over its original subsidiary Dong Jing Gas due to the latter increased capital. The recognition date of loss control is 28 Apr. 2017. The scope of consolidated financial statements of Xing Cheng Group includes operating results and cash flows of Dong Jing Gas Co., Ltd from 1 Jan. 2017 to 28 Apr. 2017.

(2) Chengdu Ren Ju Construction Management Co., Ltd (hereinafter referred to as RJCM) and Chengdu Ren Ju Tourism Hotel Co., Ltd (hereinafter referred to as RJTH) are subsidiaries setting up of investment by Chengdu Ren Ju Real Estate Co., Ltd. At the end of the period, registration capital of RJTH hasn't been paid and practical operation hasn't been conducted.

2. Equity in joint venture or associated enterprise

Name of joint venture or associated enterprise	Main operating place	Registration place	Nature pf business	Proportion of shareholding		Accounting methods on investment of joint venture or associated enterprise
				Directly	Indirectly	
Sichuan Provincial Investment Electricity Sale Co., Ltd.	Chengdu	Chengdu	Sale of electricity	35.00		Equity
China Sichuan International Investment Co., Ltd.	Hongkong	Hongkong	Investment management	20.00		Equity
Chengdu Dong Jing Gas Limited Liability Company	Chengdu	Chengdu	Gas business	28.00		Equity
Chengdu China Construction Ren Ju Ya Yuan Real Estate Development Co., Ltd	Chengdu	Chengdu	Real estate development		49.00	Equity

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Note: Chengdu China Construction Ren Ju Ya Yuan Real Estate Development Co., Ltd was jointly set up by a second-tier subsidiary of the Company-Chengdu Ren Ju Real Estate Co., Ltd and China Southwest Architectural Design & Research Institute Co., Ltd.

Note 9 Risks Related to Financial Instruments

Financial instruments of the Company include receivables, borrowings, payables and bonds. Details of each financial instrument please refer to relevant items in Note 6. Risks related to above financial instruments and risk management policies applied by the Company to lower risks are as follows. The Company' s executives restrict these risks in a certain range by managing and monitoring risks exposure.

The aim of risk management of the Company is to strike a balance between risk and income, lower negative influence of risks on operation performance to its minimum to maximise benefits for owners' and other equity investors. Fundamental strategies of the Company' s risk management are recognizing and analyzing all risks faced with, establishing suitable risk bottom line and conducting risk management, monitoring various risk reliably and timely to restrict them in certain range.

1. Market Risk

(1) Foreign exchange risk

Foreign exchange risk refers to risk arising from exchange rate fluctuations. Foreign exchange risk of the Company is mainly related to U.S. dollar. Major business activities of the Company excluding U.S. dollar deposits, bonds and interests are valued and bookkept on RMB. On 30 June, 2017, except for assets and liabilities in the following table were balances in U.S. dollar, all other assets and liabilities of the Company were balances in RMB. Foreign exchange risk arising from such assets and liabilities of foreign currency may have influence on operation performance of the Company.

Items	30 Jun. 2017	31 Dec. 2016
Monetary funds	$ 122,896,036.33	$ 286,875,316.98
Interest payables	$ 812,500.00	$ 812,500.00
Bond payables	$ 300,000,000.00	$ 300,000,000.00

(2) Interest risk-risk of cash flows variation

The risk of cash flows variation arising from changes of interest is mainly related to floating interest rate of bank loans. Strategy of the Company is to maintain floating interest rates of the loans.

2. Credit risk

Up to 30 June, 2017, the largest credit risk exposure likely to result in loss on financial assets of the Company is that the other party of the contract failing to fulfill its obligations, including recognised carrying amount of financial assets in consolidate balance sheet.

3. Current risk

To manage current risk, executives of the Company maintain sufficient cash and cash equivalents and supervise to satisfy demand of operation and lower influence of cash flow fluctuations. The executives supervise usage of bank loan and ensure it conforms to loan agreement.

External fund sources of the Company are mainly from bank loans and issuing bonds.

Note 10 Related party and related transaction

1. Information on parent company of the Company

Parent Company Name	Place of Registration	Nature of Business	Registered Capital	Shareholding Ratio of the Company (%)	Voting Rights Ratio of the Company (%)
Chengdu Municipal State-owned Assets Supervision and Administration Commission	Chengdu	Government Office		100.00	100.00

Note: the ultimate controlling party of the Company is Chengdu Municipal State-owned Assets Supervision and Administration Commission.

2. Subsidiaries of the Company

For details, see Note 8.1 Equity in subsidiary.

3. Information on the joint ventures and associated enterprises of the Company

For details of significant joint ventures and associated enterprises of the Company, see Note 8.2 Equity in Joint Arrangements or Associated Enterprises. Other joint ventures or associated enterprises who had related party transactions with the Company in current or prior period are as follows:

Name of joint venture or associated enterprise	Relationship with the Company
Sichuan Provincial Investment Electricity Sale Co., Ltd.	The Company holds 35.00% of its equity
China Sichuan International Investment Co., Ltd.	The Company holds 35.00% of its equity
Chengdu Dong Jing Gas Co., Ltd.	The Company holds 35.00% of its equity
Chengdu China Construction Ren Ju Ya Yuan Real Estate Development Co., Ltd	The 2nd-tier subsidiary of the Company Chengdu Ren Ju Real Estate Co., Ltd holds 49.00% of its equity

4. Information of other related parties

Related Parties	Relationship with the Company
Chengdu Financial City Invest & Development Co., Ltd.	The Company holds 2.86% of its equity
Chengdu Rural Equity Ownership Circulation Guarantee Co., Ltd.	The Company holds 13,.33% of its equity

5. Information of related party transactions

(1) Related transactions on buying and selling goods, providing and receiving labor services.

Related party	Related party transaction	Amount for Current Period	Amount for Prior Period
Chengdu Financial City Invest & Development Co., Ltd.	Providing property management service	207,311.32	200,000.00

(2) Information of related guarantees

The Company as secured party

Guarantor	Guarantee amount	Starting date	Maturity date	Has the guarantee been fulfilled?
Chengdu Rural Equity Ownership Circulation Guarantee Co., Ltd.	69,960,000.00	28 Feb.2015	27 Feb.2017	Yes

(3) Related party lending

Related party	Lending amount	Starting date	Maturity date	Note
External lending				
Chengdu China Construction Ren Ju Ya Yuan Real Estate Development Co., Ltd	82,565,000.00	22 June.2017	21 June.2019	Temporary 2 years
Chengdu China Construction Ren Ju Ya Yuan Real Estate Development Co., Ltd	48,238,995.00	30 June.2019	29 June 2019	Temporary 2 years

6. Receivables and payables of related party

Items	Related parties	30 Jun. 2017		31 Dec. 2016	
		Book value	Provision for bad debts	Book value	Provision for bad debts
Receivables	Chengdu Financial City Invest & Development Co., Ltd.	219,750.00		100,000.00	
Other receivables	Chengdu Dong Jing Gas Co., Ltd.	1,020,000.00			

Note 11 Contingencies

1. The Dispute Case of Chengdu Han Dong Sports Investment Co. Ltd and Xingcheng Group for Lease Contract

In March 2007, Beijing Jiangong Shuang Xing Construction Engineering Limited Liability Company (hereinafter referred to as Shuang Xing Company) and Chengdu Xing Nan Investment Co. Ltd (hereinafter referred to as Xing Nan Company) signed the Contract on the Paid Use Operating Right of Chengdu Sports Park Project Plot E (hereinafter referred to as the "main contract").

In March 2009, Xing Nan Company and Chengdu Xing Dong Investment Co. Ltd merged into Xingcheng Group according to the law. In the same year, Xingcheng Group, Shuang Xing Company and Chengdu Han Dong Sports Investment Co. Ltd (hereinafter referred to as "Han Dong Sports) signed the "Supplemental Agreement to the Contract on the Paid Use Operating Right of Chengdu Sports Park Project Plot E" (hereinafter referred to as the "supplementary agreement"), and agreed the rights and obligations of Xing Nan Company in the main contract will be enjoyed and borne by Han Dong Sports. After signing the "supplementary agreement", Han Dong Sports had invested in the project construction. From 2009 to 2012, the total investment was up to 49,548,167.82 yuan, and the project was put into operation after its completion.

In the process of operation, on 11 January 2013, Xingcheng Group issued the "Letter on Chengdu Xingcheng Investment Group Co. Ltd terminating of the Contract on the Paid Use Operating Right of Chengdu Sports Park Project Plot E" (hereinafter referred to as the "termination letter") to Han Dong Sports. On 31 January 2013, two parties signed the Termination and Compensation Agreement of the Contract on the Paid Use Operating Right of Chengdu Sports Park Project Plot E and its Supplementary Agreement (hereinafter referred to as the "compensation agreement"), and agreed that the "main contract" and "supplementary agreement" were terminated on 1 February 2013, and Han Dong Sports should hand all sites, buildings on the ground and related subsidiary facilities and equipment of the project over to Xingcheng Group, and evacuate Han Dong Sports personnel before 15 March 2013. In accordance with the compensation agreement, Xingcheng Group will pay start-up capital to the applicant according to the evacuation status of Han Dong Sports. As of 15 April 2013, Xingcheng Group had paid all start-up capital 30 million yuan to Han Dong Sports.

The "compensation agreement" also agreed that according to the main contract, the compensation that Xingcheng Group should pay to Han Dong Sports would be executed in accordance with the amount of assessment value ultimately determined by the assessment agency that was jointly commissioned by the two parties. But after the handover, Xingcheng Group had removed the facilities and equipment of the project, which caused assessment agency unable to evaluate the project to determine the amount of compensation, and Xingcheng Group had not paid any compensation payments to Han Dong Sports except the start-up capital.

Han Dong Sports filed the arbitration application to Chengdu Arbitration Commission: (1) order Xingcheng Group to pay the remaining of compensation, which is 16,054,263.67 yuan, to Han Dong Sports; (2) return 4 million yuan of the performance bond; (3) Xingcheng Group shall pay interest on funds (16.59 million yuan) based on the rate of 0.05% for 30 million yuan, from 10 July 2013 to 20 July 2016. After twice change of arbitration request, on 19 June 2017, Han Dong Sports submitted the final application: order Xingcheng Group to pay 31,792,388.75 yuan of the remaining compensation, and bear all the arbitration costs of the case.

The case had its first trial on 28 March 2017.

Estimation of the possibility and amount of possible losses or gains: at the moment cannot make an accurate judgment of the results of the case.

2. The Dispute Case of Sichuan Jianan Construction Engineering Group Co., Ltd Suing Xingcheng Group for Construction Contract

On 9 January 2017, Sichuan Jianan Construction Engineering Group Co., Ltd. (hereinafter referred to as Jianan Construction) filed a lawsuit in the People's Court of Chengdu Jinjiang District, (1) and claimed: on 21 March 2012, Xingcheng Group was the employer. The plaintiff and the outsider Chengdu Tianqiang Gardens Limited Liability Company, as the contractors, signed the "General Contracting Contract of Construction Projects for Supporting Primary School (Liang Feng Primary School) of Sansheng Honghe Area in the Starting Zone of Chengdu Eastern New Region", the total contract price was 26,512,459 Yuan, and the project duration was 210 days. They planned to start on 25 September 2012, actually started on 18 April in the same year, and the completion date was 25 March 2013. On 9 June 2014, Xingcheng Group commissioned cost consulting company to issue the project decision table, with a finalised amount of 25,670,280.38 Yuan, and this did not include lime-soil backfill and transportation. Jianan Construction believed that the project cost of lime-soil backfill should be included in the project, therefore (2) requesting the Court to order: ①Chengdu Xingcheng Investment Group Co., Ltd shall pay the remaining project funds of 2,455,461.02 Yuan, and 1,178,600 Yuan of liquidated damages (temporary calculation to the end of March 2017), a total of 3,634,061.02 Yuan. ②The case acceptance fee shall be borne by Chengdu Xingcheng Investment Group Co., Ltd.

At present, the case has been tried for two times, and no final ruling has been made.

Estimation of the possibility and amount of possible losses or gains: the core of this case is whether the normal backfill of the original quoted price was changed into lime-soil backfill, and whether it should be calculated separately and increased the cost. In view of the fact that the project requires government audit, the Court may need to consider the specific opinions of the government audit, but the government audit has not yet been completed, and at the moment cannot make an accurate judgment of the results of the case.

3. The Dispute Case of Beijing Zhongjing Orangestone Technologies Co., Ltd Suing Zhongtai Construction Group Limited Company, Dai Fenggu, and Xingcheng Group for Construction Subcontracting Contract

On 4 May 2017, Beijing Zhongjing Orangestone Technologies Co., Ltd (hereinafter referred to as Orangestone) filed a lawsuit in the People's Court of Chengdu Hi-tech Industrial Development Zone. Requesting the Court to order: ①the three defendants (Defendant 1: Zhongtai Construction Group Limited Company; Defendant 2: Dai Fenggu; Defendant 3: Chengdu Xingcheng Investment Group Co., Ltd.) to pay the arrears of 781,524.21 yuan for Jincheng Lake Construction Project. ② Defendant 1 and Defendant 2 shall pay interest of 107,076.6 yuan to the plaintiff (temporarily calculating from 15 May 2015 and 31 March 2017). ③the litigation fee shall be borne by the defendants.

The case has not yet been heard.

Estimation of the possibility and amount of possible losses or gains: as the employer, Xingcheng Group is unlikely to be liable for the payment liability.

4. The Dispute Case of Chengdu Pigeon Island Landscaping Co., Ltd Suing Sichuan Tiancheng Construction Engineering Co., Ltd and Xingcheng Group for Construction Contract

On 28 June 2017, Chengdu Pigeon Island Landscaping Co., Ltd filed a lawsuit in the People's Court of Chengdu Wuhou District. Requesting the Court to order: ①Tiancheng Construction Engineering Co., Ltd to return 2,460,809 yuan of excess claim for the combination of Furong Road East road drainage, power tunnel and affiliated projects to the plaintiff, and pay interest during the period of fund occupation, which is temporarily calculated as 116,888 yuan. ②The defendant Tiancheng Construction Engineering Co., Ltd to return 978,719 yuan of excess claim for the deposit refund to the plaintiff, and pay interest during the period of fund occupation, which is temporarily calculated as 10,572 yuan. ③the third person Chengdu Xingcheng Investment Group Co., Ltd to undertake joint liability for the above-mentioned project funds, bond and interest. ④the third person Chengdu Xingcheng Investment Group Co., Ltd to pay the remaining of all project funds within the scope of payment of project funds, and return 2,283,681 yuan of performance bond to the plaintiff. ⑤The litigation costs, maintenance fees and other expenses of the case shall be borne by the defendant Sichuan Tiancheng Construction Engineering Co., Ltd., and the third person Chengdu Xingcheng Investment Group Co., ltd.

The case has not yet been heard.

Estimation of the possibility and amount of possible losses or gains: as the employer, Xingcheng Group is unlikely to be liable for the payment liability.

5. The Case of Fan Zongxi Suing Chengdu Ren Ju Real Estate Co., Ltd., Chengdu Jiangong Group, and Gui Lake Waterproof Company

In August 2017, the plaintiff Fan Zongxi filed a lawsuit, claiming that he is the actual constructor for the EPC contract for survey, engineering and construction integration general contracting of Chengdu City National Comprehensive Archives Project, and request the employer Ren Ju Real Estate to take the payment obligation within the scope of unpaid project funds, which is about 650,000 yuan of compensation for the loss.

The case was opened in 15 September 2017, and was held again in 17 October 2017, waiting for the Court to entrust the judicial appraisal of the project amount of waterproofing work, and project funds.

Estimation of the possibility and amount of possible losses or gains: as the employer, Ren Ju Real Estate is unlikely to be liable for the payment liability.

Note 12 Events after Balance Sheet Date

1. Important Non-adjustment Items

According to "the Notice on the Issuance of the Work Plan of State-owned Capital Optimization Layout" issued by the General Office of Chengdu Municipal Committee and Chengdu Municipal People's Government Office on 16 August 2017, the work plan proposed the reorganization of Chengdu Xingcheng Investment Group Co., Ltd (hereinafter referred to as "Xingcheng Group"). Xingcheng Group will absorb the quality resources of Chengdu Jiangong Group and other state-owned real estates to initiate the establishment of Chengdu Medical Health Industry Group (tentative name). Related restructuring and optimization work is expected to be completed by the end of 2017.

2. Details of Profit Distribution

According to the document "Chengdu SASAC on Doing A Good Job in Collecting State-owned Capital Gains from Chengdu Municipal State-owned Enterprises in 2017" issued by Chengdu SASAC on 10 July 2017, the Company turned over 82,970,000 yuan of state-owned capital gains to the Chengdu Finance Bureau.

Note 13 Other Important Items

1. On 8 March 2016, C.R.J.D. (2016) No.8 Resolution issued by the board of directors of Chengdu Ren Ju Real Estate Co., Ltd., a subsidiary of the Group, decided to issue no more than 2 billion

yuan (including 2 billion yuan) of corporate bonds to the public. After the issuance of these bonds, it is scheduled to be traded on Shanghai Stock Exchange. Xingcheng Group, as the guarantor for Chengdu Ren Ju Real Estate Co., Ltd to issue corporate bonds, issued a letter of guarantee. As of the date of this report, the issuance of these bonds has not yet been recognised by Shanghai Stock Exchange.

2. On 8 March 2016, C.R.J.D. (2016) No.9 Resolution issued by the board of directors of Chengdu Ren Ju Real Estate Co., Ltd., a subsidiary of the Group, decided to issue no more than 1 billion yuan (including 1 billion yuan) of corporate bonds to the qualified investors. After the issuance of these bonds, it is scheduled to be traded on Shanghai Stock Exchange. Xingcheng Group, as the guarantor for Chengdu Ren Ju Real Estate Co., Ltd to issue corporate bonds, issued a letter of guarantee. As of the date of this report, the issuance of these bonds has not yet been recognised by Shanghai Stock Exchange.

Note 14 Notes to the Main Items on Financial Statements of the Company

1. Accounts Receivable

(1) Disclosure of Accounts Receivable by Categories

Disclosure of Accounts Receivable by Categories

Categories	30 Jun. 2017				
	Book Balance		Provision for Bad Debts		Book Value
	Amount	Ratio (%)	Amount	Accrued Ratio (%)	
Accounts receivable with significant single amount and single accrued bad debts provision					
Accounts receivable with accrued bad debts provision on credit risk characteristics portfolios	371,204,390.99	100.00	19,030.48	0.01	371,185,360.51
Accounts receivable with insignificant single amount but single accrued bad debts provision					
Total	371,204,390.99	100.00	19,030.48		371,185,360.51

(To be continued)

Categories	31 Dec. 2016				
	Book Balance		Provision for Bad Debts		Book Value
	Amount	Ratio (%)	Amount	Accrued Ratio (%)	
Accounts receivable with significant single amount and single accrued bad debts provision					
Accounts receivable with accrued bad debts provision on credit risk characteristics portfolios	286,899,691.69	100.00	19,030.48	0.01	286,880,661.21

Categories	31 Dec. 2016				
	Book Balance		Provision for Bad Debts		Book Value
	Amount	Ratio (%)	Amount	Accrued Ratio (%)	
Accounts receivable with insignificant single amount but single accrued bad debts provision					
Total	286,899,691.69	100.00	19,030.48		286,880,661.21

①Accounts receivable with accrued bad debts provision by aging-of-accounts method among the portfolios

Aging	30 Jun. 2017		
	Accounts Receivable	Provision for Bad Debts	Accrued Ratio (%)
< 1Year	420,278.12		
1-2 Years			5.00
2-3 Years			5.00
3-4 Years			20.00
4-5 Years			20.00
> 5 Years	47,576.19	19,030.48	40.00
Total	467,854.31	19,030.48	

②Accounts receivable with accrued bad debts provision by other methods among the portfolios

Aging	30 Jun. 2017		
	Accounts Receivable	Provision for Bad Debts	Accrued Ratio (%)
Government bonds	369,486,710.82		
Deposit, petty cash and other project settlement	1,249,825.86		
Total	370,736,536.68		

(2) Accounts Receivable Listed by Top Five Balance on 30 Jun. 2017 of Debtees

Debtors	Book Balance	Proportion in Total Accounts Receivable (%)	Provision for Bad Debts
Chengdu Urban and Rural Construction Committee	280,642,785.27	71.63	
Chengdu Finance Bureau	63,993,232.73	16.33	
Administration Office of the People's Government of Chengdu	20,047,483.20	5.12	
Shiling Subdistrict Office	4,768,725.77	1.22	
Jinjiang Power Supply Company of Chengdu Power Bureau	365,200.00	0.10	
Total	369,817,426.97	99.62	

2. Other Receivables

(1) Disclosure of Other Receivables by Categories

Categories	30 Jun. 2017				
	Book Balance		Provision for Bad Debts		Book Value
	Amount	Ratio (%)	Amount	Accrued Ratio (%)	
Other receivables with significant single amount and single accrued bad debts provision					
Other receivables with accrued bad debts provision on credit risk characteristics portfolios	1,908,320,642.02	100.00	1,224,176.29	0.06	1,907,096,465.73
Other receivables with insignificant single amount but single accrued bad debts provision					
Total	1,908,320,642.02	100.00	1,224,176.29		1,907,096,465.73

(To be continued)

Categories	31 Dec. 2016				
	Book Balance		Provision for Bad Debts		Book Value
	Amount	Ratio (%)	Amount	Accrued Ratio (%)	
Other receivables with significant single amount and single accrued bad debts provision					
Other receivables with accrued bad debts provision by credit risk characteristics portfolios	1,718,942,594.02	100.00	913,589.50	0.05	1,718,029,004.52
Other receivables with insignificant single amount but single accrued bad debts provision					
Total	1,718,942,594.02	100.00	913,589.50		1,718,029,004.52

①Other receivables with accrued bad debts provision by aging-of-accounts method among the portfolios

Aging	30 Jun. 2017		
	Other Receivables	Provision for Bad Debts	Accrued Ratio (%)
< 1Year	2,102,199.74		
1-2 Years	5,257,269.52	262,863.47	5.00
2-3 Years	291,105.36	14,555.27	5.00
3-4 Years	51,307.00	10,261.40	20.00
4-5 Years	377,015.20	75,403.04	20.00
> 5 Years	2,152,732.77	861,093.11	40.00
Total	10,231,629.59	1,224,176.29	

②Other receivables with accrued bad debts provision by other portfolio methods among the portfolios

Portfolio	30 Jun. 2017		
	Other Receivables	Provision for Bad Debts	Accrued Ratio (%)
Government bonds	223,290,320.21		
Deposit, petty cash and other project settlement	3,882,552.28		
Internal transactions of affiliated parties within the Group	1,670,916,139.94		
Total	1,898,089,012.43		

(2) Other Receivables Listed by Top Five Balance on 30 Jun. 2017 of Debtees

Debtors	Nature of Fund	30 Jun. 2017	Aging	Proportion in Total Balance on 30 Jun. 2017 of Other Receivables (%)	Balance on 30 Jun. 2017 of Bad Debts Provision
Chengdu Ren Ju Real Estate Co., Ltd.	Affiliates transactions	1,626,718,810.30	< 1 Year, 1-2 Years	85.24	
Chengdu Xing Dong Real Estate Co., Ltd.	Affiliates transactions	62,510,582.23	< 1 Year	3.28	
Chengdu Power Bureau	Deposits	9,938,909.91	1-2 Years, 2-3 Years, > 3 Years	0.52	
Chengdu Chenghua District Unified Construction Office	Deposits	4,000,000.00	2-3 Years	0.21	
People's Government of Chenghua District	Advances	2,500,000.00	2-3 Years	0.13	
Total		1,705,668,302.44		89.38	

3. Long-term Equity Investment

(1) Category of Long-term Equity Investment

Items	30 Jun. 2017			31 Dec. 2016		
	Book Balance	Provision for Impairment	Book Value	Book Balance	Provision for Impairment	Book Value
Investment in subsidiaries	4,745,193,618.49		4,745,193,618.49	4,297,743,618.49		4,297,743,618.49
Investment in joint and associated enterprises	375,953,259.01		375,953,259.01	341,699,772.50		341,699,772.50
Total	5,121,146,877.50		5,121,146,877.50	4,639,443,390.99		4,639,443,390.99

(2) Investment in Subsidiaries

Investees	31 Dec. 2016	Increase for Current Period	Decrease for Current Period	30 Jun. 2017	Accrued Impairment Provision for Current Period	Balance on 30 Jun. 2017 of Impairment Provision
Chengdu Ren Ju Real Estate Co., Ltd.	868,405,800.00			868,405,800.00		
Chengdu Xing Dong Real Estate Co., Ltd.	514,340,000.00			514,340,000.00		
Chengdu Run Jin Cheng Industry Co., Ltd.	10,000,000.00			10,000,000.00		
Chengdu Small Town Invest Co., Ltd.	2,392,412,518.49			2,392,412,518.49		

Investees	31 Dec. 2016	Increase for Current Period	Decrease for Current Period	30 Jun. 2017	Accrued Impairment Provision for Current Period	Balance on 30 Jun. 2017 of Impairment Provision
Chengdu Xing Cheng Construction Management Co., Ltd.	10,035,300.00			10,035,300.00		
Chengdu Dong Jing Gas Co., Ltd.	2,550,000.00		2,550,000.00			
Chengdu Xingcheng Capital Management Co., Ltd.	200,000,000.00			200,000,000.00		
Chengdu Chengdu Center Construction Co., Ltd.	300,000,000.00	400,000,000.00		700,000,000.00		
Chengdu Tianfu Greenway Construction Investment Group Co., Ltd.		50,000,000.00		50,000,000.00		
Total	4,297,743,618.49	450,000,000.00	2,550,000.00	4,745,193,618.49		

Note: the decrease in this period was due to Chengdu Dong Jing Gas Co., Ltd., previously a subsidiary of the Group, increased capital in this period, causing the Company to lose control of it. On the day of losing control, Xingcheng Group's parent company transferred 2,550,000 yuan of investment in subsidiaries to investment in associated enterprises at the statement level.

(3) Investment in Joint and Associated Enterprises

Investees	31 Dec. 2016	Changes in Current Period				
		Increase Investment	Reduce Investment	Investment Gains and Losses under the Equity Method	Adjustment of Other Comprehensive Income	Other Changes in Equity
1. Joint Enterprises						
2. Associated Enterprises						
Sichuan Provincial Investment Electricity Sale Co., Ltd.	69,886,533.11	35,000,000.00		-483,708.70		
China Sichuan International Investment Co., Ltd.	271,813,239.39			-1,024,696.46		
Chengdu Dong Jing Gas Co., Ltd.				-6,473.74		
Subtotal	341,699,772.50	35,000,000.00		-1,514,878.90		
Total	341,699,772.50	35,000,000.00		-1,514,878.90		

(To be continued)

Investees	Changes in Current Period			30 Jun. 2017	Balance on 30 Jun. 2017 of Impairment Provision
	Declaration of cash dividends or profits	Accrued Impairment Provision	Others		

Investees	Changes in Current Period			30 Jun. 2017	Balance on 30 Jun. 2017 of Impairment Provision
	Declaration of cash dividends or profits	Accrued Impairment Provision	Others		
1. Joint Enterprises					
2. Associated Enterprises					
Sichuan Provincial Investment Electricity Sale Co., Ltd.				104,402,824.41	
China Sichuan International Investment Co., Ltd.				270,788,542.93	
Chengdu Dong Jing Gas Co., Ltd.			768,365.41	761,891.67	
Subtotal			768,365.41	375,953,259.01	
Total			768,365.41	375,953,259.01	

Note: others were due to Chengdu Dong Jing Gas Co., Ltd., previously a subsidiary of the Group, increased capital in this period, causing the Company to lose control of it, and subsequently it became the Company' s associated enterprise. On the day of losing control, the parent company transferred 2,550,000 yuan of investment in subsidiaries to investment in associated enterprises at the statement level. The residual investment was calculated by equity method instead of cost method, and retroactively adjusted the value of long-term equity investment to -1,781,634.59 yuan, amounting to 768,365.41 yuan in total.

4. Operating Income & Operating Costs

Items	Amount Incurred for Current Period		Amount for Prior Period	
	Income	Costs	Income	Costs
Assets leasing	145,112,632.17	71,875,883.88	125,477,265.31	51,498,974.44
Property management	96,796,390.83	1,561,357.73	99,651,112.50	
Capital interest			220,016,607.78	
Agent construction management fee	60,370,974.27			
Assets management and others	32,531.93		158,450.00	
Total	302,312,529.20	73,437,241.61	445,303,435.59	51,498,974.44

5. Investment Income

Items	Amount Incurred for Current Period	Amount for Prior Period
Long-term equity investment income measured by equity method	-1,514,878.90	
Investment income obtained from disposal of available-for-sale financial assets	-69,000.00	
Total	-1,583,878.90	

Note 15 Supplementary Materials

Non-recurring Profit and Loss Statement in Current Period

Items	Amount	Explanation
Profits and losses on disposal of non-current assets	-6,172.85	
Unauthorised examination and approval, or no formal approval document, or occasional tax return and relief		
Government grants which are included in the current profits and losses, but except for the government grants closely related to normal operation business of the enterprises, which are in accordance with national policies and regulations, and according to certain standard quota or quantitative sustainable enjoyment	2,152,300.00	
Fund occupation fee charged to non-financial enterprises shall be included in the current profits and losses		
When the investment cost used to acquire subsidiaries, associates and joint enterprises is less than obtaining investment, the enterprise shall enjoy the income generated from the fair value of investees identifiable net assets		
Profits and losses of non-monetary assets exchange		
Profits and losses by entrusting others to invest or manage assets		
Due to force majeure, such as natural disasters and asset impairment provisions		
Profits and losses of debt restructuring		
Enterprise restructuring costs, such as staff resettlement expenses, integration expenses, etc.		
Profits and losses of the excess of fair value generated from transactions with an unfair transaction price		
Current periods (from the beginning of the year to the combining date) net profits and losses of the subsidiary generated from business combination under the same control		
Profits and losses generated from contingencies which are not related to the normal operating business of the company		
Except for the effective hedging business related to the normal operating business of the company, profits and losses of fair value change generated from holding tradable financial assets and tradable financial liabilities, and investment income obtaining from the disposal of tradable financial assets, tradable financial liabilities and available-for-sale financial assets	-69,000.00	
The reversal of impairment provision for accounts receivable with individual impairment test		
Profits and losses obtained from foreign entrusted loans		
Profits and losses arising from fair value change of investment properties by using fair value model for subsequent measurement		
The impact of one-time adjustment of current profits and losses on the current profits and losses according to the requirements of taxation, accounting, and other laws and regulations		
The trustee fee obtained from trusteeship		
Other business income and expenditures in addition to the above items	-3,840,042.83	
Other profit and loss items that are defined as non-recurring profits and losses	3,245,120.15	
Subtotal	1,482,204.47	
Impact of income tax	128,707.04	

Items	Amount	Explanation
Impact amount of minority interests (after tax)		
Total	1,610,911.51	

Note: in the non-recurring profit and loss items, "+" indicates income and revenue, and "-" means losses or expenditures.

Chengdu Xingcheng Investment Group Co., Ltd.

Auditor's Report

RHSZ[2017] No. 51020003

CONTENTS

瑞华会计师事务所
RUIHUA CERTIFIED PUBLIC ACCOUNTANTS

Audit Report

RHSZ [2017] No. 51020003

To Chengdu Xingcheng Investment Group Co., Ltd.:

We have audited the accompanying financial statements of Chengdu Xingcheng Investment Group Co., Ltd. (the "Company"), and its subsidiaries (collectively referred to as the "Xingcheng Group"),which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2016, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and of the Company for the period from January 2016 to December 2016.

I. Management's responsibility for the financial statements

The management of Xingcheng Investment Group is responsible for the preparation of these financial statements in accordance with the Accounting Standards for Business Enterprises. This responsibility includes: (1) preparing financial statements according to the Accounting Standards for Business Enterprises and make them a fair presentation; and (2) designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

II. Responsibility of Certified Public Accountant

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the China Standards on Auditing. Those standards require that we comply with ethical requirements of China CPAs and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing 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, the auditor considers internal control relevant to the entity's preparation of the financial statements and fair statement in order to design audit procedures that are appropriate in the circumstances. 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. Audit opinion

In our opinion, the financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises in all material respects and give a fair view of the consolidated financial statements of the Group and the statement of financial position of the Company as at 31 December 2016 and of the results, cash flows of the Group and of the Company for the period from January 2016 to December 2016.

Ruihua Certified Public Accountants
(Special General Partnership)
Beijing, China

Chinese Certified Public Accountant:

Chinese Certified Public Accountant:

14 March 2017

Consolidated Statement of Financial Position

As of December 31, 2016

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Currency: RMB Yuan

Item	Note	Closing balance	Opening balance
Current assets:			
Monetary funds	Note 8-1	13,117,182,947.29	12,559,137,833.69
Settlement reserve funds			
Lending capital			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable	Note 8-2	300,708,973.40	116,790,727.62
Prepayments	Note 8-3	721,074,474.93	603,258,569.02
Insurance premiums receivable			
Cession premiums receivable			
Provision of cession receivable			
Interest receivable			
Dividends receivable			
Other receivables	Note 8-4	485,945,701.30	322,180,505.71
Recoursable financial assets acquired			
Inventories	Note 8-5	11,822,007,233.02	10,906,228,681.79
Including: raw materials		225,701.95	225,701.95
Stock goods (finished goods)		701,930,500.83	568,560,876.65
Assets held for sale			
Non-current asset due within one year	Note 8-9	720,642,785.27	
Other current assets	Note 8-6	194,372,453.58	235,748,998.14
Total current assets		27,361,934,568.79	24,743,345,315.97
Non-current assets:			
Loans and advances on behalf			
Available-for-sale financial assets	Note 8-7	150,000,000.00	150,000,000.00
Held-to-maturity investments	Note 8-8	4,433,993,866.73	6,066,628,321.31
Long-term accounts receivable	Note 8-9	6,516,940,968.15	
Long-term equity investments	Note 8-10	341,699,772.50	
Investment properties	Note 8-11	3,509,579,933.37	3,550,847,297.03
Original cost of Property, Plant and Equipment	Note 8-12	117,826,045.79	179,958,171.24
Less: accumulated depreciation	Note 8-12	47,257,792.46	52,576,625.46
Net value of Property, Plant and Equipment	Note 8-12	70,568,253.33	127,381,545.78
Less:Property, Plant and Equipment impairment provision			
Net book value of Property, Plant and Equipment	Note 8-12	70,568,253.33	127,381,545.78
Construction in progress	Note 8-13	27,611,834,630.14	31,874,984,337.59
Materials for construction			
Disposal of property, plant and equipment	Note 8-14	24,795.22	
Bio-assets in production			
Oil and gas assets			
Intangible assets	Note 8-15		26,391,095.56
Development expenditure			
Goodwill			
Long-term deferred expenses	Note 8-16	1,640,032.66	615,463.02
Deferred tax assets	Note 8-17	96,742,599.97	66,137,182.87
Other non-current assets	Note 8-18	319,287,390.56	
Including: physical assets reserve specifically authorized			
Total non-current assets		43,052,312,242.63	41,862,985,243.16
Total assets		70,414,246,811.42	66,606,330,559.13

Consolidated Statement of Financial Position (Continued)

As of December 31, 2016

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Currency: RMB Yuan

Item	Note	Closing balance	Opening balance
Current liabilities:			
Short-term loans	Note 8-19	200,000,000.00	67,000,000.00
Borrowings from central bank			
Deposits from customers and interbank			
Deposit funds			
Financial liabilities measured at fair value of which changes are recorded in current profits and losses			
Derivative financial liabilities			
Notes payable			
Accounts payable	Note 8-20	2,788,499,515.90	825,883,557.98
Advance from customers	Note 8-21	3,687,953,077.16	3,772,078,389.63
Funds from sales of financial assets with repurchasement agreement			
Handling charges and commissions payable			
Employee benefits payable	Note 8-22	1,118,432.72	1,205,146.99
Including: accrued payroll			
Welfare benefits payable			
Including: staff and workers' bonus and welfare			
Taxes and dues payable	Note 8-23	543,773,791.80	347,015,249.60
Including: taxes payable	Note 8-23	542,112,867.50	346,284,919.90
Interest payable	Note 8-24	189,675,799.81	145,016,666.67
Dividends payable			
Other payables	Note 8-25	1,882,911,582.59	1,930,884,509.50
Cession insurance premiums payable			
Provision for insurance contracts			
Funds received as agent of stock exchange			
Funds received as stock underwrite			
Liabilities held for sale			
Non-current liabilities due within one year	Note 8-26	8,956,413,000.00	6,991,840,000.00
Other current liabilities			
Total current liabilities		18,260,345,199.98	14,080,923,520.37
Non-current liabilities:			
Long-term loans	Note 8-27	11,418,640,333.33	19,577,237,000.00
Bonds payable	Note 8-28	8,683,887,855.33	5,073,109,934.39
Long-term payables	Note 8-29	3,567,400,000.00	
Long-term payroll payables			
Special payables	Note 8-30	6,335,339,928.70	9,793,184,683.83
Estimated liabilities			
Deferred income			
Deferred tax liabilities	Note 8-17	1,806,323.85	
Other non-current liabilities			
Including: fund reserve specifically authorized			
Total non-current liabilities		30,007,074,441.21	34,443,531,618.22
Total liabilities		48,257,419,641.19	48,524,455,138.59
Owners' equity (or shareholders' equity):			
Paid-in capital (equity)	Note 8-31	5,525,400,000.00	5,525,400,000.00
National capital	Note 8-31	5,525,400,000.00	5,525,400,000.00
Including: state-owned legal person's capital	Note 8-31	5,525,400,000.00	5,525,400,000.00
Collective capital			
Private capital			
Including: personal Capital			
Foreign capital			
Less: returned investment			
Net book value of paid-in capital (equity)	Note 8-32	5,525,400,000.00	5,525,400,000.00
Other equity instruments	Note 8-33	1,000,000,000.00	
Including: preferred shares			
Perpetual bonds	Note 8-33	1,000,000,000.00	
Capital reserve	Note 8-34	12,699,829,147.18	10,164,115,992.18
Less: treasury shares			
Other comprehensive income			
Including: converted difference in foreign currency statements			
Specific reserves			
Surplus reserve	Note 8-35	133,681,347.65	102,536,787.19
Including: statutory accumulation reserve	Note 8-35	133,681,347.65	102,536,787.19
Discretionary accumulation			
Reserved funds			
Enterprise expansion funds			
Profits capitalized on return of investments			
General risk reserve			
Retained earnings	Note 8-36	2,798,555,372.77	2,290,357,174.30
Total owners' equity attributable to parent company		22,157,465,867.60	18,082,409,953.67
Non-controlling interests		-638,697.37	-534,533.13
Total owners' equity (or shareholders' equity)		22,156,827,170.23	18,081,875,420.54
Total liabilities and owners' equity (or shareholders' equity)		70,414,246,811.42	66,606,330,559.13

The accompanying notes from Page 17 to Page 101 form an integral part of these financial statements

Page 3 to Page 16 of these financial statements shall be signed by the following persons:

Legal representative: **Person in charge of accounting:** **Person in charge of accounting organ:**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year 2016

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Currency: RMB Yuan

Item	Note	Amount for current year	Amount for prior year
1. Total operating income		3,348,123,433.55	2,421,364,169.89
Including: Operating income	Note 8-37	3,348,123,433.55	2,421,364,169.89
Interest income			
Insurance premiums earned			
Handling charges and commissions income			
2. Total operating costs		2,616,086,523.78	1,652,057,620.64
Including: Operating costs	Note 8-37	1,741,711,162.27	1,212,806,124.47
Interest expenses			
Handling charges and commissions expenses			
Refund of insurance premiums			
Net payments for insurance claims			
Net provision for insurance contracts			
Commissions on insurance policies			
Cession charges			
Business tax and extra charges		393,608,052.00	266,826,536.97
Sales expenses	Note 8-38	63,656,051.12	58,664,832.16
Administrative expenses	Note 8-38	136,595,071.87	114,965,082.74
Including: research and development expense			
Financial expenses	Note 8-38	279,807,582.73	-1,460,788.27
Including: interest expense	Note 8-38	346,341,357.76	27,863,967.04
Interest income	Note 8-38	71,236,914.45	30,234,680.08
Net losses on exchange (net income from exchange expressed with "-")		25,582.85	
Impairment losses of assets	Note 8-39	708,603.79	255,832.57
Others			
Add: Gains from changes in fair value ("-" means loss)			
Investment income ("-" means loss)	Note 8-40	-284,227.50	
Including: Investment income from associates and joint venture	Note 8-40	-284,227.50	
Income on exchange (loss expressed with "-")			
3. Operating profit ("-" means loss)		731,752,682.27	769,306,549.25
Add: Non-operating income	Note 8-41	118,398,518.53	9,070,858.85
Including: Gains on disposal of non-current assets	Note 8-41	106,045,272.66	
Gains from exchange of non-monetary assets			
Government grant income	Note 8-41	4,055,900.00	7,444,240.00
Gains from debt restructuring			
Less: Non-operating expenses	Note 8-42	16,197,450.01	668,749.67
Including: Loss on disposal of non-current assets	Note 8-42	11,996,111.17	167.50
Losses from exchange of non-monetary assets			
Losses from debt restructuring			
4. Total profit ("-" means loss)		833,953,750.79	777,708,658.43
Less: Income tax expenses	Note 8-43	216,365,156.10	198,127,113.61
5. Net profit ("-" means loss)		617,588,594.69	579,581,544.82
Net attributable to owners of parent company		617,692,758.93	579,676,874.13
Minority interests		-104,164.24	-95,329.31
6. After-tax net amount of other comprehensive incomes			
(1) Other comprehensive incomes that will not be reclassified into gains and losses			
1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement			
2. Enjoyable shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method			
(2) Other comprehensive incomes that will be reclassified into gains and losses			
1. Enjoyable shares in other comprehensive incomes in investees that will be reclassified into gains and losses under the equity method			
2. Gains and losses on fair value changes of available-for-sale financial assets			
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets cash flows			
4. Effective hedging gains and losses on cash-flow			
5. Foreign-currency financial statement translation difference			
7. Total comprehensive incomes		617,588,594.69	579,581,544.82
Total comprehensive incomes attributable to owners of the parent company		617,692,758.93	579,676,874.13
Total comprehensive incomes attributable to minority shareholders		-104,164.24	-95,329.31
8. Earnings per share (EPS)			
Basic EPS			
Diluted EPS			

The accompanying notes from Page 17 to Page 101 form an integral part of these financial statements

Page 3 to Page 16 of these financial statements shall be signed by the following persons:

Legal representative: **Person in charge of accounting:** **Person in charge of accounting organ:**

Consolidated Statements of Cash Flows

Year 2016

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd. Currency: RMB Yuan

Item	Note	Amount for current year	Amount for prior year
1. Cash flow from operating activities:			
Cash received from revenue from selling goods or rendering of services		2,933,505,940.22	1,848,661,121.86
Net increase in deposits from customers and interbank			
Net increase in borrowings from central bank			
Net increase in deposit funds from other financial institutions			
Cash received from insurance premiums of original insurance contracts			
Net cash received from reinsurance business			
Net increase in policy holder deposits and investment funds			
Net increase in financial assets measured at fair value and changes recorded into current period profit or			
Cash received from interests, handling charges and commissions income			
Net increase in deposit funds			
Net increase in funds from repurchase business			
Refund of taxes and levies			
企Cash received relating to other operating activities		1,763,490,227.82	4,783,340,488.32
Subtotal of cash inflows from operating activities		4,696,996,168.04	6,632,001,610.18
Cash paid for goods and services		2,456,932,684.96	2,928,088,159.50
Net increase in loans and advances to customers			
Net increase in deposits from central bank and interbank			
Cash paid for insurance claims of original insurance contracts			
Cash paid for interests, handling charges and commissions income			
Cash paid for policy dividends			
Cash paid to and on behalf of employees		149,442,557.38	135,497,693.38
Cash paid on taxes and levies		467,043,566.17	882,464,908.37
Other cash payment relating to operating activities		3,897,816,513.52	4,026,253,927.94
Subtotal of cash outflows from operating activities		6,971,235,322.03	7,972,304,689.19
Net cash flows from operating activities		-2,274,239,153.99	-1,340,303,079.01
2. Cash flows from investing activities:			
Cash received from withdrawal of investments		2,075,283,271.88	533,822,244.55
Cash received from return on investments		226,888,559.71	27,854,314.76
Net cash received from disposal of Property, Plant and Equipment, intangible assets and other long-term assets		229,464,380.19	31,307,760.00
Net cash received from disposal of subsidiaries or other business units			
Other cash received relating to investing activities		6,811,810.14	10,236,181.73
Subtotal of cash inflows from investing activities		2,538,448,021.92	603,220,501.04
Cash paid to acquire Property, Plant and Equipment, intangible assets and other long-term assets		48,775,445.36	32,069,473.22
Cash paid for investment		875,428,993.40	495,809,914.40
Net increase in pledged loans			
Net cash paid to acquire subsidiaries and other business units			
Other cash payments relating to investing activities		4,052,373.80	94,000.00
Subtotal of cash outflows from investing activities		928,256,812.56	527,973,387.62
Net cash flows from investing activities		1,610,191,209.36	75,247,113.42
3. Cash Flows from Financing Activities:			
Cash received from capital contributions		2,000,000,000.00	
Including: Cash received from minority shareholder investments by subsidiaries			
Cash received from borrowings		8,900,889,351.25	10,802,150,000.00
Cash received from issuance of bonds			
Other cash received relating to financing activities		1,395,961,000.00	468,475,894.32
Subtotal of cash inflows from financing activities		12,296,850,351.25	11,270,625,894.32
Repayment of borrowings		9,367,623,666.67	6,562,260,000.00
Cash paid for interest expenses and distribution of dividends or profit		1,692,386,191.42	1,798,891,047.35
Including: dividends or profit paid by subsidiaries to minority shareholders			
Other cash payments relating to financing activities		104,253,352.40	71,017,760.69
Sub-total of cash outflows from financing activities		11,164,263,210.49	8,432,168,808.04
Net cash flows from financing activities		1,132,587,140.76	2,838,457,086.28
4. Effect of foreign exchange rate changes on cash and cash equivalents			
5. Net increase in cash and cash equivalents		468,539,196.13	1,573,401,120.69
Add: Opening balance of cash and cash equivalents		12,466,286,981.85	10,892,885,861.16
6. Closing balance of cash and cash equivalents		12,934,826,177.98	12,466,286,981.85

The accompanying notes from Page 17 to Page 101 form an integral part of these financial statements

Page 3 to Page 16 of these financial statements shall be signed by the following persons:

Legal representative: **Person in charge of accounting:** **Person in charge of accounting organ:**

Consolidated Statement of Changes in Equity

Year 2016

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Currency: RMB Yuan

Item	Amount for current year												
	Equity attributable to owners of the parent company											Non-controlling interests	Total owners' equity
	Paid-in capital (equity)	Other equity instruments	Capital reserve	Less: treasury stock	Other comprehensive incomes	Specific reserve	Surplus reserve	General risk reserve	Retained earnings	Other	Subtotal		
1. Closing balance of prior year	5,525,400,000.00		10,164,115,992.18				102,536,787.19		2,290,357,174.30		18,082,409,953.67	-534,533.13	18,081,875,420.54
Add: changes in accounting policy													
Correction of errors in previous periods													
Other													
2. Opening balance of current year	5,525,400,000.00		10,164,115,992.18				102,536,787.19		2,290,357,174.30		18,082,409,953.67	-534,533.13	18,081,875,420.54
3. Increase/decrease in the period ("-" means decrease)		1,000,000,000.00	2,535,713,155.00				31,144,560.46		508,198,198.47		4,075,055,913.93	-104,164.24	4,074,951,749.69
(1)Total comprehensive incomes									617,692,758.93		617,692,758.93	-104,164.24	617,588,594.69
(2)Capital increased and reduced by owners		1,000,000,000.00	2,535,713,155.00								3,535,713,155.00		3,535,713,155.00
1. Capital increased by owners													
2. Capital increased by holders of other equity instruments		1,000,000,000.00									1,000,000,000.00		1,000,000,000.00
3. Amounts of share-based payments recognized in owners'													
4. Other			2,535,713,155.00								2,535,713,155.00		2,535,713,155.00
(3)Appropriation and use of special reserve													
1. Appropriation of special reserve													
2. Use of special reserve													
(4)Profit distribution							31,144,560.46		-109,494,560.46		-78,350,000.00		-78,350,000.00
1. Appropriations to surplus reserves							31,144,560.46		-31,144,560.46				
Including: statutory accumulation reserve							31,144,560.46		-31,144,560.46				
Discretionary accumulation reserve													
Reserve funds													
Enterprise expansion funds													
Profit capitalized on return of investment													
2. Appropriations to general risk provisions													
3. Appropriations to owners (or shareholders)									-78,350,000.00		-78,350,000.00		-78,350,000.00
4. Other													
(5)Internal carry-forward of owners' equity													
1. New increase of capital (or share capital) from capital													
2. New increase of capital (or share capital) from surplus													
3. Surplus reserves for making up losses													
4. Changes in net liabilities or assets with a defined benefit plan upon transfer remeasurement													
5. Other													
4. Closing balance	5,525,400,000.00	1,000,000,000.00	12,699,829,147.18				133,681,347.65		2,798,555,372.77		22,157,465,867.60	-638,697.37	22,156,827,170.23

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Consolidated Statement of Changes in Owners' Equity (Continued)

Year 2016

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Currency: RMB Yuan

Item	Amount for prior year												
	Equity attributable to owners of the parent company											Non-controlling interests	Total owners' equity
	Paid-in capital (equity)	Other equity instruments	Capital reserve	Less: treasury stock	Other comprehensive incomes	Specific reserve	Surplus reserve	General risk reserve	Retained earnings	Other	Subtotal		
1. Closing balance of prior year	5,525,400,000.00		9,783,130,438.77				73,008,782.34		1,853,418,305.02		17,234,957,526.13	-439,203.82	17,234,518,322.31
Add: changes in accounting policy													
Correction of errors in previous periods													
Other													
2. Opening balance of current year	5,525,400,000.00		9,783,130,438.77				73,008,782.34		1,853,418,305.02		17,234,957,526.13	-439,203.82	17,234,518,322.31
3. Increase/decrease in the period ("-" means decrease)			380,985,553.41				29,528,004.85		436,938,869.28		847,452,427.54	-95,329.31	847,357,098.23
(1)Total comprehensive incomes									579,676,874.13		579,676,874.13	-95,329.31	579,581,544.82
(2)Capital increased and reduced by owners			380,985,553.41								380,985,553.41		380,985,553.41
1. Capital increased by owners													
2. Capital increased by holders of other equity instruments													
3. Amounts of share-based payments recognized in owners' equity													
4. Other			380,985,553.41								380,985,553.41		380,985,553.41
(3)Appropriation and use of special reserve													
1. Appropriation of special reserve													
2. Use of special reserve													
(4)Profit distribution							29,528,004.85		-142,738,004.85		-113,210,000.00		-113,210,000.00
1. Appropriations to surplus reserves							29,528,004.85		-29,528,004.85				
Including: statutory accumulation reserve							29,528,004.85		-29,528,004.85				
Discretionary accumulation reserve													
Reserve funds													
Enterprise expansion funds													
Profit capitalized on return of investment													
2. Appropriations to general risk provisions													
3. Appropriations to owners (or shareholders)									-113,210,000.00		-113,210,000.00		-113,210,000.00
4. Other													
(5)Internal carry-forward of owners' equity													
1. New increase of capital (or share capital) from capital reserves													
2. New increase of capital (or share capital) from surplus reserves													
3. Surplus reserves for making up losses													
4. Changes in net liabilities or assets with a defined benefit plan upon transfer remeasurement													
5. Other													
4. Closing balance	5,525,400,000.00		10,164,115,992.18				102,536,787.19		2,290,357,174.30		18,082,409,953.67	-534,533.13	18,081,875,420.54

The accompanying notes from Page 17 to Page 101 form an integral part of these financial statements

Page 3 to Page 16 of these financial statements shall be signed by the following persons:

Legal representative: Person in charge of accounting: Person in charge of accounting organ:

Consolidated Statement of Provision for Impairment of Assets

As of December 31,2016

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Currency: RMB Yuan

Item	Opening balance	Increase for current year				Decrease for current year					Closing balance	Item	Amount
		Accrued amount for current year	Consolidated increase	Increase from other reasons	Total	Reversal due to asset value rebound	Writing-off amount	Consolidated decrease	Decrease from other reasons	Total			
1. Provision for bad debts	1,850,831.09	708,603.79			708,603.79						2,559,434.88	Supplementary materials:	
2. Provision for inventory write-down												1. Staying in the account due to policies	
3. Provision for impairment of available-for-sale financial assets												2. Decrease by active elimination of previously losses on account	
4. Provision for impairment of held-to-maturity investments												Including: decrease by active elimination of previously losses on account in current year's profit and loss	
5. Provision for impairment of long-term equity investments													
6. Provision for impairment of investment properties													
7. Provision for impairment of property, plant and equipment													
8. Provision for impairment of construction supplies													
9. Provision for impairment of construction in progress													
10. Provision for impairment of bearer biological assets													
11. Provision for impairment of oil and gas assets													
12. Provision for impairment of intangible assets													
13. Provision for impairment of goodwill													
14. Other provision for impairment													
Total	1,850,831.09	708,603.79			708,603.79						2,559,434.88		

The accompanying notes from Page 17 to Page 101 form an integral part of these financial statements

Page 3 to Page 16 of these financial statements shall be signed by the following persons:

Legal representative: Person in charge of accounting: Person in charge of accounting organ:

Statement of Financial Position

As of December 31, 2016

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd. Currency: RMB Yuan

Item	Note	Closing balance	Opening balance
Current assets:			
Monetary funds		8,421,138,827.85	8,595,603,280.69
Settlement reserve funds			
Lending capital			
Financial assets measured at fair value of which changes are recorded in current profits and losses			
Derivative financial assets			
Notes receivable			
Accounts receivable	Note 12-1	286,880,661.21	93,321,342.45
Prepayments		574,868,780.19	523,350,464.08
Insurance premiums receivable			
Cession premiums receivable			
Provision of cession receivable			
Interest receivable			
Dividends receivable			
Other receivables	Note 12-2	1,718,029,004.52	110,388,918.78
Recoursable financial assets acquired			
Inventories		11,159.52	6,513.00
Including: raw materials			
Stock goods (finished goods)			
Assets held for sale			
Non-current asset due within one year		720,642,785.27	
Other current assets		1,536,262.84	1,388,869.60
Total current assets		11,723,107,481.40	9,324,059,388.60
Non-current assets:			
Loans and advances on behalf			
Available-for-sale financial assets		110,000,000.00	110,000,000.00
Held-to-maturity investments			
Long-term accounts receivable		6,516,940,968.15	
Long-term equity investments	Note 12-3	4,639,443,390.99	3,568,157,818.49
Investment properties		3,276,321,095.91	3,387,941,285.91
Original cost of Property, Plant and Equipment		22,158,603.66	75,520,732.76
Less: accumulated depreciation		18,571,342.26	17,531,178.00
Net value of Property, Plant and Equipment		3,587,261.40	57,989,554.76
Less: Property, Plant and Equipment impairment provision			
Net book value of Property, Plant and Equipment		3,587,261.40	57,989,554.76
Construction in progress		27,624,398,728.92	32,028,452,806.60
Materials for construction			
Disposal of Property, Plant and Equipment		24,795.22	
Bio-assets in production			
Oil and gas assets			
Intangible assets			
Development expenditure			
Goodwill			
Long-term deferred expenses			
Deferred tax assets		233,154.99	114,781.06
Other non-current assets		69,287,390.56	
Including: physical assets reserve specifically authorized			
Total non-current assets		42,240,236,786.14	39,152,656,246.82
Total assets		53,963,344,267.54	48,476,715,635.42

Statement of Financial Position (Continued)

As of December 31, 2016

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Currency: RMB Yuan

Item	Note	Closing balance	Opening balance
Current liabilities:			
Short-term loans			
Borrowings from central bank			
Deposits from customers and interbank			
Deposit funds			
Financial liabilities measured at fair value of which changes are recorded in current profits and losses			
Derivative financial liabilities			
Notes payable			
Accounts payable		2,474,461,960.38	706,039,514.93
Advance from customers		4,972,952.39	3,782,539.02
Funds from sales of financial assets with repurchasement agreement			
Handling charges and commissions payable			
Employee benefits payable		262,917.62	367,360.06
Including: accrued payroll			
Welfare benefits payable			
Including: staff and workers' bonus and welfare			
Taxes and dues payable		140,563,777.43	84,533,275.83
Including: taxes payable		139,124,310.92	84,351,577.15
Interest payable		173,738,699.81	130,016,666.67
Dividends payable			
Other payables		863,706,285.64	799,580,576.73
Cession insurance premiums payable			
Provision for insurance contracts			
Funds received as agent of stock exchange			
Funds received as stock underwrite			
Liabilities held for sale			
Non-current liabilities due within one year		7,743,883,000.00	4,818,810,000.00
Other current liabilities			
Total current liabilities		11,401,689,593.27	6,543,129,933.24
Non-current liabilities:			
Long-term loans		8,494,080,333.33	14,351,300,000.00
Bonds payable		7,192,072,145.61	3,584,440,901.02
Long-term payables		3,567,400,000.00	
Long-term payroll payables			
Special payables		4,363,392,260.77	8,521,830,471.20
Estimated liabilities			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Including: fund reserve specifically authorized			
Total non-current liabilities		23,616,944,739.71	26,457,571,372.22
Total liabilities		35,018,534,332.98	33,000,701,305.46
Owners' equity (or shareholders' equity):			
Paid-in capital (equity)		5,525,400,000.00	5,525,400,000.00
National capital		5,525,400,000.00	5,525,400,000.00
Including: state-owned legal person's capital			
Collective capital			
Private capital			
Including: personal Capital			
Foreign capital			
Less: returned investment			
Net book value of paid-in capital (equity)		5,525,400,000.00	5,525,400,000.00
Other equity instruments		1,000,000,000.00	
Including: preferred shares			
Perpetual bonds		1,000,000,000.00	
Capital reserve		11,478,922,969.89	9,243,222,969.89
Less: treasury shares			
Other comprehensive income			
Including: converted difference in foreign currency statements			
Specific reserves			
Surplus reserve		125,927,696.46	94,783,136.00
Including: statutory accumulation reserve		125,927,696.46	94,783,136.00
Discretionary accumulation			
Reserved funds			
Enterprise expansion funds			
Profits capitalized on return of investments			
General risk reserve			
Retained earnings		814,559,268.21	612,608,224.07
Total owners' equity attributable to parent company		18,944,809,934.56	15,476,014,329.96
Non-controlling interests			
Total owners' equity (or shareholders' equity)		18,944,809,934.56	15,476,014,329.96
Total liabilities and owners' equity (or shareholders' equity)		53,963,344,267.54	48,476,715,635.42

The accompanying notes from Page 17 to Page 101 form an integral part of these financial statements

Page 3 to Page 16 of these financial statements shall be signed by the following persons:

Legal representative: Person in charge of accounting: Person in charge of accounting organ:

Statement of Profit or Loss and Other Comprehensive Income

Year 2016

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd. | Currency: RMB Yuan

Item	Note	Amount for current year	Amount for prior year
1. Total operating income		1,047,407,909.85	510,219,320.00
Including: Operating income	Note 12-4	1,047,407,909.85	510,219,320.00
Interest income			
Insurance premiums earned			
Handling charges and commissions income			
2. Total operating costs		692,346,491.94	228,108,260.84
Including: Operating costs	Note 12-4	332,286,289.74	127,242,877.77
Interest expenses			
Handling charges and commissions expenses			
Refund of insurance premiums			
Net payments for insurance claims			
Net provision for insurance contracts			
Commissions on insurance policies			
Cession charges			
Business tax and extra charges		47,012,589.15	58,225,530.77
Sales expenses			111,382.60
Administrative expenses		57,729,859.34	42,790,123.96
Including: research and development expense			
Financial expenses		254,844,258.01	
Including: interest expense		296,055,861.13	
Interest income		44,663,570.77	
Net losses on exchange (net income from exchange expressed with "-")		25,582.85	
Impairment losses of assets		473,495.70	-261,654.26
Others			
Add: Gains from changes in fair value ("-" means loss)			
Investment income ("-" means loss)	Note 12-5	43,795,772.50	83,750,000.00
Including: Investment income from associates and joint venture		-284,227.50	
Income on exchange (loss expressed with "-")			
3. Operating profit ("-" means loss)		398,857,190.41	365,861,059.16
Add: Non-operating income		7,314,971.67	559,780.87
Including: Gains on disposal of non-current assets			
Gains from exchange of non-monetary assets			
Government grant income			
Gains from debt restructuring			
Less: Non-operating expenses		5,065,646.98	460,051.40
Including: Loss on disposal of non-current assets		3,262,722.28	
Losses from exchange of non-monetary assets			
Losses from debt restructuring			
4. Total profit ("-" means loss)		401,106,515.10	365,960,788.63
Less: Income tax expenses		89,660,910.50	70,680,740.09
5. Net profit ("-" means loss)		311,445,604.60	295,280,048.54
Net attributable to owners of parent company		311,445,604.60	295,280,048.54
Minority interests			
6. After-tax net amount of other comprehensive incomes			
(1) Other comprehensive incomes that will not be reclassified into gains and losses			
1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement			
2. Enjoyable shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method			
(2) Other comprehensive incomes that will be reclassified into gains and losses			
1. Enjoyable shares in other comprehensive incomes in investees that will be reclassified into gains and losses under the equity method			
2. Gains and losses on fair value changes of available-for-sale financial assets			
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets cash flows			
4. Effective hedging gains and losses on cash-flow			
5. Foreign-currency financial statement translation difference			
7. Total comprehensive incomes		311,445,604.60	295,280,048.54
Total comprehensive incomes attributable to owners of the parent company		311,445,604.60	295,280,048.54
Total comprehensive incomes attributable to minority shareholders			
8. Earnings per share (EPS)			
Basic EPS			
Diluted EPS			

The accompanying notes from Page 17 to Page 101 form an integral part of these financial statements

Page 3 to Page 16 of these financial statements shall be signed by the following persons:

Legal representative: **Person in charge of accounting:** **Person in charge of accounting organ:**

Statements of Cash Flows

Year 2016

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Currency: RMB Yuan

Item	Note	Amount for current year	Amount for prior year
1. Cash flow from operating activities:			
Cash received from revenue from selling goods or rendering of services		483,875,905.90	599,166,088.95
Net increase in deposits from customers and interbank			
Net increase in borrowings from central bank			
Net increase in deposit funds from other financial institutions			
Cash received from insurance premiums of original insurance contracts			
Net cash received from reinsurance business			
Net increase in policy holder deposits and investment funds			
Net increase in financial assets measured at fair value and changes recorded into current period profit or loss			
Cash received from interests, handling charges and commissions income			
Net increase in deposit funds			
Net increase in funds from repurchase business			
Refund of taxes and levies			
金Cash received relating to other operating activities		916,866,104.59	3,499,838,346.49
Subtotal of cash inflows from operating activities		1,400,742,010.49	4,099,004,435.44
Cash paid for goods and services			
Net increase in loans and advances to customers			
Net increase in deposits from central bank and interbank			
Cash paid for insurance claims of original insurance contracts			
Cash paid for interests, handling charges and commissions income			
Cash paid for policy dividends			
Cash paid to and on behalf of employees		29,755,919.29	27,738,723.46
Cash paid on taxes and levies		133,691,715.71	162,180,196.46
Other cash payment relating to operating activities		3,650,222,918.62	3,678,708,401.05
Subtotal of cash outflows from operating activities		3,813,670,553.62	3,868,627,320.97
Net cash flows from operating activities		-2,412,928,543.13	230,377,114.47
2. Cash flows from investing activities:			
Cash received from withdrawal of investments		231,017,438.17	
Cash received from return on investments		253,062,561.83	83,750,000.00
Net cash received from disposal of Property, Plant and Equipment , intangible assets and other long-term assets		662,468.19	
Net cash received from disposal of subsidiaries or other business units			
Other cash received relating to investing activities			
Subtotal of cash inflows from investing activities		484,742,468.19	83,750,000.00
Cash paid to acquire Property, Plant and Equipment, intangible assets and other long-term assets		1,703,635.03	2,612,349.37
Cash paid for investment		341,984,000.00	
Net increase in pledged loans			
Net cash paid to acquire subsidiaries and other business units		500,000,000.00	
Other cash payments relating to investing activities		1,600,000,000.00	
Subtotal of cash outflows from investing activities		2,443,687,635.03	2,612,349.37
Net cash flows from investing activities		-1,958,945,166.84	81,137,650.63
3. Cash Flows from Financing Activities:			
Cash received from capital contributions		2,000,000,000.00	
Including: Cash received from minority shareholder investments by subsidiaries			
Cash received from borrowings		8,100,889,351.25	7,194,000,000.00
Cash received from issuance of bonds			
Other cash received relating to financing activities		1,000,000,000.00	
Subtotal of cash inflows from financing activities		11,100,889,351.25	7,194,000,000.00
Repayment of borrowings		5,438,746,666.67	5,138,230,000.00
Cash paid for interest expenses and distribution of dividends or profit		1,451,630,075.05	1,621,660,780.60
Including: dividends or profit paid by subsidiaries to minority shareholders			
Other cash payments relating to financing activities		102,563,352.40	70,540,000.00
Sub-total of cash outflows from financing activities		6,992,940,094.12	6,830,430,780.60
Net cash flows from financing activities		4,107,949,257.13	363,569,219.40
4. Effect of foreign exchange rate changes on cash and cash equivalents			
5. Net increase in cash and cash equivalents		-263,924,452.84	675,083,984.50
Add: Opening balance of cash and cash equivalents		8,525,063,280.69	7,849,979,296.19
6. Closing balance of cash and cash equivalents		8,261,138,827.85	8,525,063,280.69

The accompanying notes from Page 17 to Page 101 form an integral part of these financial statements

Page 3 to Page 16 of these financial statements shall be signed by the following persons:

Legal representative: Person in charge of accounting: Person in charge of accounting organ:

Statement of Changes in Equity

Year 2016

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Currency: RMB Yuan

Item	Amount for current year												
	Equity attributable to owners of the parent company											Non-controlling interests	Total owners' equity
	Paid-in capital (equity)	Other equity instruments	Capital reserve	Less: treasury stock	Other comprehensive incomes	Specific reserve	Surplus reserve	General risk reserve	Retained earnings	Other	Subtotal		
1. Closing balance of prior year	5,525,400,000.00		9,243,222,969.89				94,783,136.00		612,608,224.07		15,476,014,329.96		15,476,014,329.96
Add: changes in accounting policy													
Correction of errors in previous periods													
Other													
2. Opening balance of current year	5,525,400,000.00		9,243,222,969.89				94,783,136.00		612,608,224.07		15,476,014,329.96		15,476,014,329.96
3. Increase/decrease in the period ("-" means decrease)		1,000,000,000.00	2,235,700,000.00				31,144,560.46		201,951,044.14		3,468,795,604.60		3,468,795,604.60
(1)Total comprehensive incomes									311,445,604.60		311,445,604.60		311,445,604.60
(2)Capital increased and reduced by owners		1,000,000,000.00	2,235,700,000.00								3,235,700,000.00		3,235,700,000.00
1. Capital increased by owners													
2. Capital increased by holders of other equity instruments		1,000,000,000.00									1,000,000,000.00		1,000,000,000.00
3. Amounts of share-based payments recognized in owners' equity													
4. Other			2,235,700,000.00								2,235,700,000.00		2,235,700,000.00
(3)Appropriation and use of special reserve													
1. Appropriation of special reserve													
2. Use of special reserve													
(4)Profit distribution							31,144,560.46		-109,494,560.46		-78,350,000.00		-78,350,000.00
1. Appropriations to surplus reserves							31,144,560.46		-31,144,560.46				
Including: statutory accumulation reserve							31,144,560.46		-31,144,560.46				
Discretionary accumulation reserve													
Reserve funds													
Enterprise expansion funds													
Profit capitalized on return of investment													
2. Appropriations to general risk provisions													
3. Appropriations to owners (or shareholders)									-78,350,000.00		-78,350,000.00		-78,350,000.00
4. Other													
(5)Internal carry-forward of owners' equity													
1. New increase of capital (or share capital) from capital reserves													
2. New increase of capital (or share capital) from surplus reserves													
3. Surplus reserves for making up losses													
4. Changes in net liabilities or assets with a defined benefit plan upon transfer remeasurement													
5. Other													
4. Closing balance	5,525,400,000.00	1,000,000,000.00	11,478,922,969.89				125,927,696.46		814,559,268.21		18,944,809,934.56		18,944,809,934.56

Statement of Changes in Equity (Continued)

Year 2016

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd. | Currency: RMB Yuan

Item	Amount for prior year												
	Equity attributable to owners of the parent company											Non-controlling interests	Total owners' equity
	Paid-in capital (equity)	Other equity instruments	Capital reserve	Less: treasury stock	Other comprehensive incomes	Specific reserve	Surplus reserve	General risk reserve	Retained earnings	Other	Subtotal		
1. Closing balance of prior year	5,525,400,000.00		9,243,222,969.89				65,255,131.15		460,066,180.38		15,293,944,281.42		15,293,944,281.42
Add: changes in accounting policy													
Correction of errors in previous periods													
Other													
2. Opening balance of current year	5,525,400,000.00		9,243,222,969.89				65,255,131.15		460,066,180.38		15,293,944,281.42		15,293,944,281.42
3. Increase/decrease in the period ("-" means decrease)							29,528,004.85		152,542,043.69		182,070,048.54		182,070,048.54
(1)Total comprehensive incomes									295,280,048.54		295,280,048.54		295,280,048.54
(2)Capital increased and reduced by owners													
1. Capital increased by owners													
2. Capital increased by holders of other equity instruments													
3. Amounts of share-based payments recognized in owners' equity													
4. Other													
(3)Appropriation and use of special reserve													
1. Appropriation of special reserve													
2. Use of special reserve													
(4)Profit distribution							29,528,004.85		-142,738,004.85		-113,210,000.00		-113,210,000.00
1. Appropriations to surplus reserves							29,528,004.85		-29,528,004.85				
Including: statutory accumulation reserve							29,528,004.85		-29,528,004.85				
Discretionary accumulation reserve													
Reserve funds													
Enterprise expansion funds													
Profit capitalized on return of investment													
2. Appropriations to general risk provisions													
3. Appropriations to owners (or shareholders)									-113,210,000.00		-113,210,000.00		-113,210,000.00
4. Other													
(5)Internal carry-forward of owners' equity													
1. New increase of capital (or share capital) from capital reserves													
2. New increase of capital (or share capital) from surplus reserves													
3. Surplus reserves for making up losses													
4. Changes in net liabilities or assets with a defined benefit plan upon transfer													
5. Other													
4. Closing balance	5,525,400,000.00		9,243,222,969.89				94,783,136.00		612,608,224.07		15,476,014,329.96		15,476,014,329.96

The accompanying notes from Page 17 to Page 101 form an integral part of these financial statements

Page 3 to Page 16 of these financial statements shall be signed by the following persons:

Legal representative: Person in charge of accounting: Person in charge of accounting organ:

Statement of Provision for Impairment of Assets

As of December 31,2016

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Currency: RMB Yuan

Item	Opening balance	Increase for current year				Decrease for current year					Closing balance	Item	Amount
		Accrued amount for current year	Consolidated increase	Increase from other reasons	Total	Reversal due to asset value rebound	Writing-off amount	Consolidated decrease	Decrease from other reasons	Total			
1. Provision for bad debts	459,124.28	473,495.70			473,495.70						932,619.98	Supplementary materials:	
2. Provision for inventory write-down												1. Staying in the account due to policies	
3. Provision for impairment of available-for-sale financial assets												2. Decrease by active elimination of previously losses on account	
4. Provision for impairment of held-to-maturity investments												Including: decrease by active elimination of previously losses on account in current year's profit and loss	
5. Provision for impairment of long-term equity investments													
6. Provision for impairment of investment properties													
7. Provision for impairment of fixed assets													
8. Provision for impairment of construction supplies													
9. Provision for impairment of construction in progress													
10. Provision for impairment of bearer biological assets													
11. Provision for impairment of oil and gas assets													
12. Provision for impairment of intangible assets													
13. Provision for impairment of goodwill													
14. Other provision for Impairment													
Total	459,124.28	473,495.70			473,495.70						932,619.98		

The accompanying notes from Page 17 to Page 101 form an integral part of these financial statements

Page 3 to Page 16 of these financial statements shall be signed by the following persons:

Legal representative: Person in charge of accounting: Person in charge of accounting organ:

ChengduXingcheng Investment Group Co., Ltd.
Notes of 2016 Consolidated Financial Statement

Note 1 General Information

1. Business Registration Place, Organization Form and Headquarters Address

ChengduXingcheng Investment Group Co., Ltd. (hereinafter referred to as the Company, or the Group) acquired the business license, registration No.10100095376, issued by Chengdu Administration for Industry and Commerce on 26 March 2009. Legal Representative: RenZhineng. On 1 April 2012, according to the Notice on the Capital of Chengdu Xingcheng Investment Group Co., Ltd. (C.C.T. [2012] No.30 & 31)issued by Chengdu Bureau of Finance and Chengdu State-owned Assets Supervision and Administration Commission (hereinafter referred to as Chengdu SASAC),Chengdu SASAC increased 2.5254 billion Yuan capital. As of 31 December 2016, the Companys registered capital is 5.5254 billion Yuan;company type: Limited Liability Company. The Company fulfills its investor functions by Chengdu SASAC, and renewed the business license with the unified social credit code of 915101006863154368 on 31 March 2016. Company address: No.99 Zhuojin Road East,High-tech Zone, Chengdu.

2. The Nature of Business and Main Business Activities of the Company

Nature of the business: mainly in municipal public construction projects, construction of major government projects.

Main business activities: land consolidation and development; supporting urban infrastructure, investment and financing for environmental management, construction and management; low-rent housing, affordable housing, limit commercial housing and ordinary commercial housing development and construction; capital operation; franchising; state-owned assets management; foreign investment; other non-administrative licensing business projects.

3. The Name of Parent Company and the Group Headquarter

The parent company is Chengdu SASAC directly subordinate enterprise.

4. The Approved Reporter of the Financial Statements

The financial statements have been reviewed and approved by the board of directors.

Note 2 Basis of Preparation

This financial report is prepared on the basis of going - concern assumption, according to actual transactions and events, in accordance with: Accounting Standards for Business Enterprises - Basic Standard issued by the Ministry of Finance (Decree No.33 released, Decree No.76 amended); 41 specific accounting standards released and amended since 15 February 2006; Accounting standard for business enterprises application guidelines; Accounting Standards for Business Enterprises Interpretations and the other related regulations (collectively " Accounting Standards for Business Enterprises, ASBE").

Note 3 Statement of Compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the Company's financial position as of 31 December 2016, and the Company's results of operations and cash flows for the year then ended.

Note 4 Important Accounting Principles and Accounting Estimates

1. Accounting Period

The Companys accounting period is divided into annual and interim. Accounting interim means the reporting period is shorter than a full fiscal year. The Companys fiscal year uses the Gregorian calendar year, which is from 1 January to 31 December.

2. Monetary Unit

The Company uses RMB Yuan as the currency. The currency used when the Company preparing the financial statements is RMB Yuan.

3. Accounting Basis and Valuation Principle

According to the provisions of ASBE, the Companys accounting is on accrual basis. Except for certain financial instruments, the financial statements are based on the measurement of historical cost. The assets shall provision for impairment in accordance with the relevant provisions if the assets are impaired.

4. Business Combination

The term business combination refers to a transaction or event bringing together two or more separate enterprises into one reporting entity.

(1) Business Combination under the Same Control

A business combination under same control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. In a business combination under same control, the party which obtains control of other combining enterprise(s) on the combining date is the merging party, the other combining enterprise(s) is (are) the merged party. The combining date refers to the date on which the merging party actually obtains control of the merged party.

The assets and liabilities that the merging party obtains in a business combination shall be measured on the basis of their book value in the merged party on the date of consolidation. The difference between the net assets book value which the merging party obtains and the book value of the consideration which it pays (or the total par value of the shares issued) shall adjust Capital reserve (stock premium). If the Capital reserve is not sufficient to be offset, the retained earnings shall be adjusted.

The direct costs for the business merger of the merging party shall be recorded into the current profits and losses when the combination is occurred.

(2) Business Combination Not under the Same Control

Business combination under different control is a business combination under different control in which the combining enterprises are not ultimately controlled by the same party or the same parties both before and after the business combination. In a business combination under different control, the party which obtains the control on other combining enterprise(s) on the purchase date is the acquirer, and other combining enterprise(s) is (are) the acquiree. The "acquisition date" refers to the date on which the acquirer actually obtains the control on the acquiree.

For the combination between entities under different control, the combination cost is the fair value of the paid asset of the acquirer, debt occurred or to be payable, and the issued equity bonds on the combining date. The cost for the business combination include the expenses for audit, assessment and legal services shall be recorded into the current profits and losses. The transaction costs arising from the issuing of equity securities or debt securities as consideration shall be included in the initial recognition amount of equity securities or debt securities. The related contingent consideration shall be recorded into merger cost at fair value on the combining date. When new or further evidence arising to the existing circumstance within 12 months of combining date, the combining goodwill shall be adjusted accordingly. The merger cost of the acquirer and the identifiable net assets arising from the merger shall be measured at the fair value on the combining date. If the merger cost is greater than the acquirees identifiable net assets fair value share on the combining date, the difference shall be recognised as goodwill. When the merger cost is smaller than the acquirees identifiable net assets fair value share, the acquirees identifiable net assets, liabilities, contingent liabilities at fair value and merger costs shall all be reviewed. If the merger cost is still smaller than the acquirees identifiable net assets fair value share, the difference shall be included in current profits and losses.

If the deductible temporary difference that acquirer acquired from the acquire was not recognised because it does not meet the conditions of the deferred tax assets, within the 12 of combining date, if new or further information could show that the related information of combining date exists, and the expected economic benefit from the deductible temporary difference of acquire on the combining date is likely to happen, then recognise the related deferred tax assets and reduce the goodwill. When the goodwill is insufficient to offset, the difference shall be included in current profits and losses. Except the situations above, the deferred tax assets related to combination shall be included in current profits and losses.

For the combination between entities under different control trough stages shall be recognised whether it is a package deal according to the Notice on Printing and Issuing No.5 Accounting Standards for Business Enterprises Interpretations, the Ministry of Finance (Finance and Account [2012] No.19) and ASBE No.33-Consolidate Financial Statements Article 51, the stand for package deal (see Note 7.5, (2)). When it is a package deal, it shall be accounted according to the description above and the Note 4.10Long-term Equity Investments. If it is not a package deal, it shall be accounted on the basis of individual financial statements and consolidated financial statements:

In the individual financial statements, the initial investment cost is the sum of acquirees equity investment book value before the combining date and the new investment cost on the combining date; If the equity held by the acquiree before the combining date is related to other comprehensive income, when disposal this investment, the related other comprehensive income shall be accounted on the same basis of the acquirees direct disposal of assets or liabilities (Except the share measured by equity method arising from the acquirees re-measurement of defined benefit plans net liabilities/assets , the rest should be included in current investment profits).

In the consolidated financial statements, the acquirees equity before the combining date shall be remeasured according to the fair value on combining date, the difference of fair value and the book value shall be included in current investment profit; f the equity held by the acquiree before the combining date is related to other comprehensive income, when disposal this investment, the related other comprehensive income shall be accounted on the same basis of the acquirees direct disposal of assets or liabilities (Except the share measured by equity method arising from the acquirees re-measurement of defined benefit plans net liabilities/assets , the rest should be included in current investment profits).

5. Preparation Methods of Consolidated Financial Statements

(1) The Standard of Consolidated Financial Statements Scope

The scope of consolidated financial statements shall be confirmed as on the control. Control means the Company has the right to the investee, has variable returns by participating in the relevant activities of the investees, and has the ability to use the power to influence the return amount of the investee. Scope of combination includes the Company and its subsidiaries. A subsidiary is the subject controlled by the Company.

The Company will re-evaluate once the change of relevant facts and circumstances have caused changes in the control factor described above.

(2) Preparation Methods of Consolidated Financial Statements

From the date of the actual control of the acquired subsidiarys net assets and operating decisions, the Company begins to include it in the scope of consolidation; stop the combination from the date of loss of effective control. For disposal of subsidiaries, the operating results and cash flows before disposal date have been properly included in the consolidated income statement and cash flow statement; Current disposed subsidiaries shall not adjust the beginning balance of the consolidated balance sheet. For subsidiary arising from business combination under different control, the operating results and cash flows after the combining date have been properly included in the consolidated income statement and consolidated cash flow statement, and do not adjust the beginning balance and the comparative balance of consolidated financial statements. For subsidiary arising from business combination under same control and the merged party in a merger, the operating results and cash flows from the beginning of combination period to combining date have been properly included in the consolidated income statement and consolidated cash flow statement, and adjust the comparative balance of consolidated financial statements.

In the preparation of the consolidated financial statements, when the accounting policies and accounting period adopted by the Company and subsidiaries are inconsistent, the financial statements of subsidiaries shall be made the necessary adjustments in accordance with the accounting policies and accounting period of the Company. For the subsidiary acquired from business combination under different control, the financial statements shall be adjusted based on the fair value of the identifiable net assets on the combining date.

All inter-Company significant current balances, transactions and unrealised profits shall be offset in the consolidated financial statements.

Subsidiary's equity and net profits or losses that are not owned by the Company shall be listed separately as part of the minority interests and minority interests in profit or loss in the equity and net profits items of consolidated financial statements. Share of the profit or loss of subsidiaries attributable to minority interests in the consolidated income statement below the net profit line item as "minority interests" item listed. Loss of a subsidiary shared by minority shareholders exceeds the minority shareholders in the subsidiary's opening shareholders 'equity share, offset minority shareholders' equity. The subsidiaries net losses share belong to minority interests shall be listed as minority interests in profit or loss in the net profit item of consolidated income statement. When the subsidiaries loss shared by minority shareholders is greater than the share of the beginning equity that minority shareholders have.

When lost the control over a former subsidiary as a result of the disposal of part of the equity investment or other reasons, the remaining equity shall be re-measured in accordance with its fair value at the date when control is lost. The difference of the sum of the consideration for the disposal of equity and the fair value of the remaining equity shares minus the net assets share of former subsidiary calculated continuously since the beginning of the combining date according to the original shareholdings proportion shall be recorded in the investment profit of current control lost period. Other comprehensive income related to former subsidiary's equity investment, when lost control, shall be accounted on the same basis of the acquirees direct disposal of assets or liabilities (Except the difference arising from the former subsidiary's re-measurement of defined benefit plans net liabilities/assets, the rest should be included in current investment profits). The remaining equity shall be subsequently measured according to ASBE No.2 Long-term equity investment or ASBE No.22 Recognition and measurement of financial instruments, see detailed Note 4.12 "Long-term Equity Investment" or Note 4.9 "Financial Instruments."

When the Company dispose the subsidiary's equity investment through several transactions until the loss of control, the several transactions of dispose the subsidiary's equity investment until the loss of control shall be determined whether they are a package deal. Multiple transactions should be accounted as a package deal when the terms, conditions and the economic impact of the disposal of the subsidiary's equity investment transactions meet with one or more of cases as: These transactions are made at the same time or under the consideration of each other; these transactions works as a whole in order to reach a complete business results; a transaction occurs depends on the occurrence of at least one other transaction; a transaction alone is not economical, but when considered together with other transactions is economical. When it is not a package deal, each of the transactions shall be accounted according to partially dispose the long-term equity investments in subsidiaries without losing the control (see Note 4.12, (2)) and lost the control over subsidiary as a result of partially disposal of long-term equity investment or other reasons (see before). When the disposal of equity investments in subsidiaries until the loss of control is a package deal, the transactions shall be accounted as a transaction of disposal of equity investments in subsidiaries until the loss of control; However, the difference of each disposal price and the subsidiary net assets share related to the disposal investment before the loss of control, shall be recognised in the consolidated financial statements as other comprehensive income, recorded in profits and losses of control lost period when lost control.

6. Category of Joint Arrangements and Accounting Methods for Joint Operation

The joint arrangements refer to an arrangement jointly controlled by two or more than two participants. The joint arrangementsare divided into joint operation and joint venture according to the rights and obligations of the Company under the joint arrangements. 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. 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.

The Company adopts the equity method to calculate the investment of the joint venture, and shall be accounted according to the accounting policies described in Note 4.12, (2) "long-term equity investment measured by equity method".

As a joint operator of the joint operation, the Company confirms its rights to the assets, and obligations for the liabilities held alone, and the rights to the assets, and obligations for the liabilities held jointly according to the Companys share; confirmsits revenue from the sale of its share of the output of the joint operation; confirms its revenue from the sale of the output of the joint operation according to the Companys share; and confirmsits expenses according to the Companys share, including its share of any expenses incurred jointly.

When the Company invests or sells assets (the asset does not constitute a business, the same below) to the joint operation or buys assets from the joint operation, before selling the assets to third parties, the Company only confirmspartial gains and losses attributable to the other participant of the joint operation produced by the transaction. When the assets occur loss of asset impairment that is in accordance with theregulations in ASBE No.8 - impairment of assets, for investing or selling assets to the joint operation, the Company fully confirms the losses; and for buying assets from the joint operation, the Company confirms the losses according to its share.

7. Recognition Criteria of Cash and Cash Equivalents

The recognizing cash and cash equivalents of the Company refer to cash on hand, deposits that are available for payment at any time, and the investment held by the Company with short period (in general, expire within 3 months from the purchase day), high mobility, and low value change risk, easily converted into know cash.

8. Foreign Currency Businesses and Translation of Foreign Currency Financial Statements

(1) Accounting Treatments for Translation of Foreign Currency Transactions

The Company's foreign currency transactions during initial recognition are translated into recording currency amount according to the spot ratethe central parity exchange rates published by People's Bank of China, same belowof the transaction date. However, foreign currency exchange business or transactions related to foreign currency exchange are translated into recording currency amount according to the actual exchange rate.

(2) Accounting Treatments for Translation of Foreign Currency Monetary Items and Non-monetary Items

The foreign currency monetary items are translated according to the spot exchange rate on the balance sheet date. The result in exchange differences are recognised in profits and losses, except: the differences belong to the exchange gains and losses produced by loan relating to acquisition and construction of fixed assets, which shall be treated under the capitalization principle of the borrowing costs; and exchange difference arising from the book balance changes except post-amortization cost of available for sale foreign currency monetary items is recognised in other comprehensive income.

9. Financial Instruments

When the Company becomes a party to a financial instrument, it shall recognise a financial asset or financial liability. Financial assets and financial liabilities are initially recognised at fair value. For the financial assets and liabilities which are measured at their fair values and whose variation is recorded into the current profits and losses, the transaction costs are included directly in profit and loss. For other financial assets and liabilities, the transaction costs are included directly in initial confirmation amount.

(1) Determination of the Fair Value of Main Financial Assets and Financial Liabilities

The fair value is the amount of an asset that can be received or the amount to be paid to transfer a liability in orderly transactions on the measurement date. When there is an active market for financial instruments, the Company uses quoted prices to determine the fair value. The quoted prices in the active market refer to the prices, which are easily available from the stock exchanges, brokers, industry associations, pricing service institutions and etc. at a fixed term, and which represent the prices at which actually occurred market transactions are made under fair conditions. When there is no active market for financial instruments, the Company uses valuation appraisal techniques to determine the fair value. The value appraisal techniques mainly include the prices adopted by the parties, who are familiar with the condition, in the latest market transaction upon their own free will, the current fair value obtained by referring to other financial instruments of the same essential nature, the cash flow capitalization method and the option pricing model, etc.

(2) Category, Recognition and Measurement of Financial Assets

Accounting recognition and termination of recognition shall be made according to the trade date in regular purchase of financial assets. Financial assets are classified at initial recognition as financial assets at fair value through profits and losses, held-to-maturity investments, loans and receivables and available-for-sale financial assets. At the time of initial recognition, financial assets are divided into: the financial assets measured at fair values and variation included in the current profits and losses, held-to-maturity investments, loans and the receivables, financial assets available for sale.

①The financial assets which are measured at their fair values and the variation of which is recorded into the profits and losses of the current period

Including transactional financial assets and the financial assets which are measured at their fair values and whose variation is included in the current profits and losses.

The financial assets that meet any of the following requirements shall be classified as transactional financial assets: A. The said financial asset being acquired or undertaken mainly for the purpose of selling or repurchase in the near future; B. Forming a part of the identifiable combination of financial instruments which are managed in a centralised way, and for which there are objective evidences that prove that the enterprise will manage the combination by way of short-term profit-making in the near future; C. Being a derivative instrument. However, the designated derivative instruments which are effective hedging instruments, the derivative instruments which are financial guarantee contracts, and the derivative instruments which are connected with the equity instrument investments for which there is no quotation in the active market, whose fair value cannot be reliably measured, and which shall be settled by delivering the said equity instruments, shall be excluded.

The financial assets meeting any of the following requirements can be designated, when they are initially recognised, as financial assets as measured at its fair value and of which the variation is included in the current profits and losses: A. The designation is able to eliminate or obviously reduce the discrepancies in the recognition or measurement of relevant gains or losses arisen from the different basis of measurement of the financial assets or financial liabilities; B. The official written documents on risk management or investment strategies of the Company concerned have recorded that the combination of said financial assets, or the combination of said financial assets and financial liabilities will be managed and evaluated on the basis of their fair values and be reported to the key management personnel.

The transactional financial assets measured at its fair value and of which the variation is included in the current profits and losses shall be made subsequent measurement according to the fair value. The profits and losses arising from the change in the fair value, the dividend and interest income related to the financial assets shall be included in the current profits and losses.

②The investments which will be held to their maturity

The term "held-to-maturity investment" refers to a non-derivative financial asset with a fixed date of maturity, a fixed or determinable amount of repo price and which the enterprise holds for a definite purpose or the enterprise is able to hold until its maturity.

The held-to-maturity investment uses actual interest rate method, make subsequent measurement in accordance with post-amortization costs. The profits and losses arising from termination of recognition, impairment or amortization shall be included in the current profits and losses.

The actual interest rate method refers to the method by which the post-amortization costs and the interest incomes of different installments or interest expenses are calculated in light of the actual interest rates of the financial assets or financial liabilities (including a set of financial assets or financial liabilities). The actual interest rate refers to the interest rate adopted to cash the future cash flow of a financial asset or financial liability within the predicted term of existence or within a shorter applicable term into the current carrying amount of the financial asset or financial liability.

When the actual interest rate is determined, the future cash flow shall be predicted on the basis of taking into account all the contractual provisions concerning the financial asset or financial liability (the future credit losses shall not be taken into account). The various fee charges, trading expenses, premiums or reduced values etc.which are paid or collected by the parties to a financial asset or financial liability contract and which form a part of the actual interest rate, shall also be taken into account in the determination of the actual interest rate.

③Loans and the account receivables

Loans and receivable refers to the non-derivative financial assets for which there is no quoted price in the active market and of which the repo amount is fixed or determinable. The Company classified loans and receivables include notes receivable, accounts receivable, interest receivable, dividends receivable and other receivables.

The Loans and the receivables uses actual interest rate method, make subsequent measurement in accordance with post-amortization costs. The profits and losses arising from termination of recognition, impairment or amortization shall be included in the current profits and losses.

④Financial assets available for sale

Financial assets available for sale refers to the non-derivative financial assets which are designated as sellable when they are initially recognised as well as the financial assets other than those as described below: financial assets measured at their fair values and of which the variation is recorded into the profits and losses of the current period; loans and the receivables; held-to-maturity investments.

The cost at term end of sellable debt instruments shall be determined by post-amortization cost method. The post-amortization cost refers to the following result after adjustment of the initially recognised amount: after deducting the already paid principal; after plus or minus the accumulative amount of amortization occurred from amortizing the balance between the initially recognised amount and the amount of the maturity date by adopting the actual interest rate method; and after deducting the impairment losses that have actually occurred.

The Company makes subsequent measurement on its financial assets according to their fair values. The profits and losses arising from the change in the fair value of a sellable financial asset shall be included directly in other comprehensive income with the exception of impairment losses and the gap arising from foreign exchange conversion of cash financial assets in any foreign currency, and when the said financial asset is stopped from recognition and is transferred out, it shall be recorded into the profits and losses of the current period. However, the equity instrument investments for which there is no quotation in the active market and whose fair value cannot be measured reliably, and the derivative financial assets which are connected with the said equity instrument and must be settled by delivering the said equity instrument shall be measured on the basis of their costs.

The interests from the sellable financial asset and cash dividends from investee shall be recorded into investment income.

(3) Impairment of Financial Assets

The Company carries out an inspection on the balance sheet day on the book value of the financial assets other than those measured at their fair values and of which the variation is recorded into the profits and losses of the current period. Where there is any objective evidence proving that such financial asset has been impaired, an impairment provision will be made.

The Company makes impairment tests on the financial assets with significant single amounts. With regard to the financial assets with insignificant single amounts, an independent impairment test will be carried out, or they may be included in a combination of financial assets with similar credit risk features so as to carry out an impairment-related test. Where, upon independent test, the financial asset (including those financial assets with significant single amounts and those with insignificant amounts) has not been impaired, it is included in a combination of financial assets with similar risk features so as to conduct another impairment test. The financial assets which have suffered from an impairment loss in any single amount are not included in any combination of financial assets with similar risk features for any impairment test.

① Impairment on held-to maturity investment, loans and receivables

Where a financial asset measured on the basis of costs or post-amortization costs is impaired, the carrying amount of the said financial asset shall be written down to the current value of the predicted future cash flow, and the amount as written down shall be recognised as loss of the impairment of the asset and shall be recorded into the profits and losses of the current period. Where any financial asset measured on the basis of post-amortization costs is recognised as having suffered from any impairment loss, if there is any objective evidence proving that the value of the said financial asset has been restored, and it is objectively related to the events that occur after such loss is recognised, the impairment-related losses as originally recognised shall be reversed and be recorded into the profits and losses of the current period. The reversed carrying amount shall not be any more than the post-amortization costs of the said financial asset on the day of reverse under the assumption that no provision is made for the impairment.

②Impairment of available-for-sale financial assets

When the decline of sellable equity instruments investment fair value is significant or non-temporary, sellable equity instrument is impaired. "Serious fall" means that the fair value declines by more than 20%; and "non-temporary drop" means that the fair value declines continuously for more than 12 months.

Where a sellable financial asset is impaired, the accumulative losses arising from the decrease of the fair value of the other comprehensive income are transferred out and recorded into the profits and losses of the current period. The accumulative losses that are transferred out are the balance obtained from the initially obtained costs of the sold financial asset after deducting the principals as taken back, the current fair value and the impairment-related losses as was recorded into the profits and losses of the current period.

As for the sellable debt instruments whose impairment-related losses have been recognised, if, within the accounting period thereafter, the fair value has risen and are objectively related to the subsequent events that occur after the originally impairment-related losses were recognised, the originally recognised impairment-related losses shall be reversed. The impairment-related losses incurred to a sellable equity instrument investment shall be recorded into the other comprehensive income and the impairment-related losses incurred to a sellable debt instruments shall be recorded into the profits and losses of the current period.

The impairment-related losses incurred to an equity instrument investment for which there is no quoted price in the active market and whose fair value cannot be reliably measured, or incurred to a derivative financial asset which is connected with the said equity instrument and which shall be settled by delivering the said equity instrument, may not be reversed.

(4) Recognition and Measurement of Financial Assets Transfer

The financial asset shall be stopped recognizing when: ①Where the contractual rights for collecting the cash flow of the said financial asset are terminated; ②Where the enterprise has transferred nearly all of the risks and rewards related to the ownership of the financial asset to the transferee; ③Where the enterprise does not transfer or retain nearly all of the risks and rewards related to the ownership of a financial asset, but does give up its control over the financial asset.

Where an enterprise does not transfer or retain nearly all of the risks and rewards related to the ownership of a financial asset, and does not give up its control over the financial asset, it shall, according to the extent of its continuous involvement in the transferred financial assetrecognise the related financial asset and recognise the relevant liability accordingly. The term "continuous involvement in the transferred financial asset" shall refer to the risk level that the enterprise faces resulting from the change of the value of the financial asset.

If the transfer of an entire financial asset satisfies the conditions for stopping recognition, the difference between the amounts of the following two items shall be recorded in the current profits and losses: The book value of the transferred financial asset; The sum of consideration received from the transfer, and the accumulative amount of the changes of the fair value originally recorded in other comprehensive income.

If the transfer of partial financial asset satisfies the conditions of stopping the recognition, the entire book value of the transferred financial asset shall, between the portion whose recognition has been stopped and the portion whose recognition has not been stopped, be apportioned according to their respective relative fair value, and the difference between the amounts of the following two items shall be included in the current profits and losses: The book value of the portion whose recognition has been stopped; the sum of consideration of the portion whose recognition has been stopped, and the portion of the accumulative amount of the changes in the fair value originally recorded in other comprehensive income which is corresponding to the portion whose recognition has been stopped.

For the financial asset sold with resource or the transfer of financial assets endorsement, the Company shall determine whether nearly all of the risks and rewards related to the ownership of the financial asset have been transferred. If nearly all of the risks and rewards related to the ownership of the financial asset have been transferred, the recognition of the financial asset shall be terminated. If nearly all of the risks and rewards related to the ownership of the financial asset have been retained, the recognition of the financial asset shall not be terminated. If nearly all of the risks and rewards related to the ownership of the financial asset have neither transferred nor retained, then continue to judge if the Company retains control of the assets, and carry on accounting treatment according to the principles above.

(5) Categoryand Measurement of Financial Liabilities

Financial liabilities shall be classified into: the financial liabilities which are measured at their fair values and of which the variation is included in the current profits and losses; other financial liabilities. The financial liabilities initially recognised shall be measured at their fair values. For the financial liabilities measured at their fair values and of which the variation is recorded into the current profits and losses, the transaction expenses thereof shall be directly recorded into the current profits and losses, for other categories of financial liabilities, the transaction expenses thereof shall be included into the initially recognised amount.

①Financial liabilities measured at fair values and whose changes are recorded in current gains and losses

The category of transactional financial liabilities and the initially designated financial liabilities which are measured at their fair values and of which the variation is included in the current profits and losses is the same as the category of transactional financial assets and the initially designated financial assets which are measured at their fair values and of which the variation is included in the current profits and losses.

The financial liabilities measured at their fair values and of which the variation is recorded into the current profits and losses makes subsequent measurement according to fair value. The profits and losses arising from the change in the fair value, the dividend and interest income related to the financial assets shall be included in the current profits and losses.

②Other financial liabilities

For the derivative financial liabilities, which are connected to the equity instrument for which there is no quotation in the active market and whose fair value cannot be reliably measured, and which must be settled by delivering the equity instrument, they shall be subsequently measured on the basis of their costs. The Company shall make subsequent measurement on the other financial liabilities on the basis of the post-amortization costs by adopting the actual interest rate method, the profits and losses arising from termination of recognition or amortization shall be included in the current profits and losses.

(6) De-recognition of Financial Liabilities

Only when the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly. Where the Company (debtor) enters into an agreement with a creditor so as to substitute the existing financial liabilities by way of any new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, it shall terminate the recognition of the existing financial liability, and shall at the same time recognise the new financial liability.

Where the recognition of a financial liability is totally or partially terminated, the gap between the book value which has been terminated from recognition and the considerations it has paid (including the non-cash assets it has transferred out and the new financial liabilities it has assumed)shall be included in the current profits and losses.

(7) Derivatives and Embedded Derivatives

The financial asset and liabilities can be offset and the net amount should be listed in the balance sheet when the Company is legally authorised to offset verified amount and the legal right is executable and the Company is planned of netting and meanwhile change the financial asset into cash and pay the financial liability. Otherwise the financial asset and liabilities should be listed respectively in the balance sheet and should not be offset.

(8) Equity Instruments

The "equity instruments" refers to the contracts which can prove that he Company holds the surplus equities of the assets after the deduction of all the debts. The issue (including refinancing), repurchase, sale or cancellation of equity instruments shall be recognised as a process of changes in equity. The Company does not recognise any change in the fair value of equity instruments. Transaction costs related to the equity transaction shall be deducted from equity.

As to the various distributions to holders of an equity instrument, the Company shall decrease the owner's equities. The Company does not recognise any change in the fair value of equity instruments.

10. Receivables

Receivables include accounts receivable and other receivables.

(1) Method for Bad Debts Provision

①Provisions of bad debts in account receivables that is individually significant

The Company shall identify receivables amount more than 1 million Yuan as significant single amounts of receivables.

The Company shall do the impairment test individually on significant single amounts of receivables. The financial assets that are not impaired in the individually test shall have the including impairment test in a combination of financial assets with similar credit risk characteristics. The receivables that are recognised as impaired in the individually test shall not have the including impairment test in a combination of receivables with similar credit risk characteristics.

②Provisions of bad debts in account receivables that individually insignificant item with similar credit risk characteristics that have significant risk

A. Evidence of Credit Risk Characteristics Portfolios

As for the insignificant single amount receivables and significant single amount receivables that is not impaired in the individually test, the financial assets shall be grouped on the similarity and correlation of credit risk characteristics. These credit risks usually reflect the debtor's ability to repay all amounts due according to the contractual terms, and is related to the estimates of future cash flows of the assets being checked.

Evidence of difference portfolios:

Items	Evidence of portfolios
Aging risk portfolios	Amount receivable beyond other portfolios
Government debts	Accounts receivable of related government departments are mainly advance investments paid by related government departments
Affiliates transactions	Group internal transactions
Deposit, petty cash and other project settlement	Droppage in the project settlement

B. Provision by Credit Risk Characteristics

When tested impairment by combination method, the amount of bad debts shall be estimated and recognised according to: receivables structure and the similar credit risk characteristics (debtors ability to repay debt according to the contract terms); the historical loss experience; the current economic situation; and exist losses in expected receivables combination.

Provisions for difference portfolios:

Items	Provision
Aging risk portfolios	Assess risk according to the aging time, determine the provision ratio
Government debts	Pay back on schedule, no provision for bad debts
Affiliates transactions	No provision for bad debts
Deposit, petty cash and other project settlement	If can collect or charge back, no provision for bad debts

The combination provision method of provision for bad debts using aging analysis method:

Aging	Accounts receivable provision ratio (%)	Other receivable provision ratio (%)
≤1 Year (including 1 year, hereinafter the same)	0	0
1-3 1-3 Years	5	5
3-5 3-5 Years	20	20
5 > 5 Years	40	40

③Provisions of bad debts that is individually insignificant:

For receivables with insignificant individually amount but has strong evidence of obvious difference of recoverability, use individual provision for bad debts (or specific identification method provision for bad debts).

④Group internal account

The current account included in the consolidated statements of the Company's internal units do not provision for bad debts in principle. If there is objective evidence shows that they have been impaired, for example, there is objective evidence that the affiliates (debtors) has been revoked, bankruptcy, insolvency and so on, the amount shall be confirmed impairment loss individually, provision for bad debts, using specific identification method.

(2) The Reversal of Bad Debts Provision

The original recognised impairment loss shall be reversed and included as current profits and losses when there is objective evidence proves that the value of the receivables has been restored and is objectively relating the matter happened after the recognition of the loss. However, the book value of the reversed shall not exceed the amortised cost of the receivable under the assumption that has no provision for impairment on the reverse date.

When the Company transfers receivables to financial institutions in non-recourse method, the difference between the transaction amount deducting its book value of resold receivables and the related tax, shall be recorded in current profits and losses.

11. Inventories

(1) Category of Inventory

Inventories include Materials for construction, Development expenditure, deferred investments, indirect costs, finished products, low-value consumables, packaging materials, etc.

(2) Valuation Method of Inventories upon Delivery

Inventories are initially measured at cost. Inventories include inventory materials, under construction development product (development expenditure), finished development product, etc. The cost of developing products includes land-transferring fees, Infrastructure expenditures, construction and installation costs, borrowing costs incurred prior to project completion and other related costs. Inventories are directly included in Development expenditure according to the actual consumption and supplier settlement accounts.

(3) Basis for Determining Net Realizable Value of Inventories and Provision Methods for Decline in

Value of Inventories

The net realizable value refers to in the daily business activity the amount after deducting the estimated cost of completion, estimated sale expense and relevant taxes from the estimated sale price of inventories. The net realizable value of inventories shall be confirmed on the ground of reliable evidence obtained, taking into consideration of the purpose for holding inventories and the effects of events occurring after the date of the balance sheet.

On the date of balance sheet, the inventories shall be measured whichever is lower in accordance with the cost and the net realizable value. If the cost of inventories is higher than the net realizable value, the provision for the loss on decline in value of inventories shall be made.

The provision for the loss on decline in value of inventories is usually according to difference between the cost of individual inventory item and its net realizable value. If the factors causing any write-down of the inventories have disappeared and the net realizable value is higher than the inventories book value, the amount of write-down shall be resumed and be reversed from the provision for the loss on decline in value of inventories that has been made. The reversed amount shall be included in the current profits and losses.

(4) The Perpetual Inventory System Is Maintained for Stock System

(5) Amortization Method of the Low-value Consumption Goods and Packing Articles

The low-value consumables shall be amortised by employing the one-offamortizationmethod; the packaging materials shall be amortised by employing the one-offamortizationmethod.

12. Long-term Equity Investments

The long-term equity investment in this section refers to the Company has control, joint control or significant influences over the invested enterprise. The long-term equity investment which the Company has no control, joint control or joint control shall be accounted as sellable financial assets or financial assets that are measured in fair value and variation included in current profits and losses. The accounting policies see Note4.9 Financial Instruments.

The term "joint control" refers to the control over an economic activity in accordance with the contracts and agreements, which does not exist unless the investing parties of the economic activity with one an assent on sharing the control power over the relevant decisions. The term "significant influences" refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not to control or do joint control together with other parties over the formulation of these policies.

(1) Recognition of Investment Costs

For the merger of enterprises under the same control, it shall, on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the Capital reserve;if the Capital reserve is insufficient to offset, the retained earnings shall be adjusted. For obtainingthe equity of the merged party under the same control step by step through multiple transactions and ultimately the formation of enterprise merger under the same control, it shall be accounted based on whether it belongs to "a package deal": when it is "a package deal", the transactions shall be accounted as a transaction to obtain control. When it is not "a package deal", if the consideration of the merging enterprise is that it issues equity securities, it shall, on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment. While the difference between the initial cost of the long-term equity investment and the sum of the book value of the long-term equity investment before the merger and the book value of the new share payment on the merger date shall offset against the Capital reserve; if the Capital reserve is insufficient to offset, the retained earnings shall be adjusted.Other comprehensive income confirmed by the equity investments held before the date of merger due to the use of equity method accounting or recognised as the available-for-sale financial assets shall not be accounted.

For the merger of enterprises not under the same control, it shall, on the date of purchase, regard the merger cost as the initial cost of the long-term equity investment. For obtaining the equity of the acquiree step by step through multiple transactions and ultimately the formation of enterprise merger not under the same control, it shall be accounted based on whether it belongs to "a package deal": when it is "a package deal", the transactions shall be accounted as a transaction to obtain control. When it is not "a package deal", regard the book value of the original equity investment of the acquiree and newly-added investment costas the initial investment cost of the long-term equity investment by the cost method accounting. If the originally held equity was accounted by the equity method, other comprehensive income shall not be accounted. If the originally held equity investment was the available-for-sale financial assets, the difference between the fair value and book value, plusthe accumulative changes in the fair value, which were originally recorded in other comprehensive income, shall be recorded into the current profits and losses.

The costs for the business merger of the merging party or acquirer, including the expenses for audit, assessment and legal services, shall be recorded into the current profits and losses.

Besides the long-term equity investments formed by the merger of enterprises, the initial cost of a long-term equity investment obtained by other means shall be ascertained in accordance with the provisions as follows: the purchase price actually paid; the value stipulated in the investment contract or agreement; the fair value or the primitive book value from the exchange of non-monetary assets; the fair value of long-term equity investments themselves. The expenses directly related to the long-term equity investment, taxes and other necessary expenses shall also be included in the investment cost. Long-term equity investment shall be the fair value of the previously held equity investment plus the new investment costs in accordance with ASBENo.22 - Financial Instruments Recognition and Measurement, when the Company is able to implement significant influence or joint control but does not constitute control over the investee as the result of additional investment.

(2) Subsequent Measurement and Recognition of Profit or Loss

A long-term equity investment of the investing enterprise that does joint control or significant influences over the invested entity shall be measured by equity method. A long-term equity investment of an investing enterprise that is able to control the invested enterprise shall be measured by cost method.

①Long-term equity investment measured by adopting cost method

The price of a long-term equity investment measured by cost method shall be included at its initial investment cost. If there are additional investments or disinvestments, the cost of the long-term equity investment shall be adjusted. The dividends or profits declared to distribute by the invested entity, except the actual price paid when the investment was made or dividends and profits that are declared but not distributed, shall be recognised as the current investment income.

②Long-term equity investment measured by adopting equity method

When adopting the equity method, if the initial cost of a long-term equity investment is more than the investing enterprise' attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted. If the initial cost of a long-term equity investment is less than the investing enterprise' attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profits and losses and the cost of the long-term equity investment shall be adjusted simultaneously.

When adopting the equity method, the Company shall recognise the investment income and the other comprehensive income, and adjust the book value of the long-term equity investment in accordance with the attributable share of the net profits and losses of the invested entity; in the light of the profits or cash dividends declared to distribute by the invested entity, calculate the proportion it shall obtain, and shall reduce the book value of the long-term equity investment correspondingly. Where any change is made to the owner's equity other than the net profits and losses, other comprehensive income and profit distribution of the invested entity, the book value of the long-term equity investment shall be adjusted and be included in the Capital reserve. The Company shall, on the ground of the fair value of all identifiable assets of the invested entity when it obtains the investment, recognise the attributable share of the net profits and losses of the invested entity after it adjusts the net profits of the invested entity. If the accounting policies and accounting periods adopted by the invested entity are different from those adopted by the Company, an adjustment shall be made to the financial statements of the invested entity in accordance with the accounting policies and accounting periods of the Company and recognise the investment income. For transactions between the Company and associates/joint ventures where the assets invested or sold does not constitute a business, the part of the unrealised profits and losses on internal transactions that belongs to the Company according to the attribute proportion shall be offset. However, the unrealised loss on internal transaction between the Company and investee, recognised as impairment losses on assets transferred, shall not be offset. When the assets the Company invests on associate/joint companies constitute business and the investor obtained the long-term equity investment without control, the initial investment cost of new long-term equity is the fair value of invested business. The book value difference between initial investment cost and investment business shall all be included in the current profits and losses. When the assets the Company sells to associate/joint companies constitute business, the difference between the price and business book value shall all be included in the current profits and losses. When the assets the Company purchase from the associate/joint companies constitute business, the transaction-related profits and losses shall all be recognised in accordance with the Accounting Standards for Business Enterprises No.20 - Business combination.

When recognizing the net losses of the invested enterprise, the book value of the long-term equity investment and other long-term rights and interests which substantially form the net investment made to the invested entity are reduced to zero. If the Company has the obligation to undertake extra losses, then the estimated liabilities shall be confirmed and recorded as investment losses of the current period. If the invested entity realises any net profits later, the Company shall, after the amount of its attributable share of profits offsets against its attributable share of the unrecognised losses, resume to recognise its attributable share of profits.

For the long-term equity investments the Company possesses on associated enterprise and joint enterprise before the first implementation of new ASBE, 1 July 2014, if the equity investment debit balance related to the investment exists, the amount straight-line amortised according to the original residual maturity shall be recognised as the current profits and losses.

③Acquisition of minority interest

When preparing the consolidated financial statements, the difference between the new added long-term equity investment arising from the acquisition of minority stake and the net assets share calculated according to the new added shareholding ratio of the subsidiary from the purchase date (or combination date) shall offset against the Capital reserve. If the Capital reserve is insufficient to offset, the retained earnings shall be adjusted.

④Disposal of long-term equity investment

In the consolidated financial statement, the parent company shall partially dispose the long-term equity investments in subsidiaries without losing the control. The difference between the disposal price and the net assets of subsidiaries corresponding to the long-term equity investment shall be recognised as shareholders equity. The parent company lost control over subsidiary as a result of partially disposal of long-term equity investment, shall be accounted according to Note 4.5, (2) Preparation Methods of Consolidated Financial Statements.

When disposing of other long-term equity investment, the difference between its book value and the actual purchase price shall be included in the current profits and losses.

For the long-term equity investment measured by entity method and the residual equity after disposing still measured by entity method, the other comprehensive income part which was originally recognised as owners equity, shall be accounted according to the corresponding ratio in the same standard as the investees directly disposal method of related assets or liabilities. The owners equity, recognised as the investees owners equity changes except net profits and losses, other comprehensive income and profit distribution, shall be carried forward to current profits and losses according to the ratio.

For the long-term equity investment measured by cost method and the residual equity after disposing still measured by cost method, the other comprehensive income recognised by equity method or financialinstrumentsrecognitionandmeasurementcriteria before obtained the control of investee shall be accounted according to the same standard as the investees directly disposal method of related assets or liabilities. For the investees net assets measured by equity method, the owners equity changes except net profits and losses, other comprehensive income and profit distribution, shall be carried forward to current profits and losses according to the ratio.

In the preparation of the individual financial statements, when the Company lost the control over investee due to partially disposal of the equity investment, if the residual equity after deposing could joint control or implement significant influence over the investee, then equity method shall be employed and the residual equity shall be adjusted on the assumption that it has been measured with equity method since obtained; if the residual equity after deposing could not joint control or implement significant influence over the investee, then financialinstrumentsrecognitionandmeasurementcriteriashall be employed, the difference between fair value and book value on control lost date shall be included in profits and losses of current period. For the other comprehensive income recognised by the measurement of equity method or financialinstrumentsrecognitionandmeasurementcriteriabefore the Company has gained control over the investee, the other comprehensive income shall be accounted according to the same standard as the investees directly disposal method of related assets or liabilities when losing the control over the investee. For the investees net assets measured by equity method, the owners equity changes except net profits and losses, other comprehensive income and profit distribution, shall be carried forward to current profits and losses according to the ratio when losing the control over the investee. When the residual equity after disposing are measured by equity method, the other comprehensive income and other owners equity shall be carried forward by ratio; When the residual equity after disposing are accounted by financialinstrumentsrecognitionandmeasurementcriteria, the other comprehensive income and other owners equity shall all be carried forward.

When the Company lost the joint control or significant influence over investee due to partially disposal of the equity investment, the residual equity shall be measured by financialinstrumentsrecognitionandmeasurementcriteria, the difference between fair value and book value on joint control or significant influence lost date shall be included in current profits and losses. The other comprehensive income of original equity investment recognised by employing the equity method, shall be accounted according to the same standard as the investees directly disposal method of related assets or liabilities when ceasing measured by equity method. The owners equity, recognised as the investees owners equity changes except net profits and losses, other comprehensive income and profit distribution, shall be carried forward to current investment income according to the ratio when ceasing measured by equity method.

The Company shall dispose the subsidiary's equity investment through several transactions until the loss of control. If these transactions belong to a package deal, then each of the transaction shall be accounted as a transaction that disposed the subsidiarys equity investment and lost control. The difference between the disposal price and long-term equity investment book value corresponding to disposed equity before the loss of control shall be recognised as the other comprehensive income at first, and shall be transferred to the profits and losses of current period when lost control.

13. Investment properties

Investment properties refer to the real estate held for generating rent and/or capital appreciation, including the right to use any land which has already been rented; the right to use any land which is held and prepared for transfer after appreciation and the right to use any building which has already been rented. For the vacant buildings the Company held for operating or renting, if the board of directors (or similar body) makes a written resolution that the Company would use them for operating or renting and shall not change in the short term, shall also be listed as investment properties. The Company adopts the cost method for subsequent measurement of investment properties.

The initial measurement of the investment properties shall be made at its cost. Investment properties shall be recognised when the subsequent expenditure meets the following requirements simultaneously: the economic benefits pertinent to this investment property are likely to flow into the enterprise and the cost of the investment properties can be reliably measured. Otherwise the subsequent expenditure shall be included in the current profits and losses.

The Company adopts the cost method for subsequent measurement ofinvestment properties and the same policy with buildings or land use right for amortization or depreciation.

The impairment test methods and provision for impairment methods for investment properties shall see Note 4.19 Impairment of Non-current Non-financial Assets.

When self-use real estates or inventories convert into investment properties or investment properties convert into self-use real estates, use the book value before the convert as the entry value after convert.

When the use of investment property is changed for personal use, the investment property will be converted into fixed assets or intangible assets from the date of change. When the use of self-owned property is changed for earning rent or capital appreciation, fixed assets or intangible assets will be converted into the investment property from the date of change. When converted, it is converted into the investment property which is measured by the cost model, and the book value before the conversion will berecorded as the entry value after the conversion.

If an Investment property is disposed of, or if it withdraws permanently from use and if no economic benefit will be obtained from the disposal, the recognition of it as an investment property shall be terminated. When the Company sells, transfers or discards any investment property, or when any investment property is damaged or destroyed, the Company shall deduct the book value of the investment properties as well as the relevant taxes from the disposal income, and include the amount in the current profits and losses.

14. Property, Plant and Equipment

(1) Recognition Criteria for Property, Plant and Equipment

Property, Plant and Equipment refer to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management; and their useful life is in excess of one fiscal year. Property, Plant and Equipment asset may be recognized unless the economic benefits pertinent to the fixed asset are likely to flow into the Company and the cost of the property, plant and equipment can be measured reliably. The initial measurement of a property, plant and equipment shall be made at its cost and consider the impact of expected discard expenses.

(2) Depreciation of Each Category of Fixed Assets

From the next month of intended use, property, plant and equipment shall be depreciated within the service life. The service life, expected net salvage value, the annual depreciation rates and depreciation method of all kinds of property, plant and equipment is as follows:

Fixed Asset Category	Expected Service Period	Expected Net Salvage Value (%)	Annual Depreciation Rate (%)	Depreciation Methods
Buildings	40	5	2.375%	Straight-line method
Electronic equipment	5	5	19%	Straight-line method
Transportation vehicles	6	5	15.83%	Straight-line method
Office facilities	8	5	11.88%	Straight-line method
Machinery and equipment	8	5	11.88%	Straight-line method
Pipe network facilities	8	5	11.88%	Straight-line method

Estimated salvage value refers to the amount that the Company obtained from the assets disposal after deducting the disposal fee when assuming the property, plant and equipment estimated service lives is full and at the end of expected service life.

(3) Methods of Impairment Assessment and Determining the Provision for Impairment Losses of Property, Plant and Equipment

The impairment test methods and provision for impairment methods for property, plant and equipment shall see Note4.19 Impairment of Non-current Non-financial Assets.

(4) Others Explanations

When the economic benefits related to the property, plant and equipment are likely to flow into the Company and the cost can be measured reliably, the subsequent expenditure relating to property, plant and equipment shall be included in property, plant and equipment cost and the recognition of the substitute parts book value shall be terminated. Other subsequent expenditure shall be included in profits and losses of current period when occurred.

When the property, plant and equipment is in a state of disposal or unable to generate any economic benefits through use or disposal as expected, the recognition of it as a fixed asset shall be terminated. When the Company sells, transfers or discards any property, plant and equipment, or when any fixed asset of the Company is damaged or destroyed, the Company shall deduct the book value and relevant taxes from the disposal income, and include the amount in the current profits and losses.

The Company shall, at least at the end of each year, have a check on the service life, expected net salvage value, and the depreciation method of the property, plant and equipment. If any change is made, it shall be regarded as a change of the accounting estimates.

15. Construction in progress

(1) The Valuation of Construction in Progress

The construction in progress shall be recognised according to the actual expenses. The actual expenses include the construction cost, other necessary expenses incurred in order to reach the intended use of the project, and capitalised borrowing costs before reaching the intended use of the project. Since the fixed assets built by the Company reaches the estimated available state day, fixed assets are carried forward.

(2) The Construction Cost Accounting for CompanysLand Consolidation Business

The construction cost of land consolidation business can be divided into land demolition consolidation costs, land developmentsupporting costs, and other construction task costs, which will be accounted in accordance with the relevant provisions in "Accounting Guidelines for Land Consolidation Business of State-owned Enterprises in Chengdu (Trial)" issued by the Chengdu Finance Bureau:

①The collection and accounting of construction costs of land consolidation business shall be accounted under the subjects of "development cost", "construction installation investment", "equipment investment", and "deferred investment", respectively.

②For costs carried forward and resold in the land consolidation business: the direct costs incurred in land demolition consolidation shall be pre-carried forward at the end of the year after delivering the land consolidation in batches and receiving the corresponding allocated land consolidation funds; for the direct demolition consolidation costs of the sold parcel which can be divided and accounted directly, demolition consolidation costs shall be pre-carried forward by not more than the received funds for corresponding land demolition consolidation business; the parcel demolition consolidation costs, which cannot be matched directly, shall be pre-carried forward according to the principle of choosing the lower one between the actual incurred direct demolition consolidation costs and land consolidation business funds which have not yet been written off; after the overall completion of the construction tasks, a comprehensive clean-up ofland consolidation business costs shall be carried out, and the pre-carried forward (resold) costs will be confirmed for adjustment according to relevant audit results and approvals.

For other supporting construction costs and other construction task costs, the costs and special construction funds shall bewritten off (resold) after the project completion, settlement completion, and owners' confirmation.

(3) Impairment Provision for Construction in Progress

The impairment test methods and impairment provision methods for construction in progress shall see Note 4.19 Impairment of Non-current Non-financial Assets.

16. Borrowing Costs

The borrowing costs include interest, discount or premium and ancillary expenses arising from loan, as well as exchange differentials due to foreign currency loan. Where the borrowing costs can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalised and recorded into the costs of relevant assets when: the asset disbursements have already incurred, which shall include the cash, transferred non-cash assets or interest bearing debts paid for the acquisition and construction or production activities for preparing assets eligible for capitalization; the borrowing costs has already incurred; and the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started. When the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased. The borrowing costs shall be recognised as expenses when occurred.

The to-be-capitalised amount of interests of specific borrowing shall be determined in light of the actual cost incurred of the specific borrowed loan at the present period minus the income of interests earned on the unused borrowing loans as a deposit in the bank or as a temporary investment. For general borrowing, the Company shall calculate and determine the to-be-capitalised amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

During the period of capitalization, the exchange balance on foreign currency specific loans shall all be capitalised. And the exchange balance on foreign currency general loans shall be recorded into the current profits and losses.

Assets eligible for capitalization shall refer to the fixed assets, investment properties, inventories and other assets, of which the acquisition and construction or production may take quite a long time to get ready for its intended use or for sale.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended till the acquisition and construction or production of the asset restarts.

17. Intangible Assets

(1) Recognition and Calculation of Intangible Asset

Intangible asset refers to the identifiable non-monetary assets possessed or controlled by the Company which have no physical shape.

The intangible assets shall be initially measured according to its cost. If the economic benefits related to intangible assets are likely to flow into the enterprise and the cost of intangible assets can be measured reliably, the cost related to intangible assets shall be recognised as intangible assets cost. Other cost shall be recognised into current profit and loss when it incurs.

The land usufruct shall be usually accounted as intangible assets. For self-developed factories and other buildings, the land usage expenditures shall be accounted as intangible assets while the building construction cost shall be accounted as fixed assets. For purchased houses and buildings, the related price shall be allocated between the land usufruct and buildings. If the related price cannot be reasonably allocated, the purchased houses and buildings shall be accounted as fixed assets.

(2) Amortization of Intangible Assets

With regard to intangible assets with limited service life, from the time when it is available for use, its original value minus the expected residual value and the accumulative amount of impairment provision shall be amortised by straight Line method average staging/production method within the service life. Intangible assets with uncertain service life may not be amortised.

At the end of each year the Company shall check the service life and the amortization method of intangible assets with limited service life. When those two items are different from before, they shall be changed in accounting estimate. The Company shall also check the service life of intangible assets with uncertain service life. Where there is evidence to prove the deadline for the intangible assets generating economic benefits for the Company is predictable, then the service life shall be estimated and amortised by the amortization method of intangible assets with limited service life.

(3)Methods of Impairment Assessment and Determining the Provision for Impairment Losses of Intangible Assets

The impairment test methods and provision for impairment methods for intangible assets shall see Note 4.19 Impairment of Non-current Non-financial Assets.

18. Long-term Deferred Expenses

Long-term deferred expenses of the Company refer to all expenses that the Company has paid out, but with amortization period of over one year in the report period and after. Long-term deferred expenses are recorded according to the actual incurred amount, and amortised within the beneficial period or stipulated amortization period by the straight-line method. Starting from the month when the production and operation was started, the starting expenses will be amortised with the one-off amortization method the in the month of production and operation. If the long-term deferred expenses cannot be beneficial to the subsequent accounting period, all the value which was not yet amortised will be transferred to the current profits and losses.

19. Impairment of Non-current Non-financial Assets

For non-current non-financial assets including the property, plant and equipment, construction in progress, intangible assets with limited service life, investment properties measured in cost, the long-term equity investment on subsidiary companies, joint ventures and associated enterprises and goodwill, the Company shall make a judgment on whether there is any sign of possible assets impairment on the balance sheet date. If there is any sign of assets impairment, the Company shall estimate the recoverable amount of the assets and conduct the impairment test. No matter whether there is any sign of possible assets impairment, the goodwill, intangible assets with uncertain service lives and Intangible assets not yet available for use shall be subject to impairment test every year.

The assets shall be made impairment provision and be included in impairment loss according to the difference when the impairment test shows that the recoverable amount of the asset is less than its book value. The recoverable amount shall be determined in light of the higher one of the net amount of the fair value of the assets minus the disposal expenses and the current value of the expected future cash flow of the assets. The fair value of assets shall be determined in light of the amount of the basis of the price as stipulated in the sales agreement in the fair transaction. Where there is no sales agreement but there is an active market of assetsthe fair value shall be determined in light of the price of bidden by the buyer of the asset. Where there is no sales agreement and no active market, the fair value shall be determined in light of the best information available. The disposal expenses shall include the relevant legal expenses, relevant taxes, truckage as well as the direct expenses for bringing the assets into a marketable state. The current value of the expected future cash flow of an asset shall be determined by the discounted cash with an appropriate discount rate, on the basis of the expected future cash flow generated during the continuous use or final disposal of an asset. The impairment of assets shall be measured and recognised on the basis of single item assets. If it is difficult to estimate the recoverable amount of single item assets, it shall determine the recoverable amount of the group assets on the basis of the asset group to which the asset belongs. An asset group is the smallest asset group that can generate cash inflow independently.

For the goodwill separately presented in financial statements, when in an impairment test, its book value shall be apportioned to the asset group or a combination of asset group which are expected to benefit from the synergy effect of the enterprise merger. When the test result shows the recoverable amount of an asset group or a combination of asset groups is lower than its carrying value, it shall be recognised as the corresponding impairment loss. The amount of the impairment loss shall first charge against the book value of the headquarter' assets and business reputation which are apportioned to the asset group or combination of asset groups, then charge it against the carrying value of other assets in proportion to the weight of other assets in the asset group or combination of asset groups with the business reputation excluded.

Once the loss of asset impairment as above is recognised, the value restored shall not be switched back in the future accounting periods.

20. Employee Benefits

The employee benefits of the Company include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits:

Short-term employee benefits include wages, bonuses, allowances, subsidies, welfare expenses for the employees, medical insurance, maternity insurance, work injury insurance, housing accumulation fund, labor union expenditure, employee education expenses, and non-monetary welfare. During the accounting period of an employee' providing services to the Company, the Company shall recognise the short-term employee benefits as liabilities in current period as profits and losses or cost of an asset. The non-monetary benefit shall be measured at fair value.

Post-employment benefits include defined contribution plans and defined benefit plans. The defined contribution plans include basic endowment insurance, unemployment insurance and annuities, etc. The deposit amount shall be included as related asset cost or current profits and losses.

The Company shall recognise the expected liabilities incurred and record them into the current profits and losses when: the Company cancels the labor relationship with any employee prior to the expiration of the relevant labor contract or brings forward any compensation proposal for the purpose of encouraging the employee to accept a layoff; the earlier one of the time when the Company up is unable to unilaterally withdraw the termination benefits on the cancellation of labor relationship or the layoff proposal and the time when the Company confirm the cost related to payment of restructuring termination benefits. However, the termination benefits shall be accounted as other long-term employee benefits when it is expected not be able to be fully paid in twelve months after the end of the annual reporting period.

Internal employee retirement plan shall adopt the principle as the termination benefits above. The proposed payment of wages and social insurance from the day employee ceases to provide services to the normal retirement day, when meets the recognition conditions of estimated liability, shall be recognised as current profits and losses (termination benefits).

The other long-term employee benefits which meet the requirement of defined contribution plans shall be accounted as defined contribution plans, otherwise they shall be accounted as defined benefit plans.

21. Bonds Payable

The non-convertible bonds the Company issued shall be accounted as liability according to the amount actually received (deduct the relevant transaction cost); the difference between the actually amount received by bonds issuing with the total nominal value of the bonds, as bond premium or discount, during the period of existence of bonds, shall be amortisedin the provision of interest according to the nominal interest rate, and accounted according to the principles of borrowing costs.

22. Estimated Liabilities

The obligation pertinent to a contingencies shall be recognised as an estimated debt when the following conditions are satisfied simultaneously: (1) That obligation is a current obligation of the Company;

(2) It is likely to cause any economic benefit to flow out of the Company as a result of performance of the obligation; (3) The amount of the obligation can be measured in a reliable way.

On balance sheet date, the Company shall take into full consideration of the risks, uncertainty, time value of money, and other factors pertinent to the Contingencies. If the time value of money is of great significance, the best estimate shall be determined after discounting the relevant future outflow of cash. The estimated liabilities shall be measured in accordance with the best estimate of the necessary expenses for the performance of the current obligation.

When all or some of the expenses necessary for the liquidation of an estimated liabilities of the Company is expected to be compensated by a third party, the compensation should be separately recognised as an asset when it is virtually certain that the reimbursement will be obtained. The amount recognised for the reimbursement should not exceed the book value of the estimated liabilities.

23. Perpetual Bond and Other Financial Instruments

(1) The Perpetual Bond and Other Financial Instruments Issued by the Company, Which Meet the Following Conditions, Are Used as Equity Instruments:

①The financial instrument does not include contractual obligations to deliver cash or other financial assets to other parties, or exchange financial assets or financial liabilities with other parties under potential adverse conditions;

②If the enterprise's own equity instruments must be or can be used to settle the financial instrument in the future, and if the financial instrument is non-derivative, it does not include contractual obligations to deliver a variable number of own equity instruments to settle; if the financial instrument is derivative, the Company only exchanges a fixed number of own equity instruments with a fixed amount of cash or other financial assets to settle the financial instrument.

Other financial instruments issued by the Company shall be classified as financial liabilities other than the financial instruments which can be classified as equity instruments according to the above conditions.

(2) Accounting Methods for Perpetual Bond, Etc.

Except for the borrowing expenses eligible for capitalization (see Note 4.17 "Borrowing Expenses"), perpetual bond and other financial instruments classified as financial liabilities, their related interests, gains or losses, and gains or losses incurred from redemption or refinancing, are recorded in the current profits and losses.

For financial instruments classified as equity instruments, such as perpetual bond, when they are issued (including refinanced), repurchased, sold or canceled, the Company adjusts changes in equity, and transaction costs related to the equity transaction shall be deducted from equity. The distribution from the Company to the equity instrument holders is regarded as profit distribution.

Changes in fair value of equity instruments are not recognised by the Company.

24. Revenue

When the Company has transferred the major risks and rewards of goods ownership to the buyer; the Company no longer continues to manage and implement the control of goods; relevant revenue has been received or the collection evidence has been obtained; and the costs related toselling the goods can be reliably measured, the realization of operating income is confirmed.

(1) Revenue from Selling Goods

When the Company has transferred the major risks and rewards of goods ownership to the buyer; the Company no longer continues to implement management control and actual control of goods; relevant revenue has been received or the collection evidence has been obtained; and the costs related to selling the goods can be reliably measured, the realization of operationrevenue is confirmed.

(2) Revenue from Rendering of Services

If the service started and completed in the same fiscal year, the revenue was recognised when the service was completed;if the service started and completed in different fiscal years, andif an enterprise can, on the date of the balance sheet, reliably estimate the outcome of a transaction concerning the rendering of services it provides, it shall recognise the revenue from providing services employing the percentage-of-completion method.

(3) The interest revenue of other enterprises using the Companys assets shall be determined according to the time and applicable interest rate for using cash; and the revenue of using fees shall be calculated and recognisedaccording to the charging time and method stipulated in the relevant contracts or agreements. The above revenue is recognised and shall meet the following requirements at the same time: ①the relevant economic benefits are likely to flow into the Company; ②the amount of revenue can be measured in a reliable way.

25. Government Grant

A government grants refers to the monetary or non-monetary assets obtained free by the Company from the government, but excluding the capital invested by the government as the owner of the enterprise. Government grants consist of the government grants pertinent to assets and government grants pertinent to income.

Government grants are recognised when the Company and its subsidiaries meet their attached conditions and when they can receive it.

If a government grant is a monetary asset, it shall be measured in the light of the received or receivable amount. If a government grant is a non-monetary asset, it shall be measured at its fair value; if its fair value cannot be obtained in a reliable way, it shall be measured at its nominal amount.

The government grants pertinent to assets shall be recognised as deferred income, equally distributed within the useful lives of the relevant assets, and included in the current profits and losses.

The government grants pertinent to incomes shall be treated respectively in accordance with the circumstances as follows: those grants used for compensating the related future expenses or losses of the Company and its holding subsidiaries shall be recognised as deferred income and shall be included in the current profits and losses during the period when the relevant expenses are recognised; or those grants used for compensating the related expenses or losses incurred to the Company shall be directly included in the current profits and losses.

26. Deferred Income Tax Assets and Deferred Income Tax Liabilities

The "temporary difference" shall refer to the difference between the carrying amount of an asset or liability and its tax base. Where an enterprise obtains assets or liabilities, it shall determine its tax base. Where there is difference between the book amount of the assets or liabilities and its tax base, the deferred income tax assets or the deferred income tax liabilities shall be determined according to the present standards.

Except for the deferred income tax liabilities arising from the following transactions, the Company shall recognise the deferred income tax liabilities arising from all taxable temporary differences: the initial recognition of business reputation; the initial recognition of assets or liabilities arising from the following transactions which are simultaneously featured by the following: the transaction is not business combination; at the time of transaction, the accounting profits will not be affectednor will the taxable amount (or the deductible loss) be affected. In addition, the taxable temporary differences related to the investments of subsidiary companies, associated enterprises and joint enterprises shall recognise corresponding deferred income tax liabilities. However, those that can simultaneously meet the following conditions shall be excluded: the Company can control the time of the reverse of temporary differences; the temporary differences are unlikely to be reversed in the excepted future.

Except for the deferred income tax assets arising from the following transactions, the Company shall recognise the deferred income tax assets arising from all taxable temporary differences: the initial recognition of assets or liabilities arising from the following transactions which are simultaneously featured by the following: the transaction is not business combination; at the time of transaction, the accounting profits will not be affectednor will the taxable amount (or the deductible loss) be affected. In addition, the taxable temporary differences related to the investments of subsidiary companies, associated enterprises and joint enterprises shall recognise corresponding deferred income tax assets. However, those that can meet the following conditions shall be excluded: the temporary differences are unlikely to be reversed in the excepted future; or the taxable income is unlikely to be obtained to offset the deductible temporary differences in the future.

As for any deductible loss or tax deduction that can be carried forward to the next year, the corresponding deferred income tax assets shall be determined to the extent that the amount of future taxable income to be offset by the deductible loss or tax deduction to be likely obtained.

On the balance sheet day, the deferred income tax assets and deferred income tax liabilities shall be measured at the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

The carrying amount of deferred income tax assets shall be reexamined on balance sheet day. If it is unlikely to obtain sufficient taxable income taxes to offset the benefit of the deferred income tax assets, the carrying amount of the deferred income tax assets shall be written down. When it is probable to obtain sufficient taxable income taxes, such write-down amount shall be subsequently reversed.

27. Leases

Finance lease refers to the lease whose risks and rewards related to the assets have been all transferred. The ownership of it may or may not eventually be transferred. The lease other than financing lease is operating lease.

The leasing business, which is in accordance with one or more of the following criteria, usually belongs to financial leasing: ①the ownership of the leased asset is transferred to the lessee at the end of the lease term. ②The lessee has the option to buy the leased asset at a price which is expected to be far lower than the fair value of the leased asset when the exercise of choice, and at the inception of the lease can reasonably determine the lessee will exercise the option. ③Even if the ownership of the asset is not transferred, the lease term accounts for most of service life of the leased asset. ④The present value of the minimum lease payments from the lessee on the lease beginning date is almost equivalent to the fair value of the leased asset on the lease beginning date; the present value of the minimum lease receipts to the lessor on the lease beginning date is almost equivalent to the fair value of the leased asset on the lease beginning date. ⑤Without major modifications, the leased assets can only be used by the lessee due to their special nature.

(1) The Company as Lessee under Operating Lease

The rents from operating leases shall be recorded by the lessee in the relevant asset costs or the profits and losses of the current period by using the Straight-line method over each period of the lease term. The initial direct costs incurred by a lessee shall be recognised as the profits and losses of the current period. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

(2) The Company as Leaser under Operating Lease

The rents from operating leases shall be recorded in the profits and losses of the current period by using the Straight-line method over each period of the lease term. The initial direct costs of a large amount shall be capitalised when they arise, and recorded into the profits and losses of the current period by stages when it is in the light of the same basis as recognizing lease income during the entire lease period; the initial direct costs of a small amount shall be recorded into the profits and losses of the current period in which they arise. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

(3) The Company as Lessee under Financing Lease

On the lease beginning date, a lessee shall record the lower one of the fair value of the leased asset and the present value of the minimum lease payments on the lease beginning date as the entering value in an accountrecognise the amount of the minimum lease payments as the entering value in an account of long-term account payable, and treat the balance between the recorded amount of the leased asset and the long-term account payable as unrecognised financing charges. In addition, the initial direct costs directly attributable to the leased item incurred during the process of lease negotiating and signing the leasing agreement shall be recorded in the leasing asset value. The balances between the minimum lease payments minus the unrecognised financing charges shall be presented as long-term liabilities and long-term liabilities due within 1 year respectively.

The unrecognised financing charges shall adopt the effective interest rate method to calculate and recognise the financing charges in the current period. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

(4) In the Case of the Lesser of A Financing Lease

On the beginning date of the lease term, a lessor shall recognise the sum of the minimum lease receipts on the lease beginning date and the initial direct costs as the entering value in an account of the financing lease values receivable, and record the unguaranteed residual value at the same time; the balance between the sums of the minimum lease receipts, the initial direct costs and the unguaranteed residual value, and the sum of their present values shall be recognised as unrealised financing income. The balances between the financing lease values receivable minus the unrealised financing income shall be presented as long-term credits and long-term credits due within 1 year respectively.

The unrealised financing income shall adopt the effective interest rate method to calculate and recognise the financing income in the current period. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

Note 5 Changes in Accounting Policies and Estimates, and Corrections of Errors

For Chengdu Xing Dong Real Estate Co., Ltd., a subsidiary of the Group, the interest income ofspecial funds in agent construction projectsin 2015 misclassified profits and losses of 399,932.12 Yuan, and the interest income of special funds in agent construction projects in and before 2015 misclassified profits and losses of 117,552.99Yuan.The beginning balance of prior period was adjusted in the current period, reducing 399,932.12 Yuan of financial costs, reducing 117,552.99" Yuan of Undistributed profit at the beginning of the year, and reducing 517,485.11 Yuan of inventories.

Chengdu Xing Dong Real Estate Co., Ltd.paid 275,386.90 Yuan of taxes in arrears for the liquidation of income tax in 2016, and the Company misclassified "income tax expenses".The beginning balance of prior period was adjusted in the current period, increasing 275,386.90 Yuan of "income tax expenses", and reducing 275,386.90Yuan of "taxes and dues payable".

Chengdu Xing Dong Real Estate Co., Ltd.adjusted 2,333,550.58 Yuan of deferred income tax assets in 2016according to the inspection decision, andpaid income tax in arrears according to the letter of tax inspection decision. Because it belongs to 2011-2013, the beginning balance of prior period was adjusted in the current period, reducing 2,333,550.58 Yuan of Undistributed profit at the beginning of the year,and reducing 2,333,550.58 Yuan of "other current assets".

Note 6 Tax

1. Taxes and Their Rates

Category	Tax rate
Business tax and value added tax	Paid by 5% of turnover tax payable for business tax before 1 May 2016; paid by 5% of turnover tax payable for value added tax after 1 May 2016
Corporate income tax	Paid by 25% of income tax payable
Property tax	For the private part, charge 1.2% of 70% of its original value; for the lease part, charge 12% of the rental income
City maintenance and construction tax	Charge 7% of turnover tax payable
Education surcharges	Charge 3% of turnover tax payable
Local education surcharges	Charge 2% of turnover tax payable
Others	In accordance with relevant provisions of the state tax law
Land value incremental tax	Pre-collect 1% for ordinary residence, 2%-2.5% for non-ordinary residence, and collect 30%-50% of ultra progressive tax rate after the project completion

2. Tax Preference and Approval

According to the Notice on Tax Policies for Low Rent Housing, Affordable Housing and Rental Housing (Finance and Tax [2008] No.24) issued on the 3 March 2008, Chengdu Xing Dong Real Estate Co., Ltd., a subsidiary of the Company, meets the regulations in Article 2 on land of low rent housing, affordable housing and rental housing, therefore is exempt from urban land use tax. It also meets the exempt regulations in Article 4 on stamp duty for low rent housing, affordable housing and rental housing and people who purchase low rent housing, affordable housing and rental housing, therefore Chengdu Xing Dong Real Estate Co., Ltd is exempt from land use tax and stamp duty in affordable housing projects, and has filearecord in Chengdu Jinjiang District Local Tax Bureau.

Note 7 Enterprise Merger and Consolidated Financial Statements

1. Status of Subsidiaries

Serial number	Enterprise name	Level	Enterprise type	Registered place	Principalpl aceofbusin ess	Business nature	Paid-in capital	Sharehol ding ratio (%)	Percentage of voting rights enjoyed (%)	Investment amount	Acquisitionmode
1	Chengdu Ren Ju Real Estate Co., Ltd.	2	Domestic non-financial subsidiary	Chengdu	Chengdu	Real estate develop ment	640,320,000	100	100	638,820,000	Investtoestablish
2	Chengdu Runjinchen g Industrial Co., Ltd.	2	Domestic non-financial subsidiary	Chengdu	Chengdu	Property manage ment	10,000,000	100	100	10,000,000	Investtoestablish
3	Chengdu Xing Dong Real Estate Co., Ltd.	2	Domestic non-financial subsidiary	Chengdu	Chengdu	Real estate develop ment	514,340,000	100	100	514,340,000	Investtoestablish
4	Chengdu Xingcheng Constructio	2	Domestic non-financial subsidiary	Chengdu	Chengdu	Construc tion manage	10,000,000	100	100	10,035,300	Investtoestablish

Serial number	Enterprise name	Level	Enterprise type	Registered place	Principalplaceofbusiness	Business nature	Paid-in capital	Shareholding ratio (%)	Percentage of voting rights enjoyed (%)	Investment amount	Acquisitionmode
	nand Management Co., Ltd.					ment					
5	Chengdu Small Town Invest Co., Ltd.	2	Domestic non-financial subsidiary	Chengdu	Chengdu	Urban construction	100,000,000	100	100	2,392,412,518	Business combinationunder the same control
6	Chengdu Dong Jing Gas Limited Liability Company	2	Domestic non-financial subsidiary	Chengdu	Chengdu	Pipeline gas	5,000,000	51	51	2,550,000	Investtoestablish
7	Chengdu Xingcheng Capital Management Co., Ltd.	2	Domestic non-financial subsidiary	Chengdu	Chengdu	Investment management	200,000,000.00	100	100	200,000,000.00	Investtoestablish
8	Chengdu Chengdu Center Construction Co., Ltd.	2	Domestic non-financial subsidiary	Chengdu	Chengdu	Urban construction	300,000,000.00	100	100	300,000,000.00	Investtoestablish

2. Subsidiaries Newly Incorporated into Merge Scopein Current Year

Serial number	Enterprise name	Net assets at the end of the year	Net profit forthe current year	The nature of control
1	Chengdu Xingcheng Capital Management Co., Ltd.	200,006,250.00	6,250.00	
2	Chengdu Chengdu Center Construction Co., Ltd.	300,000,000.00		

Note 8Notes on Major Items in Consolidated Financial Statements of the Company

The following notes unless otherwise indicated, monetary unit is Yuan; beginning of year refers to 1 January 2016, and end of year refers to 31 December 2016. Prior year refers to the year of 2015, and current year refers to the year of 2016.

1. Monetary Funds

Items	Closing Balance	Opening Balance
Cash on hand	441.68	72,434.20
Bank deposit	13,117,132,322.84	12,559,015,369.49
Other monetary funds	50,182.77	50,030.00
Total	13,117,182,947.29	12,559,137,833.69
Including: total amount of deposits overseas	10,876.80	

Note 1: Closing Balance of bank deposit includes 160,000,000.00 Yuan of bank deposits of the Group headquarter as restricted funds, and it provides deposit pledge for 152,000,000.00 Yuan, which was borrowed from Xiamen International BankCo., Ltd SimingSub-branch by Xing Dong Real Estate Co., Ltd. There are 4 certificates of time deposit:(1) deposit receipt No.8003110000000371 in 33,690,000.00 Yuan; (2) deposit receipt No.8003110000000387 in 36,850,000.00 Yuan; (3) deposit receipt No.8003110000000355 in 36,820,000.00 Yuan; (4) and deposit receipt No.8003110000000363 in

52,640,000.00Yuan. At the beginning of the year, Xing Dong Real Estate borrowed 67,000,000 Yuan from Xiamen Siming Sub-branch of Xia Men International Bank with pledge of deposits by Xingcheng itself. Deposit receipt No.8003110000000371 in 33,690,000 Yuan; and deposit receipt No.8003110000000387 in 36,850,000 Yuan.

Note 2: Ren Ju Real Estate has a 3-month restricted fund (mortgage deposit for bank) with Closing Balance of 22,356,769.31 Yuan and Opening Balance of 22,310,851.84 Yuan.

The detail of the restricted monetary fund is as follows:

Items	Closing Balance	Opening Balance
Time deposits or notice deposits for guarantee	182,356,769.31	92,850,851.84
Total	182,356,769.31	92,850,851.84

2. Accounts Receivable

Items	Closing Balance			
	Book Balance		Provision for Bad Debts	
	Amount	Ratio (%)	Amount	Ratio (%)
Accounts receivable with significant single amount and single accrued bad debts provision				
Accounts receivable with accrued bad debts provision by credit risk characteristicsportfolios	301,029,015.04	99.96	320,041.64	0.11
Accounts receivable with insignificant single amount but single accrued bad debts provision	131,306.29	0.04	131,306.29	100.00
Total	301,160,321.33	100.00	451,347.93	

(To be continued)

Items	Opening Balance			
	Book Balance		Provision for Bad Debts	
	Amount	Ratio (%)	Amount	Ratio (%)
Accounts receivable with significant single amount and single accrued bad debts provision				
Accounts receivable with accrued bad debts provision by credit risk characteristics portfolios	117,118,668.92	99.95	327,941.30	0.28
Accounts receivable with accrued	63,521.04	0.05	63,521.04	100.00

Items	Opening Balance			
	Book Balance		Provision for Bad Debts	
	Amount	Ratio (%)	Amount	Ratio (%)
bad debts provision by portfolio				
Total	117,182,189.96	100.00	391,462.34	

(1) Accounts Receivable with Accrued Bad Debts Provision by Credit Risk Characteristics Portfolios

①Accounts Receivable with Accrued Bad Debts Provision by Aging-of-accounts Method

Aging	Closing Balance			Opening Balance		
	Book Balance		Provision for Bad Debts	Book Balance		Provision for Bad Debts
	Amount	Ratio (%)		Amount	Ratio (%)	
≤1 Year (including 1 year)	12,648,273.65	89.20		22,770,779.98	90.77	
1-2 Years (including 2 years)	621,475.00	4.38	31,073.75	309,584.31	1.23	15,479.21
2-3 Years (including 3 years)	41,716.31	0.29	2,085.81	1,172,387.00	4.67	58,619.35
> 3 Years	867,933.18	6.12	286,882.08	832,461.98	3.32	253,842.74
Total	14,179,398.14		320,041.64	25,085,213.27		327,941.30

②Accounts Receivable with Accrued Bad Debts Provision by Other Portfolios

Portfolio	Closing Balance			Opening Balance		
	Book Balance	Accrued Ratio (%)	Provision for Bad Debts	Book Balance	Accrued Ratio (%)	Provision for Bad Debts
Portfolioof government bonds and deposits	280,642,785.27					
Deposit, petty cash and other project settlement	6,206,831.63			92,033,455.65		
Total	286,849,616.90			92,033,455.65		

(2) Accounts Receivable with Insignificant Single Amount but Single Accrued Bad Debts Provision

Debtor	Book balance	Provision for Bad Debts	Aging	Accrued Ratio (%)	Accrued Reason
Owner (property management fee)	128,378.19	128,378.19	> 5 Years	100.00	Aging>5 Years, owner unreachable
Owner (parking service fee)	2,928.10	2,928.10	>5 Years	100.00	Aging>5 Years, owner unreachable
Total	131,306.29	131,306.29			

(3) Accounts Receivable Listed by Top Five Closing Balance of Debtees

Debtees	Book Balance	Proportion in total accounts receivable (%)	Provision for Bad Debts
Chengdu Urban and Rural Construction Committee	280,642,785.27	93.19	
House-purchasing Difference Compensation for New Station Project	4,957,005.77	1.65	

Debtees	Book Balance	Proportion in total accounts receivable (%)	Provision for Bad Debts
Relocatees			
Owner (property management fee)	3,736,821.79	1.24	
Chengdu Yao Shun Green Environmental Protection Co., Ltd.	2,154,693.30	0.72	
Owner	1,991,648.99	0.66	
Total	293,482,955.12	97.46	

3. Prepayments

(1) Listed by Aging Structure

Aging	Closing Balance			Opening Balance		
	Book Balance		Provision for Bad Debts	Book Balance		Provision for Bad Debts
	Amount	Ratio (%)		Amount	Ratio (%)	
≤1 Year	276,964,601.45	38.41		489,750,632.07	81.18	
1-2 Years	376,948,492.89	52.27		44,398,021.94	7.36	
2-3 Years	1,202,221.22	0.17		996,212.62	0.17	
>3 Years	65,959,159.37	9.15		68,113,702.39	11.29	
Total	721,074,474.93	100.00		603,258,569.02	100.00	

(2) Major Prepayments Aging More Than 1 Year

Debtees	Debtors	Closing Balance	Aging	Reason of Unclosed
Chengdu Xingcheng Investment Group Co., Ltd.	Finance Bureau of Longquanyi District, Chengdu	350,000,000.00	>3 Years	Project unclosed
Chengdu Xingcheng Investment Group Co., Ltd.	Jinjiang Branch of Chengdu Land & Resources Bureau	30,000,000.00	>3 Years	Project unclosed
Chengdu Xingcheng Investment Group Co., Ltd.	Chenghua District Transportation Bureau (BaoheSubdistrict Office)	11,370,725.52	>3 Years	Project unclosed
Chengdu Xingcheng Investment Group Co., Ltd.	Chengdu Longquanyi District State-owned Assets Investment & Management Co., Ltd.	9,500,000.00	>3 Years	Project unclosed
Chengdu Xingcheng Investment Group Co., Ltd.	Chengdu Municipal Waterwork Co., Ltd.	3,185,495.25	>3 Years	Project unclosed
Total		404,056,220.77		

(3) Prepayments Listed by Top Five Closing Balance of Debtees

Debtees	Book Balance	Proportion in total Prepayments (%)	Provision for Bad Debts
Finance Bureau of Longquanyi District, Chengdu	350,000,000.00	48.54	
China State Construction Engineering Corporation Limited	170,778,574.30	23.68	
China MCC5 Group Co. Ltd.	46,090,917.59	6.39	
Subdistrict Office of Damian Street	40,068,454.43	5.56	

Debtees	Book Balance	Proportion in total Prepayments (%)	Provision for Bad Debts
Fada Holding Group Co., Ltd.	34,178,571.12	4.74	
Total	641,116,517.44	88.91	

4. Other Receivables

Items	Closing Balance			
	Book Balance		Provision for Bad Debts	
	Amount	Ratio (%)	Amount	Ratio (%)
Other receivables with significant single amount and single accrued bad debts provision				
Other Receivables with accrued bad debts provision by credit risk characteristics portfolios	488,053,788.25	100.00	2,108,086.95	0.43
Other receivables with insignificant single amount but single accrued bad debts provision				
Total	488,053,788.25	100.00	2,108,086.95	

(To be continued)

Items	Opening Balance			
	Book Balance		Provision for Bad Debts	
	Amount	Ratio (%)	Amount	Ratio (%)
Other receivables with significant single amount and single accrued bad debts provision				
Other Receivables with accrued bad debts provision by credit risk characteristics portfolios	323,639,874.46	100.00	1,459,368.75	0.45
Other receivables with insignificant single amount but single accrued bad debts provision				
Total	323,639,874.46	100.00	1,459,368.75	

(1) Other Receivables with Accrued Bad Debts Provision by Credit Risk Characteristics Portfolios

①Other Receivables with Accrued Bad Debts Provision by Aging-of-accounts Method

Aging	Closing Balance			Opening Balance		
	Book Balance		Provision for Bad Debts	Book Balance		Provision for Bad Debts
	Amount	Ratio (%)		Amount	Ratio (%)	
≤1 Year (including 1 year)	22,920,072.94	67.64		16,993,875.35	63.53	

1-2 Years (including 2 years)	3,073,802.84	9.07	153,690.14	2,193,684.29	8.20	109,684.22
2-3 Years (including 3 years)	2,193,684.29	6.47	109,684.22	3,304,738.74	12.35	165,236.94
>3 Years	5,700,032.20	16.82	1,844,712.59	4,258,006.15	15.92	1,184,447.59
Total	33,887,592.27		2,108,086.95	26,750,304.53		1,459,368.75

②Other Receivables with Accrued Bad Debts Provision by Other Portfolio Method

Portfolio	Closing Balance			Opening Balance		
	Book Balance	Ratio (%)	Provision for Bad Debts	Book Balance	Ratio (%)	Provision for Bad Debts
Government debts	399,571,958.77	87.98		246,044,244.70	82.87	
Deposit, petty cash and other project settlement	54,594,237.21	12.02		50,845,325.23	17.13	
Total	454,166,195.98	100.00		296,889,569.93	100.00	

(2) Other Receivables Listed by Top Five Closing Balance of Debtees

Debtors	Nature of Fund	Book Balance	Aging	Proportion in total other receivables (%)	Provision for Bad Debts
Dujiangyan Government	Land consolidation refund	176,710,000.00	< 1 Year	36.21	
Chengdu Cheng Fang Real Estate Co., Ltd.	Government debts	85,391,689.39	1-2 Years	17.50	
Chengdu Academy of Agriculture and Forestry Sciences	Final accounts of projects of Academy of Agriculture and Forestry Sciences	82,031,636.66	1-2 Years	16.81	
Chengdu Housing Security Center	Government debts	45,202,331.23	1-2 Years	9.26	
Urban & Village Construction Bureau of Shuangliu County	Wage deposit for migrant workers	10,179,093.30	2-3 Years	2.09	
Total		399,514,750.58		81.87	

Note: in September 2011, according to thespirit of "the Reply to the Agreement of Academy of Agriculture and Forestry Sciences to Transfer the Central City Assets to Chengdu Small Town Invest Co., Ltd." (C.C.N. No.[2011] 203) issued byChengdu Finance Bureau,Chengdu Finance Bureau agreedChengdu Academy of Agriculture and Forestry Sciences to transfer the land and housingat No.35 Binhe Road inQingyang District andNo.9 Xiling Road in Qingyang District (including: the land of No.35 Binhe Road in Qingyang District is 16,011.37 square meters, and the housing is 1,208.00 square meters;the land of No.9 Xiling Road in Qingyang District is 996.61 square meters, and the housing is 1,895.19 square meters) to the Company according to the requirements. The land of No.35 HuanhuaBinhe Road was acquired by Chengdu Municipal Land Reserve Center in the current year, and the acquisition compensation stipulated in the contract was53,269,988.00Yuan, 20,000,000.00Yuan of which was received by December 31. According to the spirit of the documents (C.F.Y. No.[2010] 246, C.F.Y. No.[2010] 237, and C.F.Y. No.[2016] 71) issued by Chengdu Municipal People's Government, 20,000,000.00Yuan received was used to balance the construction expenditure for Chengdu Academy of Agriculture and Forestry Sciences in previous years, and reduce the receivables forAcademy of Agriculture and Forestry Sciences.

5. Inventories

(1) Inventories by categories

Items	Closing Balance		
	Book Balance	Provision for Decline in Inventories	Book Balance
Raw materials	225,701.95		225,701.95
Development cost	11,119,816,663.16		11,119,816,663.16
Development products	701,930,500.83		701,930,500.83
Revolving materials (packages, low-value consumables)	34,367.08		34,367.08
Others			
Total	11,822,007,233.02		11,822,007,233.02

(To be continued)

Items	Opening Balance		
	Book Balance	Provision for Decline in Inventories	Book Balance
Raw materials	225,701.95		225,701.95
Development cost	10,336,760,947.69		10,336,760,947.69
Development products	568,560,876.65		568,560,876.65
Revolving materials (packages, low-value consumables)	21,155.50		21,155.50
Others	660,000.00		660,000.00
Total	10,906,228,681.79		10,906,228,681.79

(2) Capitalization of Borrowing Expenses in Closing Balance of Inventories

Item Name	Closing Balance	Opening Balance
Cheng Tong Project	75,058,945.41	12,525,533.18
Dujiangyan Project	7,365,526.58	7,365,526.58
Jin Cheng Shi Jia Project		39,335,326.68
Old Site of Archives Project	1,393,711.69	1,393,711.69
Jian Nan Project	21,576,189.83	9,799,237.19
Nan Guang Project	172,049,777.52	130,538,830.96
Zi Yun Ting Project	17,298,739.97	17,298,739.97

Item Name	Closing Balance	Opening Balance
Jin Shang Spring Block A	128,219,393.49	103,812,039.12
Yinmu Road Project	75,861,656.10	39,205,406.10
Chengdu University Project	32,298,583.50	22,395,728.50
Total	531,122,524.09	383,670,079.97

6. Other Current Assets

Items	Closing Balance	Opening Balance
Prepaid taxes and dues	194,372,453.58	235,748,998.14
Total	194,372,453.58	235,748,998.14

7. Available-for-sale Financial Assets

(1) The Details of Available-for-sale Financial Assets

Items	Closing Balance			Opening Balance		
	Book Balance	Provision for Impairment	Book Value	Book Balance	Provision for Impairment	Book Value
Available-for-sale debt instruments						
Available-for-sale equity instruments	150,000,000.00		150,000,000.00	150,000,000.00		150,000,000.00
Including: measured at fair value						
Measured at cost	150,000,000.00		150,000,000.00	150,000,000.00		150,000,000.00
Others						
Total	150,000,000.00		150,000,000.00	150,000,000.00		150,000,000.00

Note 1: The Group itself invested 100,000,000.00 Yuan and 10,000,000.00 Yuanin Chengdu Financial City Invest & Development Co., Ltd and Chengdu Health Care Industry Development Co., Ltd respectively for obtaining 2.86% and 20.00% shareholdings respectively.

Note 2: the Group intends to transfer 20% stake it holds inChengdu Health Care Industry Development Co., Ltd. In January 2016, Xingcheng Group held a board meeting, and agreed to publicly transfer 20% stake it holds in Chengdu Health Care Industry Development Co., Ltd.XingchengGroup hired an intermediary organ to carry out the audit and assessment of the financial situation ofChengdu Health Care Industry Development Co., Ltd on 31 May 2016, and the assessment results showed thatthe assessment value of net assets ofChengdu Health Care Industry Development Co., Ltd was 39,542,600.00Yuan, and the corresponding assessment value of assets in 20% stake was 7,908,500.00Yuan. On 12 December 2016, the equity transfer scheme of the Company was to determine 10,000,000.00 Yuan as the listing price of in accordance with the principle that the listing price is not lower than the assessment value.

Note3: The Groups subsidiary Chengdu Small Town Invest Co., Ltd invested 40,000,000.00 Yuanin Chengdu Rural Equity Ownership Circulation Guarantee Co., Ltd for obtaining 13.33% shareholding on 21 March 2008.

8. Held-to-maturity Investments

Item	Closing Balance			Opening Balance		
	Book Balance	Provision for Impairment	Book Value	Book Balance	Provision for Impairment	Book Value
1.New Community Construction Project in Yunling Village, Xinmin Town, Pi County	223,398,813.36		223,398,813.36	217,342,691.13		217,342,691.13
2.New Community Construction Project in Baofeng, JinhuaTown, Xinjin County	80,436,771.53		80,436,771.53	218,216,296.57		218,216,296.57
3.New Community Construction Project (Phase 1) inQiquan Town, Chongzhou City	144,478,091.42		144,478,091.42	153,693,002.55		153,693,002.55
4.New Community Construction Project in Guiqiao, Mengyang Town, Pengzhou City	174,907,813.66		174,907,813.66	168,737,791.43		168,737,791.43
5.New Community Construction Project inDanan Village, Xiaoyudong Town, Pengzhou City	49,654,354.08		49,654,354.08	65,145,931.84		65,145,931.84
6.New Community Construction Project in Xinhuang Village, Tongji Town, Pengzhou City	108,354,285.81		108,354,285.81	118,850,035.26		118,850,035.26
7.New Community Construction Project in MangchengVillage,Qingchengshan Town, Dujiangyan City	192,400.00		192,400.00	129,192,399.99		129,192,399.99
8.New Community Construction Project in Yangqiao Village, Juyuan Town, Dujiangyan City	494,000.00		494,000.00	318,158,421.57		318,158,421.57
9.New Community Construction Project in Jinsheng Village, Xujia Town, Dujiangyan City	121,375,799.93		121,375,799.93	144,375,799.93		144,375,799.93
10.New Community Construction Project in Huanxi Village, Sanlang Town, Chongzhou City	32,056,110.74		32,056,110.74	37,054,600.01		37,054,600.01
11.New Community Construction Project in Datong, Wenjingjiang, Chongzhou City	80,075,448.93		80,075,448.93	96,146,900.01		96,146,900.01
12.New Community Construction Project in Sanguan Village, Huaiyuan, Chongzhou City	58,126,958.24		58,126,958.24	68,094,900.02		68,094,900.02
13.New Community Construction Project inTianshun, Jiezi, Chongzhou City	59,131,223.91		59,131,223.91	69,096,200.06		69,096,200.06
14.New Community Construction Project in Minzhuziku Village, Qingbaijiang	344,796,790.88		344,796,790.88	332,391,593.63		332,391,593.63
15.New Community Construction Project in Quanshui, Anren Town, Dayi County	28,054,054.21		28,054,054.21	33,054,054.21		33,054,054.21
16.New Community Construction Project in Qinggang, AnrenTown, Dayi County	32,060,595.54		32,060,595.54	38,060,595.55		38,060,595.55
17.Chengdu Grain and Oil Reserve (logistics) Center Project				66,664,152.65		66,664,152.65
18.New Community Construction Project in Caishan, Anren Town, Dayi County	56,100,672.22		56,100,672.22	66,100,672.23		66,100,672.23

Item	Closing Balance			Opening Balance		
	Book Balance	Provision for Impairment	Book Value	Book Balance	Provision for Impairment	Book Value
19.New Community Construction Project in Liuping,Shaqu Town, Dayi County	12,023,218.04		12,023,218.04	14,023,218.07		14,023,218.07
20.New Community Construction Project in Longwan, Shaqu Town, Dayi County	11,023,259.40		11,023,259.40	12,924,195.72		12,924,195.72
21.Tianguo Settlement Project in Huaiyuan Town, Post-disaster Reconstruction, Chongzhou City	50,057,555.00		50,057,555.00	65,601,555.00		65,601,555.00
22.New Community Construction Project in Huangdu Village, Puxing Town, Xinjin County	49,562,351.27		49,562,351.27	305,568,009.14		305,568,009.14
23.Post-disaster Reconstruction Project in WudianCommunity, Wujin Town, Xinjin County	169,989,819.96		169,989,819.96	270,102,251.06		270,102,251.06
24.New Community Construction Project in LuoyangVillage, Xiaoyudong Town, Pengzhou City	51,155,922.23		51,155,922.23	77,863,008.35		77,863,008.35
25.New Community Construction Project in Dawan Village, Xiaoyudong Town, Pengzhou City	52,387,022.49		52,387,022.49	63,549,922.49		63,549,922.49
26.New Community Construction Project in Dongping Village, XiaoyudongTown, Pengzhou City	16,696,808.81		16,696,808.81	23,788,564.36		23,788,564.36
27.New Community Construction Project in Yudong Village, XiaoyudongTown, Pengzhou City	22,240,266.13		22,240,266.13	30,025,902.25		30,025,902.25
28.New Community Construction Project in Bailu Village, BailuTown, Pengzhou City	15,792,812.05		15,792,812.05	24,794,628.16		24,794,628.16
29.New Community Construction Project in Wenlin Village, Gexianshan Town, Pengzhou City	65,189,194.45		65,189,194.45	73,655,233.36		73,655,233.36
30.New Community Construction Project in Sanjiechang, Sanjie Town, Pengzhou City	20,974,589.02		20,974,589.02	24,869,594.58		24,869,594.58
31.New Community Construction Project in Xinnian Village, Sanjie Town, Pengzhou City	13,165,434.69		13,165,434.69	13,528,968.04		13,528,968.04
32.New Community Construction Project in Qingliang Village, SanjieTown, Pengzhou City	11,078,286.07		11,078,286.07	14,491,566.63		14,491,566.63
33.New Community Construction Project in Fengbei Village, SanjieTown, Pengzhou City	10,978,056.36		10,978,056.36	13,391,336.91		13,391,336.91
34.New Community Construction Project in Wanjie Village, Xinping Town, Xinjin County	212,471,301.54		212,471,301.54	344,702,883.32		344,702,883.32

Item	Closing Balance			Opening Balance		
	Book Balance	Provision for Impairment	Book Value	Book Balance	Provision for Impairment	Book Value
35.New Community Construction Project Phase 2 in Taipingchang, Xinping Town, Xinjin County	439,491,701.40		439,491,701.40	424,773,437.50		424,773,437.50
36.Post-disaster Reconstruction Project in Sanhebei Community, Fuxing Town, Jintang County	105,733,167.83		105,733,167.83	104,874,387.32		104,874,387.32
37.New Community Construction Project in Tongxin Village, Chengjia Town, Pujiang County	48,602,611.61		48,602,611.61	144,563,364.13		144,563,364.13
38.Post-disaster Reconstruction Project in Baiguo Town, Jintang County	46,352,083.76		46,352,083.76	44,963,917.54		44,963,917.54
39.Post-disaster Reconstruction Project in Qingjiang Town, Jintang County	12,000,000.00		12,000,000.00	12,000,000.00		12,000,000.00
40.Post-disaster Reconstruction andCollective Construction Land Consolidation Project in Chengqing Community, Anlong Town, Dujiangyan	63,225,855.92		63,225,855.92	63,225,855.92		63,225,855.92
41.980 Mu of Land Consolidation Project in Pitong Town, Pi County	193,696,888.89		193,696,888.89	293,696,888.89		293,696,888.89
42.Post-disaster Reconstruction and Land First-level Consolidation Project in TianhuaCommunity, Heshan Town, Pujiang County				42,567,000.00		42,567,000.00
43.Post-disaster Reconstruction Project inTongji Town, Pengzhou City				398,289.06		398,289.06
44.New Community Construction Project Phase 2 in QiquanTown, Chongzhou City	391,968,332.25		391,968,332.25	385,547,711.74		385,547,711.74
45.New Community Construction Project in Xingfu Village, Xinghua, Qingbaijiang District	158,990,218.60		158,990,218.60	207,436,935.27		207,436,935.27
46.New Community Construction Project in Hongfeng, Hongyang Street, Qingbaijiang District	22,314,151.40		22,314,151.40	22,314,151.40		22,314,151.40
47.New Community Construction Projects in Jinsha Village and Shuangtu Village, Jiuchi Town, Pengzhou City	337,040,219.77		337,040,219.77	325,552,595.32		325,552,595.32
48.Longtan Settlement Project in Huaiyuan Town, Post-disaster Reconstruction, Chongzhou City	13,825,345.00		13,825,345.00	13,825,345.00		13,825,345.00
49.New Village Project in Pingshuiqiao Village, Zhaojia Town, Jintang County	79,219,606.94		79,219,606.94	52,177,495.84		52,177,495.84
50.Village-level Public Service Project Investment	143,053,601.39		143,053,601.39	215,454,070.30		215,454,070.30
	4,433,993,866.73		4,433,993,866.73	6,066,628,321.31		6,066,628,321.31

Note 1: Held-to-maturity investments of the Group are mainly for small town construction projects which collect project fund interests and investing & financing management fees based on agreed standards on investment contracts. Investment income and related economic benefits of held-to-maturity

investments may be recognised when flowing in the enterprise since the project construction period is comparatively long.

Note 2: on 12 February2007,the Company signed the "Investment Contract of Chengdu Grain and Oil Reserve (Logistics) Center Project" with Chengdu Grain and Oil Reserve Co., Ltd. However, due to various reasons, two Parties did not fully realise the agreement.On 29 February 2016, according to the spirit ofthe meeting minutes of Chengdu Municipal People's Government (C.F.Y. (2016) No.11), two Parties signed the "Agreement on the Handover ofLongtansi Grain Warehouse,and the Termination of Participation in Land Block Development of Renmin Road Grain Warehouse and Investment of Chengdu Grain and Oil Reserve (Logistics) Center Project". The Company withdrew from the development, and Chengdu Grain and Oil Reserve Co., Ltd transferredthe assets of Longtansi Grain Warehouse (two pieces of land and ground attachments were handed over to the Company. The Company arranged 80,000,000.00Yuan in the income from disposal of Longtansi Grain Warehouse assets, which was paid to Chengdu Grain and Oil Reserve Co., Ltd.) Therefore, the Company paid 20,000,000.00Yuan in the current year, plus the payment of the previous yearswill not be recovered, and the investment contract terminated.

9. Long-term Accounts Receivable

Item	Closing Balance			Opening Balance			Discount rate range at the end of the year
	Book Balance	Provision of Bad Debts	Book Value	Book Balance	Provision of Bad Debts	Book Value	
The financing lease values	7,518,226,538.69		7,518,226,538.69				
Including: unrealised financing income	2,851,415,240.40		2,851,415,240.40				
Less: reclassified to accounts receivable	280,642,785.27		280,642,785.27				
Less: reclassified to non-current assets due within 1 year	720,642,785.27		720,642,785.27				
Total	6,516,940,968.15		6,516,940,968.15				

Note: the payment was initiated by the Company based on C.F.G. Approval (2013) No.1102 Document from Chengdu Municipal Development and Reform Commission, and C.J.W. (2012) No.53 Document from Chengdu City Urban Construction Committee as the project owners, responsible for construction tasks of the Second Ring Road (West) project and Two Expressways project, and later formed form BLT.

The project includes Second Ring Road West expressway, with a whole project length of 20.8 kilometers. The construction started in March 2012, and fully completed at the end of June2013. Project investment estimate is 9.20115 billion yuan, including: 7.17176 billion yuan of project cost, 1.59124 billion yuan of other costs, and 438.15 million yuan of reserve funds. Source of funds was settled by the project owners in accordance with the relevant state provisions. On 29 December 2015, the Company and Chengdu Urban and Rural Construction Committee signed the "Lease Contract of Chengdu Municipal Government Renting Enterprises to Invest in City Infrastructure Projects", with a lease period of 15 years from 30 December 2015 to 29 December2030. Chengdu Urban and Rural Construction Committee shall pay 880,480,000.00 yuan annually to the Company as rent in accordance with the contract. Within the validity period of the contract, the two parties shall adjust the rent according to the final audit report of project completion and benchmark interest rate variation as the People's Bank of China in the same period. In the project implementation process, if the rent is changed due to project adjustments, it shall be adjusted after being identified according to relevant procedures. The rent plan of the project: 9.20115 billion yuan of construction capital, 4.00602 billion yuan of financing interest, and the total planned rent is 13.20717 billion yuan. At the end of 2016, the Company adjusted the construction principal according to the preliminary audit final form of the audit bureau. After adjustment, the construction principal was 7,592,000,000.00 Yuan, and the financing interest was adjusted to 3,217,000,000.00 Yuan. The annual rent receivable is 720,642,785.27 Yuan.

10. Long-term Equity Investments

(1) Category of Long-term Equity Investments

Item	Opening Balance	Increase for current year	Decrease for current year	Closing Balance
Investment in subsidiaries				
Investment in joint enterprises				
Investment in associated enterprises		341,984,000.00	284,227.50	341,699,772.50
Subtotal		341,984,000.00	284,227.50	341,699,772.50
Less: impairment provision of long-term equity investment				
Total		341,984,000.00	284,227.50	341,699,772.50

(2) Details of Long-term Equity Investment

Investees	Investment Cost	Opening Balance	Changes of Current Year			
			Increase Investment	Reduce Investment	Investment Gains and Losses under the Equity Method	Adjustment of Other Comprehensive Income
Total	341,984,000.00		341,984,000.00		-284,227.50	
1.Joint enterprises						
2.Associated enterprises	341,984,000.00		341,984,000.00		-284,227.50	
SichuanProvincial Investment	70,000,000.00		70,000,000.00		-113,466.89	

Electricity Sale Co., Ltd.						
China Sichuan International Investment Co., Ltd.	271,984,000.00		271,984,000.00		-170,760.61	

(To be continued)

Investees	Changes of Current Year				Closing Balance	Closing Balance of Impairment Provision
	Other changes in equity	Declaration of cash dividends or profits	Accrued Impairment Provision	Others		
Total					341,699,772.50	
1.Joint enterprises						
2.Associated enterprises					341,699,772.50	
SichuanProvincial Investment Electricity Sale Co., Ltd.					69,886,533.11	
China Sichuan International Investment Co., Ltd.					271,813,239.39	

(3) Main Financial Information of Significant Associated Enterprises

Item	Current year amount			Prior year amount		
	SichuanProvincial Investment Electricity Sale Co., Ltd.	China Sichuan International Investment Co., Ltd.				
Current assets	199,791,935.31	1,386,878,368.97				
Non-current assets						
Total assets	199,791,935.31	1,386,878,368.97				
Current liabilities	116,126.41	92.13				
Non-current liabilities						
Total liabilities	116,126.41	92.13				
Net assets	199,675,808.90	1,386,878,276.84				
Net asset share calculated by shareholding ratio	69,886,533.12	277,375,655.37				
Adjustments		-5,562,415.98				
Book value of equity investment in associated enterprises	69,886,533.12	271,813,239.39				
Fair value of equity investments with an open offer						
Operating income						
Financial expenses	-29,239.34	-448,984.37				
Income tax expenses						
Net profit	-324,191.10	-853,803.04				
Other comprehensive incomes						

Total comprehensive incomes	-324,191.10	-853,803.04				
Dividends received fromassociated enterprises in current year						

11. Investment properties

Items	Opening Balance	Increase for current year	Decrease for current year	Closing Balance
1. Total original book value	3,965,294,150.06	289,465,017.70	255,450,594.86	3,999,308,572.90
Including: houses & buildings	3,952,512,450.06	289,465,017.70	242,668,894.86	3,999,308,572.90
Land usufruct	12,781,700.00		12,781,700.00	
2. Total accumulated depreciation (amortization)	414,446,853.03	101,226,520.63	25,944,734.13	489,728,639.53
Including: houses & buildings	413,904,771.93	101,081,965.67	25,258,098.07	489,728,639.53
Land usufruct	542,081.10	144,554.96	686,636.06	
3. Total net book value	3,550,847,297.03	188,238,497.07	229,505,860.73	3,509,579,933.37
Including: houses & buildings	3,538,607,678.13	188,383,052.03	217,410,796.79	3,509,579,933.37
Land usufruct	12,239,618.90	-144,554.96	12,095,063.94	
4. Total amount of provision for impairment				
Including: houses & buildings				
Land usufruct				
5. Total book value	3,550,847,297.03	188,238,497.07	229,505,860.73	3,509,579,933.37
Including: houses & buildings	3,538,607,678.13	188,383,052.03	217,410,796.79	3,509,579,933.37
Land usufruct	12,239,618.90	-144,554.96	12,095,063.94	

Note: the Company transferred the investment properties of commercial and office use located atNo.9 Xiling Road, Qingyang District, Chengduto Sichuan Hong Jian Power Engineering Company Limited this year, and the transaction price was 12,780,000.00 Yuan. The transaction price of property has been collected. Sichuan Dacheng Real Estate Land Appraisal Company Limited issued Sichuan Dacheng (2015) No.033 Real Estate Valuation Assessment Report for this asset, and its total assessment price was12,772,900.00Yuan. The Company signed the property transaction contract on the asset located at No.9 Xiling Road, Qingyang District with the transferee. The asset has completed the handover procedure and ownership change registration procedure.

12. Property, Plant and Equipment

(1) Property, Plant and Equipment by Types

Items	Opening Balance	Increase for current year	Decrease for current year	Closing Balance
1. Total original book value	179,958,171.24	20,859,197.06	82,991,322.51	117,826,045.79
Including: houses & buildings	128,124,963.11	16,774,902.87	80,874,856.05	64,025,009.93

Items	Opening Balance	Increase for current year	Decrease for current year	Closing Balance
Machineries	3,344,918.04	228,114.14	544,080.04	3,028,952.14
Transportation vehicles	33,193,402.05	2,057,694.88	496,655.00	34,754,441.93
Electronic instruments	8,990,906.45	554,425.09	879,403.57	8,665,927.97
Office facilities	5,865,439.29	817,160.08	196,327.85	6,486,271.52
Others	438,542.30	426,900.00		865,442.30
2. Total accumulated depreciation	52,576,625.46	6,080,502.97	11,399,335.97	47,257,792.46
Including: houses & buildings	14,877,444.46	1,787,565.96	9,389,738.78	7,275,271.64
Machineries	2,427,960.42	233,247.82	520,440.71	2,140,767.53
Transportation vehicles	24,684,106.01	2,811,558.02	471,822.25	27,023,841.78
Electronic instruments	6,912,420.89	612,474.43	835,509.29	6,689,386.03
Office facilities	3,494,571.16	609,807.42	181,824.94	3,922,553.64
Others	180,122.52	25,849.32		205,971.84
3. Total net book value	127,381,545.78	14,778,694.09	71,591,986.54	70,568,253.33
Including: houses & buildings	113,247,518.65	14,987,336.91	71,485,117.27	56,749,738.29
Machineries	916,957.62	-5,133.68	23,639.33	888,184.61
Transportation vehicles	8,509,296.04	-753,863.14	24,832.75	7,730,600.15
Electronic instruments	2,078,485.56	-58,049.34	43,894.28	1,976,541.94
Office facilities	2,370,868.13	207,352.66	14,502.91	2,563,717.88
Others	258,419.78	401,050.68		659,470.46
4. Total provision for impairment				
Including: houses & buildings				
Machineries				
Transportation vehicles				
Electronic instruments				
Office facilities				
Others				
5. Total book value	127,381,545.78			70,568,253.33
Including: houses & buildings	113,247,518.65			56,749,738.29
Machineries	916,957.62			888,184.61
Transportation vehicles	8,509,296.04			7,730,600.15
Electronic instruments	2,078,485.56			1,976,541.94
Office facilities	2,370,868.13			2,563,717.88
Others	258,419.78			659,470.46

Note 1: the Small Town Investment disposed of the idle equipment of Longtansi Grain Warehouse this year. The original value of the disposed assets was 505,477.17 Yuan, and 484,721.33 Yuanhas depreciated;

Note 2: the houses and buildings reduced by Small Town Invest Companyare located at No.96 and No.98 LongtansiRoad North, Chenghua District. Due to the need for city planning, in accordance with the unified arrangement of the old city renovation work by Chenghua District Government, Chengdu Chenghua Shantytowns Transformation Beneficial Construction Limited Liability Company implemented the relocation and transformation of the houses located at No.96 and No.98 Longtansi Road North, Chenghua District (the total housing construction area is 31132.02 square meters, and housing properties are respectively:Property 1048455, Property 1048492, Property 1048493,Property 1048494, Property 1048495, Property 1048496, Property 1048497, Property 1048498 and Property 1048499). The original value of the disposed assets was 10,903,602.08 Yuan, and 9,389,738.78 Yuan has depreciated. The two Parties signed the "Chengdu Housing Relocation Compensation and Resettlement Contract", which agreed the total amount of resettlement was220,001,030Yuan. As of December, the Company has received 220,001,030 Yuan, and related profits were recorded in non-operating income. The handover procedure has been completed, and the warrants have been cancelled.

13. Construction in Progress

(1) Details of Construction in Progress

Item	Closing Balance			Opening Balance		
	Book Balance	Provision for Impairment	Book Value	Book Balance	Provision for Impairment	Book Value
Infrastructure construction in the eastern region	5,158,298,767.22		5,158,298,767.22	5,112,048,465.54		5,112,048,465.54
Infrastructure construction in the southern region	4,516,467,092.53		4,516,467,092.53	4,456,985,373.28		4,456,985,373.28
Reconstruction project of West Second Ring Road				5,830,276,257.07		5,830,276,257.07
Infrastructure construction of new passenger station project	13,180,470,274.06		13,180,470,274.06	11,650,800,997.56		11,650,800,997.56
Major municipal rental projects	801,126,867.41		801,126,867.41			
Other agent construction projects	3,949,801,708.43		3,949,801,708.43	4,824,873,244.14		4,824,873,244.14
Expansion project of Chengdu Mental Health Center	5,542,994.23		5,542,994.23			
Chengdu Center	126,926.26		126,926.26			
Total	27,611,834,630.14		27,611,834,630.14	31,874,984,337.59		31,874,984,337.59

(2) Changes of Significant Constructions in Progress of Current Year

Projects	Budget	Opening Balance	Increase for Current Year	Transfer-in Fixed Assets for Current Year	Other decrease for Current Year	Closing Balance
Infrastructure construction in the eastern region		5,112,048,465.54	2,114,458,005.68	122,752,583.89	1,945,455,120.11	5,158,298,767.22
Infrastructure construction in the southern region		4,456,985,373.28	357,957,599.89	51,613,226.65	246,862,653.99	4,516,467,092.53
Reconstruction project of West Second Ring Road		5,830,276,257.07	1,761,880,296.62		7,592,156,553.69	
Infrastructure construction of new passenger station project		11,650,800,997.56	1,529,669,276.50			13,180,470,274.06
Major municipal rental projects			801,126,867.41			801,126,867.41
Other agent construction projects		4,824,873,244.14	228,985,776.88		1,104,057,312.59	3,949,801,708.43
Expansion project of Chengdu Mental Health Center			5,543,479.80		485.57	5,542,994.23
Chengdu Center			126,926.26			126,926.26
Total		31,874,984,337.59	6,799,748,229.04	174,365,810.54	10,888,532,125.95	27,611,834,630.14

(To be continued)

Projects	Project Accumulated Investment Accounted for Budget	Project Progress	Accumulated Amount of Interest Capitalization	Incl.: Interest Capitalization of Current Year	Interest Capitalization Ratio of Current Year	Sources of Fund
Infrastructure construction in the eastern region	60.00		826,111,343.87			Loans from financial institutions
Infrastructure construction in the southern region	96.00		335,460,157.63			Loans from financial institutions
Reconstruction project of West Second Ring Road						Loans from financial institutions
Infrastructure construction of new passenger station project	85.00		3,374,137,995.14			Loans from financial institutions
Major municipal rental projects	20.00		12,104,308.76			Loans from financial institutions
Other agent construction projects	90.00		425,869,180.06			Loans from financial institutions
Expansion project of Chengdu Mental Health Center	95.00	It has been transferred, and has not yet completed final accounts				Loans from financial institutions
Chengdu Center						Loans from financial institutions, othersources
Total			4,973,682,985.46			

Note 1: Infrastructure Construction Project of Chengdu New Station in Shahebao Area

The main constructions include municipal road and pipe network project, bridge and tunnel project, green project, power line transformation project, etc. Including:

(1) Road project: constructing 61 municipal roads, total length is 42.65 kilometers, and the total area is 1.2566 million square meters;

(2) Bridge and tunnel project: 16 new flyover bridges, total length is 9.55 kilometers; 1 pedestrian bridge, 3 bridges, total area is 0.1579 million square meters; 5 new tunnels, total length is 272 kilometers, and the total area is 0.2157 million square meters;

(3) Power channel project: constructing 9.22 kilometers of power tunnel;

(4) Resettlement housing project: constructing 0.7702 million square meters of new houses.

The estimated total investment is 15.48173 billion Yuan, including: the construction cost is 7.14857 billion Yuan, construction and other expenses is 719.79 million Yuan, reserve funds is 204.05 million Yuan, loan interest in construction period is 1.91173 billion Yuan, and land costs is 5.49759 billion Yuan.

Note 2: Starting Area Infrastructure Project of Southern New Region

It reaches Fu River to the east, Chengdu Kunming railway to the west, South to the Beltway to the south, and North Train Station Station-front Road to the north, with an area of 15.6 square kilometers. Urban road network and other supporting infrastructure construction including road network, pipe network, etc. The total investment of the construction project is 4.92467 billion Yuan, including 1.88521 billion Yuan of main project cost, 2.65 billion Yuan of resettlement compensation, 94.26 million Yuan of other construction costs, 94.26 million Yuan of reserve funds, and 200.94 million Yuan of loan interest in construction period.

Note 3: Starting Area Infrastructure Project of Eastern New Region

(1) Sansheng District infrastructure construction project: it reaches Yidu Avenue to the north, Jingning Road and South Chenglong Road to the south, beltway green belt to the east, and Airport Road East extension area to the west, where Xingcheng Group configures the scope of land acquisition, municipal infrastructure, housing construction, and public service facilities construction. The total area of road is about 1.4411 million square meters, the length is 62.87 kilometers. The total construction area of resettlement housing project is about 0.7606 million square meters, and the construction area of public service facilities is about 0.7593 million square meters.

Total project investment is 14.4284 billion Yuan.

(2) Large area infrastructure project: it reaches Chengdu Chongqing Expressway to the north, Yidu Avenue to the south, beltway green belt to the east, and Ginkgo Avenue to the west. Project includes the construction of municipal infrastructure, supporting public service facilities, resettlement housing and land acquisition & relocation project. Including: 44.1 kilometers of municipal infrastructure of new road, 0.497 million square meters of public service facilities, and 1.069 million of resettlement housing construction.

The total investment is 11.10858 billion Yuan, including: 8.41307 billion Yuan of construction costs, 911.55 million Yuan of other construction costs, 932.46 million Yuan of reserve funds, and 851.5 million Yuan of interests in construction period.

Note 4: Major municipal rental projects include Chengdu Chongqing Expressway Reconstruction Project: the total length is approximately 4.24 kilometers, and the total investment is 3.4117406 billion Yuan; and Yuanhua Road Shengxianshu Node project: the bottom road length is 7.5 kilometers, the length of main bridge line is 6.025 kilometers (including BRT independent elevated section). The total project investment is 2.4051612 billion Yuan.

Note 5: Reconstruction project of West Second Ring Road: please see long-term accounts receivable, due to the change of rent and transfer in current period.

14. Liquidation of Property, Plant and Equipment

Items	Book value at the end of the year	Book value at the beginning of the year	Reasons for liquidation
The office disposing of cars	6,316.97		Upcoming scrap disposal
Dispose of old house funds	18,478.25		Upcoming disposal
Total	24,795.22		

15. Intangible Assets

Items	Opening Balance	Increase for Current Period	Decrease for Current Period	Closing Balance
1. Total of Original Value	32,206,082.92		32,206,082.92	
Including: land usufruct	32,206,082.92		32,206,082.92	
2. Total accumulated amortization	5,814,987.36	615,046.74	6,430,034.10	
Including: land usufruct	5,814,987.36	615,046.74	6,430,034.10	
3. Total amount of provision for intangible asset impairment				
Including: land usufruct				
4. Total of book value	26,391,095.56			
Including: land usufruct	26,391,095.56			

Note 1: the intangible assets reduced are located at No.96 and No.98 Longtansi Road North, Chenghua District (land certificate numbers are C.G.Y. (2008) No.327 andC.G.Y. (2008) No.326 respectively). Due to the need for city planning, in accordance with the unified arrangement of the old city renovation work by Chenghua District Government, Chengdu Chenghua Shantytowns Transformation Beneficial Construction Limited Liability Company implemented the relocation and transformation of the houses located at No.96 and No.98 Longtansi Road North, Chenghua District. The handover procedure has been completed, and the warrants have been cancelled.

Note 2: the Company used the land usufruct of the warehouse land at No.96 and No.98 Longtansi Road North (land certificate numbers are C.G.Y. (2008) No.326 and C.G.Y. (2008) No.327) to sign the "Maximum Mortgage Contract" with Chengdu Rural Commercial Bank. Term: from 16 September 2013 to 15 September 2018. In September this year, the Company completed the rescission of mortgage at Chengdu Municipal Land and Resources Bureau.

16. Long-term Deferred Expenses

Items	Opening Balance	Increase for Current Year	Current Year Amortised	Other Decrease	Closing Balance	Reason for Other Decrease

Items	Opening Balance	Increase for Current Year	Current Year Amortised	Other Decrease	Closing Balance	Reason for Other Decrease
Amortization of house decoration	615,463.02	1,498,097.31	473,527.67		1,640,032.66	
Total	615,463.02	1,498,097.31	473,527.67		1,640,032.66	

17. Deferred Tax Assets & Deferred Tax Liabilities

①Deferred Tax Assets &Deferred Tax Liabilities Which Have Been Confirmed

Items	Closing Balance		Opening Balance	
	Deferred Tax Assets/Liabilities	Deductible/ Temporary Difference	Deferred Tax Assets/Liabilities	Deductible/ Temporary Difference
1. Deferred Tax Assets	96,742,599.97	386,970,399.85	66,137,182.87	264,548,731.49
Provision for asset impairment	622,912.40	2,491,649.61	462,707.77	1,850,831.09
Deductible losses	1,903,632.51	7,614,530.04		
Advance sale of real estate	91,172,304.26	364,689,216.99	65,674,475.10	262,697,900.40
Others	3,043,750.80	12,175,003.21		
2. Deferred Tax Liabilities	1,806,323.85	7,225,295.39		
Advance sale of real estate	1,806,323.85	7,225,295.39		

18. Other Non-current Assets

Items	Closing Balance	Opening Balance
Loan by mandate	250,000,000.00	
Houses & buildings to be sold	69,287,390.56	
Total	319,287,390.56	

Note: the Company provided an entrusted loan of 250,000,000.00 Yuan to Pengzhou City Small Town Invest Co., Ltd. Time limit of the entrusted loan: five years, from 22 June 2016 to 21 June 2021.

19. Short-term Loans

(1) Short-term loans by categories

Items	Closing Balance	Opening Balance
Pledged loan	78,000,000.00	67,000,000.00
Mortgage loan	122,000,000.00	
Total	200,000,000.00	67,000,000.00

Note: the pledged loan was 78,000,000 Yuan from Xiamen Siming Sub-branch of Xia Men International Bank with pledge of deposits by Xingcheng headquarter itself. The deposit receipt number:

8003110000000363, amount: 52,640,000 Yuan; and the deposit receipt number: 800310000000355, amount: 36,820,000 Yuan.

The mortgage loanwas 122,000,000 Yuan of loans from Chengdu Branch of Bank of Dalian, and the mortgage is commercial housing, with ownership certificates: Chengdu Property Right Certificate No.3731219, Chengdu Property Right Certificate No.3731224, Chengdu Property Right Certificate No.3731226, Chengdu Property Right Certificate No.3731231, Chengdu Property Right Certificate No.3530018, Chengdu Property Right Certificate No.3530128, Chengdu Property Right Certificate No.3530123, Chengdu Property Right Certificate No.3530119, Chengdu Property Right Certificate No.3530110, Chengdu Property Right Certificate No.3530087, Chengdu Property Right Certificate No.3530086, Chengdu Property Right Certificate No.3530014, and Chengdu Property Right Certificate No.3553176.

20. Accounts Payable

(1) Aging Analysis of Accounts Payable

Aging	Closing Balance	Opening Balance
≤ 1 Year (including 1 year)	2,129,331,064.79	185,276,135.22
1-2 Years (including 2 years)	120,275,010.97	184,137,063.56
2-3 Years (including 3 years)	157,997,260.64	370,559,803.71
> 3 Years	380,896,179.50	85,910,555.49
Total	2,788,499,515.90	825,883,557.98

(2) Significant Accounts Payable over 1 Year

Debtees	Closing Balance	Reason for Not Paid
Chengdu Construction Engineering Group Corporation	186,288,179.79	Undue
Chengdu Land & Resources Bureau	39,727,000.00	Undue
China MCC5 Group Co. Ltd.	36,408,644.29	Undue
Zhongtai Construction Group Limited Company	35,534,153.77	Undue
Hydrology and Water Resources Survey Bureau of Sichuan Province	24,838,084.59	Undue
China Construction Technology Group Co., Ltd	15,744,802.03	Unsettled
Total	338,540,864.47	

21. Advance from Customers

(1) Aging Analysis of Advance from Customers

Aging	Closing Balance	Opening Balance
≤1 Year (including 1 year)	2,194,460,639.10	1,536,183,974.63
> 1 Year	1,493,492,438.06	2,235,894,415.00

Aging	Closing Balance	Opening Balance
Total	3,687,953,077.16	3,772,078,389.63

(2) Significant Advances from Customers over 1 Year

Debtees	Closing Balance	Reason for Not Carried forward
Public merchants (house purchase money)	11,335,232.00	Undue
Jin Shang Spring Block A	1,218,861,380.00	Unqualified for recognition
Yinmu Road Project	224,696,399.00	Unqualified for recognition
Jian Nan Project	38,404,701.00	Unqualified for recognition
Total	1,493,297,712.00	

22. Employee Benefits Payable

(1) Employee Benefits Payable by Categories

Items	Opening Balance	Increase for Current Year	Decrease for Current Year	Closing Balance
1. Short-term benefits	1,205,146.99	135,454,308.65	135,541,022.92	1,118,432.72
2. Post-employment compensation - defined contribution plan		15,713,762.01	15,713,762.01	
3. Dismissal compensation		21,650.00	21,650.00	
4. Other benefits due within 1 year				
5. Others				
Total	1,205,146.99	151,189,720.66	151,276,434.93	1,118,432.72

(2) Short-term Employee Benefits by Categories

Items	Opening Balance	Increase for Current Year	Decrease for Current Year	Closing Balance
1. Payroll, bonus and allowance		106,475,455.12	106,475,455.12	
2. Staff and workers' welfare		11,669,333.95	11,669,333.95	
3. Social security expenses		4,931,383.79	4,931,383.79	
Including: medical insurance expense		4,104,899.37	4,104,899.37	
Supplementary medical insurance expense		268,673.78	268,673.78	
Work injury insurance expense		136,360.42	136,360.42	
Maternity insurance expense		304,640.30	304,640.30	
Others		116,809.92	116,809.92	
4. Housing funds		9,325,913.00	9,325,913.00	
5. Labor union dues and staff & workers education funds	1,205,146.99	3,049,822.79	3,136,537.06	1,118,432.72
6. Short-term compensated absences				
7. Short-term profit sharing plan				
8. Other short-term benefits		2,400.00	2,400.00	

Items	Opening Balance	Increase for Current Year	Decrease for Current Year	Closing Balance
Total	1,205,146.99	135,454,308.65	135,541,022.92	1,118,432.72

(3) Defined Contribution Plans Are as Follows

Items	Opening Balance	Increase for Current Year	Decrease for Current Year	Closing Balance
1. Basic pension insurance expense		11,023,088.94	11,023,088.94	
2. Unemployment insurance expense		524,281.80	524,281.80	
3. Enterprise annuity expense		4,166,391.27	4,166,391.27	
Total		15,713,762.01	15,713,762.01	

23. Taxes and Dues Payable

Items	Opening Balance	Current Year Payable	Current Year Paid	Closing Balance
Value added tax		49,560,208.14	17,172,382.95	32,387,825.19
Business tax	3,535,746.30	52,523,605.57	56,059,351.87	
Land value increment tax	292,180.80	3,508,177.05	3,419,643.85	380,714.00
Enterprise income tax	119,319,477.11	247,966,412.46	166,535,076.35	200,750,813.22
City maintenance and construction tax	245,898.92	10,150,386.29	8,162,240.83	2,234,044.38
Building tax	16,760,585.49	40,259,320.78	39,443,711.83	17,576,194.44
Tenure tax	429,573.34	8,111,322.40	8,540,895.74	
Individual income tax	3,710,829.84	7,961,763.13	7,280,588.20	4,392,004.77
Educational surtax	176,080.02	7,249,913.63	5,830,365.13	1,595,628.52
Other taxes	202,544,877.78	209,421,123.84	127,509,434.34	284,456,567.28
Total	347,015,249.60	636,712,233.29	439,953,691.09	543,773,791.80

24. Interest Payable

Items	Closing Balance	Opening Balance
Interests of enterprise bond	170,447,946.40	145,016,666.67
Interest payable of short-term borrowing	937,100.00	
Other interests	18,290,753.41	
Total	189,675,799.81	145,016,666.67

25. Other Payables

(1) Other Payables Listed by Natures

Items	Closing Balance	Opening Balance
Performance bond	208,115,559.55	247,565,381.89
Bid bond	6,834,000.00	2,704,000.00

Items	Closing Balance	Opening Balance
Retainage of settlement auditing	106,324,593.50	128,444,655.30
Retainage of completion materials	270,462,797.66	306,293,904.41
Retainage of measurement	13,815.33	13,815.33
Quality bond	356,768,427.29	359,784,695.14
Plant maintenance cost	5,471,089.20	6,009,798.81
Consultancy fee for review	10,289,715.03	649,785.69
Social security payables	114,049.34	474.96
Housing funds	175,003.00	160,848.00
Agency receipt	560,280,491.91	497,212,595.52
Holdback	12,389,334.65	6,503,355.54
Other company payables	104,070,502.46	142,665,841.68
Property management bond and deposit		7,560.00
Deposit	54,694,844.85	53,241,592.11
Area difference compensation during resettlement of demolition	126,239,714.63	127,239,743.13
Others	60,667,644.19	52,386,461.99
Total	1,882,911,582.59	1,930,884,509.50

(2) Details of Significant Other Payables over 1 Year

Debtees	Closing Balance	Reason for Not Paid
Chengdu Construction Engineering Group Corporation	220,230,719.40	Unclosed, retainage of completion materials, quality bond, deposit period is not over yet
West China Hospital, Sichuan University	153,421,427.00	Undue
China Southwest Architectural Design & Research Institute Co., Ltd.	104,175,000.00	Non-completion, deposit period is not over yet
Troop 78006	75,694,320.00	Undue
Logistics Department of Sichuan Province PLA	65,000,000.00	Undue
China Huaxi Limited Company	55,719,538.80	Retainage of completion materials, quality bond, retainage of settlement auditing
Sichuan Aerospace Construction Engineering Company	48,593,731.92	Retainage of completion materials, quality bond, retainage of settlement auditing
Sichuan Shu Fu Housing Construction & Development Co., Ltd	45,000,000.00	Undue
Chengdu Land & Resources Bureau	40,000,000.00	Undue
Chengdu Eighth Construction Engineering Company	38,884,911.77	Retainage of completion materials, quality bond
Total	846,719,648.89	

26. Non-current Liabilities Due within 1 Year

Items	Closing Balance	Opening Balance

Items	Closing Balance	Opening Balance
Long-term borrowing due within 1 year (Note 8.27)	8,556,413,000.00	6,591,840,000.00
Bonds payable due within 1 year (Note 8.28)	400,000,000.00	400,000,000.00
Total	8,956,413,000.00	6,991,840,000.00

27. Long-term Loans

Category of loans	Closing Balance	Opening Balance	Interest Range at Year End
Pledged loan	4,361,813,333.33	3,831,980,000.00	
Mortgage loan	7,123,630,000.00	10,685,637,000.00	
Guaranteed loan	214,960,000.00	1,019,960,000.00	
Credit loan	8,274,650,000.00	10,631,500,000.00	
Subtotal	19,975,053,333.33	26,169,077,000.00	
Less: the part due within 1 year (Note 8.26)	8,556,413,000.00	6,591,840,000.00	
Total	11,418,640,333.33	19,577,237,000.00	

(1) Pledged loan

Lender	Balance of Borrowing	Pledge
Chengdu West Development Zone Sub-branch of BOC	119,980,000.00	Right to earnings of Chuanshan Road (the 3rd ring road-outer ring road of Xindu) configured land
Chengdu West Development Zone Sub-branch of BOC	50,000,000.00	Right to earnings of Chuanshan Road (the 3rd ring road-outer ring road of Xindu) configured land
Chengdu Gaopan Road Sub-branch of Agricultural Bank of China	154,500,000.00	Rental of West Section of 2nd Ring Road Renovation Project
South Railway Station Sub-branch, Bank of China	488,333,333.33	Rental of West Section of 2nd Ring Road Renovation Project
Chengdu Gaopan Road Sub-branch of Agricultural Bank of China	1,450,000,000.00	Rental of West Section of 2nd Ring Road Renovation Project
Syndicated Loan	2,099,000,000.00	Pledge of accounts receivable
Total	4,361,813,333.33	

(2) Mortgage loan

Lender	Balance of Borrowing	Collateral

Chengdu 5th Sub-branch of CCB	210,000,000.00	Land usufruct of Group 8 of Fengfangyan Village; Group 6 of Banzhu Community
DeshengSub-branch of Bank of Chengdu Co., Ltd	535,000,000.00	Land usufruct of Group 5 of Banzhu Community
DeshengSub-branch of Bank of Chengdu Co., Ltd	155,000,000.00	Land usufruct of Group 1 of Qinghe Village
China Railway Trust	300,000,000.00	Business property rental income of Ke Chuang Building A & B
Chun Xi Sub-branch of ICBC	3,150,000,000.00	Land usufruct of Group 4 of Liangfeng Village, Sansheng Town, Jinjiang District; Group 10 of Fenfangyan Village, Sansheng Town, Jinjiang District; Group 6 of Hongsha Village, Sansheng Street, Jinjiang District; and Group 1 & 2 of Donggui Community, Baohe Street, Chenghua District
Chun Xi Sub-branch of ICBC	750,000,000.00	Ming Feng Office Building (#336 Jincheng Ave. of Gaoxin District); Apportioned area of Ming Feng Office Building (#59 Shujin Road &#336 Jincheng Ave. of Gaoxin District)
QinglongSub-branch of Chengdu Rural Commercial Bank	325,500,000.00	Land usufruct of Group 7 of Liangfeng Village, Sansheng Town, Jinjiang District
Chengdu 5thSub-branch of CCB	180,000,000.00	Land usufruct C.G.G.Y. (2014) No.32310
Chengdu XingnanSub-branch of China Construction Bank	100,000,000.00	Land usufruct C.G.G.Y. (2016) No.6990
China Citic Bank	299,000,000.00	Land usufruct C.G.G.Y. (2016) No.6989
Chengdu Jinjiang Sub-branch of Agricultural Bank of China	454,060,000.00	Land usufruct
Chengdu Branch of Industrial Bank	33,000,000.00	East of Fengxiang Street, south of Yuejihua Street, west of Xiangzhang Ave and north of Bairihong Road west in Jinjiang District
Chengdu Jinjiang Sub-branch of Agricultural Bank of China	192,070,000.00	Land usufruct
Chengdu 5th Sub-branch of CCB	15,000,000.00	Land usufruct, maximum amount mortgage contract (C.G.G.Y. (2014) No.32310, South Station Group, High-tech Zone, Chengdu, the mortgage value is 714,756,000 Yuan)
AVIC Trust	425,000,000.00	Chengdu Xing Cheng Invest Group Co., Ltd is the guarantor; land usufruct as the collateral(C.G.Y. (2012) No.140)
Total	7,123,630,000.00	

(3)Guaranteed loan

Lender	Balance of Borrowing	Guarantor
AVIC Trust	140,000,000.00	Guarantee within the Group
AVIC Trust	5,000,000.00	Guarantee within the Group
Shangye Street Sub-branch of Bank of Chengdu	69,960,000.00	Chengdu Rural Equity Ownership Circulation Guarantee Co., Ltd.
Total	214,960,000.00	

(4) Credit loan

Lender	Balance of Borrowing
South Railway Station Sub-branch, Bank of China	235,650,000.00
Sichuan Branch of National Development Bank	15,000,000.00
Sichuan Branch of National Development Bank	49,000,000.00
Chengdu Branch of PingAn Bank	1,500,000,000.00
Citic Trust Co., Ltd.	500,000,000.00

Siming Sub-branch of Xiamen International BankCo., Ltd.	425,000,000.00
Chun Xi Sub-branch of ICBC	475000000
Chun Xi Sub-branch of ICBC	450,000,000.00
Citic Trust Co., Ltd.	1,000,000,000.00
Chengdu Xingnan Sub-branch of China Construction Bank	2,400,000,000.00
Sichuan Trust	500,000,000.00
Sichuan Trust	500,000,000.00
Chengdu Branch of China Minsheng Bank	100,000,000.00
Chengdu Rural Commercial Bank (Note 4)	125,000,000.00
Total	8,274,650,000.00

28. Bonds Payable

(1) Bonds Payable

Items	Closing Balance	Opening Balance
13 Rong Xing Bond (enterprise bond)	1,196,249,203.77	1,593,951,504.70
2015 non-public enterprise bond (Xing Cheng Company)	1,993,694,084.97	1,990,489,396.32
CDXC INV B2111 (HKEX)	2,003,301,214.73	
16 Xingcheng Investment MTN001	1,998,827,642.14	
Ren Ju 2015 non-public enterprise bond	1,491,815,709.72	1,488,669,033.37
Total	8,683,887,855.33	5,073,109,934.39

(2) Increase &Decrease Changes of Bonds Payable (Excluding Other Financial Instruments, Such As Preferred Shares and Perpetual Bonds, Which Are Divided into Financial Liabilities)

Bonds	Book Value	Issuance Date	Term	Amount	Opening Balance
13 Rong Xing Bond (enterprise bond)	2,000,000,000.00	Jan. 2013	7 Years	2,000,000,000.00	1,993,951,504.70
2015 non-public enterprise bond (Xing Cheng Company)	2,000,000,000.00	Nov. 2015	3 Years	2,000,000,000.00	1,990,489,396.32
CDXC INV B2111 (HKEX)	2,081,100,000.00	Nov. 2016	5 Years	2,081,100,000.00	
16 Xingcheng Investment MTN001	2,000,000,000.00	Oct. 2016	5 Years	2,000,000,000.00	
Ren Ju 2015 non-public enterprise bond	1,500,000,000.00	Oct. 2015	3 Years	1,488,150,000.00	1,488,669,033.37
Subtotal	9,581,100,000.00			9,569,250,000.00	5,473,109,934.39
Less: Closing Balance of the part due within 1 year (Note 8.26)					400,000,000.00
Total					5,073,109,934.39

(To be continued)

Bonds	Issuance of Current Year	Accrued Interest At Book Value	Amortization on Premium/Discount	Current Year Repaid	Closing Balance
13 Rong Xing Bond (enterprise bond)		100,776,666.67	-2,297,699.07	500,776,666.67	1,596,249,203.77
2015 non-public enterprise bond (Xing Cheng Company)		101,400,000.00	-3,204,688.65	101,400,000.00	1,993,694,084.97
CDXC INV B2111 (HKEX)	2,002,099,351.25	5,636,312.50	-1,201,863.48	5,636,312.50	2,003,301,214.73
16 Xingcheng Investment MTN001	1,998,790,000.00	63,066,666.67	-37,642.14	63,066,666.67	1,998,827,642.14
Ren Ju 2015 non-public enterprise bond			-3,146,676.35		1,491,815,709.72
Subtotal	4,000,889,351.25	270,879,645.84	-9,888,569.69	670,879,645.84	9,083,887,855.33
Less: Closing Balance of the part due within 1 year (Note 8.26)					400,000,000.00
Total					8,683,887,855.33

29. Perpetual Bond and Other Financial Instruments

(1) Status of Financial Instruments Issued Externally at the End of the Period, Such As Perpetual Bond

Financial instruments issued externally	Issuing time	Accounting category	Stock interest rate or interest rate	Issue price	Quantity	Amount	Due date or renewal	Conversion condition	Conversion situation
Perpetual bond	27 Dec. 2016	equity	5.0%	1.00	1,000,000,000.00	1,000,000,000.00	None	None	None
Total						1,000,000,000.00			

(2) Changes in Financial Instruments Issued Externally, Such As Perpetual Bond

Financial instruments issued externally	Opening Balance		Current Years Increase		Current Years Decrease		Closing Balance	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Perpetual bond			1,000,000,000.00	1,000,000,000.00				1,000,000,000.00
Total				1,000,000,000.00				1,000,000,000.00

30. Long-term Payables

The Top 5 Itemsin Terms ofClosing Balance

Items	Closing Balance	Opening Balance
Total	3,567,400,000.00	
Including: 1. China Railway Construction Corporation Limited	450,000,000.00	
2. China Construction Company Limited	700,000,000.00	
3. Chengdu Finance Bureau	2,417,400,000.00	

31. Special Payables

Items	Opening Balance	Increase for Current Year	Decrease for Current Year	Closing Balance
Total	9,793,184,683.83	1,381,940,832.38	4,839,785,587.51	6,335,339,928.70
Including: 1. special appropriation for starting area infrastructure in eastern & southern region	3,589,177,158.85	272,293,358.20	3,736,157,438.09	125,313,078.96
2. Special appropriation for other agent construction projects	853,167,475.59	184,238,000.00	180,000,000.00	857,405,475.59
3. Renovation of West 2nd Ring Road & Two Expressways	2,640,000,000.00			2,640,000,000.00
4. Court	258,133,658.48			258,133,658.48
5. Cable TV Company	5,480,000.00			5,480,000.00
6. Pengzhou Project	551,267,869.36	9,000,000.00	560,267,869.36	
7. Public Security Bureau Agent Construction Project	220,000,000.00	160,000,000.00		380,000,000.00
8. Major municipal BLT projects		44,710,000.00		44,710,000.00
9. Party School	46,350,000.00	6,000,047.74		52,350,047.74
10. Public Health Center	267,472,622.60	5,097,568.14	272,570,190.74	
11. Martyrs Cemetery	29,293,060.93		29,293,060.93	
12. Nursing School of Chengdu University	61,488,625.39		61,488,625.39	
13. Chengdu Cheng Fang Real Estate Co., Ltd.	738,667,775.46	384,339,870.66		1,123,007,646.12
14. Chengdu Housing Security Center	419,119,191.91	218,759,387.64		637,878,579.55
15. Expansion project of Chengdu Mental Health Center	270,242.26	3,000,000.00		3,270,242.26
16. Chengdu Childrens Welfare Home & Family Foster Rehabilitation Center Project	14,431,200.00	4,400,000.00		18,831,200.00
17. Chengdu Meteorological Monitoring & Forecasting Center Project	55,000,000.00			55,000,000.00
18. Chengdu Flood-control Materials Warehouse Project	897,400.00	4,102,600.00		5,000,000.00
19. Chengdu Technician Institute Teaching & Practical Training Building Project	6,000,000.00	33,000,000.00		39,000,000.00
20. Chengdu Disaster Relief Materials Distribution Center Project		1,000,000.00		1,000,000.00
21. Internet Town Project	15,000,000.00	30,000,000.00		45,000,000.00
22. Tianfu Ancient Town Characteristic handicraft & Agricultural Products Project	20,000,000.00	20,000,000.00		40,000,000.00
23. Chengdu Tianfu Ancient Town Union Project	1,960,000.00	2,000,000.00		3,960,000.00
24. Scientific research fund for Village public projects management models	8,403.00		8,403.00	

32. Paid-in Capital

Investors	Opening Balance		Increase for Current Year	Decrease for Current Year	Closing Balance	
	Investment Amount	Ratio (%)			Investment Amount	Ratio (%)

Investors	Opening Balance		Increase for Current Year	Decrease for Current Year	Closing Balance	
	Investment Amount	Ratio (%)			Investment Amount	Ratio (%)
Total	5,525,400,000.00	100.00			5,525,400,000.00	100.00
Chengdu SASAC	5,525,400,000.00	100.00			5,525,400,000.00	100.00

33. Other Equity Instrument

Financial instruments issued externally	Beginning of Current Year		Current Years Increase		Current Years Decrease		End of Current Year	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Perpetual bond				1,000,000,000.00				1,000,000,000.00
Total				1,000,000,000.00				1,000,000,000.00

Note: on 27 December 2016, the Company and Huarong International Trust Co., Ltd signed the "Perpetual Bond's Rights Investment Contract of Huarong - Chengdu Xingcheng Group Perpetual Bond Collective Fund Trust Plan", and the contract number is Huarong Trust (2016) Trust No.353 - Investment No.1. In Clause 2 of the contract, two Parties acknowledged and agreed that Party A intends to use the trust fund under the trust plan for the equity investment of perpetual bond's rights. In Clause 4, two Parties agreed that the total investment of the contract does not exceed 3,500,000,000 Yuan, which can be divided into payments of investment price, and the specific amount is subject to the total investment amount which is actually paid for. In Clause 5, regarding the investment period, two Parties agreed the investment period under the contract is non-fixed term, which is since the starting date (including) of investment period to the date when Party B applies for redemption of perpetual bond in advance or the due date (not including) when Party B applies for all investment under the contract or other related due dates under the contract. Except for other agreement two Parties agree on, Xingcheng Company has the right to apply for maturity in writing to Huarong Trust Company on the date of expiration of 5 years since the starting date of the i^{th} investment period, and each interest date of expiration of 5+i years since the starting date of the i^{th} investment period, or at any other time agreed upon by two Parties. In addition, the Company returns the applied maturity investment price and corresponding investment income has not been paid (including the deferred payment of investment income under the i^{th}investment), and all other payables to Huarong Trust Company. In Clause 6, regarding the investment income, except for other agreement two Parties agree on, Xingcheng Company shall pay the corresponding current investment income of the i^{th}investment price to Huarong Trust Company on the income payment date of the i^{th}investment. Unless compulsory payment occurs, on each payment date under the contract, Xingcheng Company can choose by itself to delay the corresponding current investment income of the i^{th}investment price and all investment income deferred in accordance with this clause to the next payment date, and this is not subject to any number of deferred payments; the aforesaid investment income deferred does not constitute the failure of Party B to pay the investment income to Party A in full in accordance with this contract.

As of 31 December 2016, the Company received the above investment of 1,000,000,000.00 Yuan.

34. Capital Reserve

Items	Opening Balance	Increase for Current Period	Decrease for Current Period	Closing Balance
1. Premium on capital	924,214,811.37			924,214,811.37
2. Other Capital reserve	9,239,901,180.81	2,535,713,155.00		11,775,614,335.81
Total	10,164,115,992.18	2,535,713,155.00		12,699,829,147.18
Including: state-owned exclusive Capital reserve	10,164,115,992.18	2,535,713,155.00		12,699,829,147.18

The increased other Capital reserve for current year is 2,535,713,155.00Yuan, including: (1) the asset of bank building at No.28 Chengdu Zongfu Road was handed over to the Group by Chengdu Government Offices Administration Bureau in complying with the Reply to Chengdu Xingcheng Group Receiving the Asset of Bank Building (Document C.G.Z.P. (2015) No.113) of Chengdu SASAC, and then increased state-owned capital. According to the assessment report C.Y.F.G. (2016) No.0187 of Sichuan Dayou Real Estate Appraisal Consulting Co., Ltd, the estimated value of bank building mentioned above is 235,700,000.00 yuan. Meanwhile, the Group increased 235,700,000.00 yuan in assets and Capital reserve according this. (2) According to the Notice of Chengdu Finance Bureau and Chengdu SASAC on Arranging State Capital of Chengdu Center for Xingcheng Group C.C.T. (2016) No.82, the Group will put 2,000,000,000.00 Yuan of state capital of Chengdu Center which was received into the Capital reserve. (3). Chengdu Small Town Invest Co., Ltd, a subsidiary of the Group, received 300,000,000.00 Yuan of construction project grant from Chengdu Finance Bureau; regardingthe scientific research fund for village public project management models which was pulled by Chengdu Finance Bureau in the previous years, since the project has already ended, the remaining part 8,403.00 Yuan which was included in special payables was transferred to increase the capital reserve;regarding the scientific research fund for village public project which was pulled by Chengdu Finance Bureau in the previous years, since the project has already ended, the remaining part 4,752.00 Yuan which was included in other payables was transferred to increase the capital reserve.

35. Surplus Reserve

Items	Opening Balance	Increase for Current Year	Decrease for Current Year	Closing Balance	Reason &Basis for Change
Statutory surplus reserve	102,536,787.19	31,144,560.46		133,681,347.65	Accrued at 10% of the net profit
Total	102,536,787.19	31,144,560.46		133,681,347.65	

36. Retained earnings

Items	Amount for Current Year	Amount for Prior Year
Current yearsOpening Balance	2,290,357,174.30	1,853,418,305.02
Increase for current year	617,692,758.93	579,676,874.13
Including: current year net profit transfer-in	617,692,758.93	579,676,874.13
Other adjustments		
Decrease for current year	109,494,560.46	142,738,004.85
Including: current years appropriation of surplus reserve (Note 8.56)	31,144,560.46	29,528,004.85
Current years appropriation of General risk reserve		
Current years distributed cash dividends	78,350,000.00	113,210,000.00
Capital transferred (Note 8.52)		
Other decrease		
Current Years Closing Balance	2,798,555,372.77	2,290,357,174.30

37. Operating Income&Operating Costs

Items	AmountIncurred for Current Year		AmountIncurred for Prior Year	
	Income	Cost	Income	Cost
Subtotal for main business	3,322,041,273.15	1,712,941,756.85	2,416,253,751.22	1,207,692,991.25
Sales of real estate	2,411,454,948.13	1,541,329,642.43	1,821,602,456.00	1,059,017,819.50
Assets leasing	650,187,782.17	134,808,001.00	273,270,717.44	109,697,871.82
Property management	40,316,117.27	36,472,495.43	68,706,320.78	36,903,768.07
Investing & financing management fees			9,016,888.56	
Capital interest	12,898,407.18		8,727,096.54	
Agent construction management fee	9,976,852.52	281,642.66	29,696,961.66	2,054,848.86
Assets management and others	197,207,165.88	49,975.33	205,233,310.24	18,683.00
Subtotal of other business	26,082,160.40	28,769,405.42	5,110,418.67	5,113,133.22
Others	13,302,160.40	14,851,141.48	5,110,418.67	5,113,133.22
Losses on disposal of investment properties	12,780,000.00	13,918,263.94		
Total	3,348,123,433.55	1,741,711,162.27	2,421,364,169.89	1,212,806,124.47

38. Sales Expenses, Administrative Expenses, and Financial Expenses

(1) Sales Expenses

Items	AmountIncurred for Current Year	AmountIncurred for Prior Year
Staff and workers' welfare	2,032,418.66	1,676,601.40
Social security expenses	1,089,624.35	804,986.71

Items	AmountIncurred for Current Year	AmountIncurred for Prior Year
Housing funds	554,784.03	603,596.37
Labor union dues	130,963.60	125,889.54
Staff &workers education funds	7,375.40	2,020.00
Office expenses	753,743.68	924,166.38
Communication expenses	166,744.24	105,135.00
Business trip expenses	14,314.75	23,349.00
Transportation expenses	781,131.00	589,221.00
Business entertainment expenses	14,198.00	1,320.00
Advertising and publicity expenses	17,667,332.92	24,130,861.10
Consultancy expenses	1,559,575.46	1,394,740.00
Electricity expenses	251,280.08	82,879.09
Water expenses	35,299.23	22,227.96
Depreciation	302,136.34	350,920.86
Promotion expenses	277,822.00	49,737.83
Marketing facility expenses	20,265,166.02	16,911,608.48
Agency commission	9,455,719.91	4,214,571.01
Property management expenses	1,596,950.47	192,500.00
Gas expenses	1,968.42	
Others	576,891.78	481,323.90
Payroll	6,120,610.78	5,977,176.53
Total	63,656,051.12	58,664,832.16

(2) Administrative Expenses

Items	AmountIncurred for Current Year	Amount Incurred for Prior Year
Employee compensation	85,896,083.08	79,180,928.20
Office expenses	16,915,926.23	6,902,738.35
Communication expenses	2,071,929.62	2,273,373.39
Business trip expenses	2,879,242.10	771,701.50
Conference expenses	108,438.50	54,109.50
Transportation expenses	6,514,732.13	6,638,903.62
Business entertainment expenses	559,048.48	169,535.59
Consultancy expenses	11,672,961.44	2,528,595.00
Advertising expenses	933,882.93	278,649.00
Repair expenses	35,945.00	86,365.53
Property insurance premium	35,867.40	47,495.83

Items	AmountIncurred for Current Year	Amount Incurred for Prior Year
Party organizational activity expenses	345,391.11	316,274.75
Material consumption	1,228,527.45	1,222,190.69
Taxes	863,332.82	8,546,774.88
Depreciation expenses	5,318,460.17	5,790,542.34
Utilities	1,195.40	2,980.00
Books and reference materials expenses	8,229.00	
Property management expenses	15,873.00	17,316.00
Vehicle expenses	6,000.00	5,200.00
Disability guarantee fund	1,315.20	5,788.00
Others	1,182,690.81	125,620.57
Total	136,595,071.87	114,965,082.74

(3) Financial Expenses

Items	Amount Incurred for Current Year	Amount Incurred for Prior Year
Interest expense	346,341,357.76	27,863,967.04
Less: Interest income	71,236,914.45	30,234,680.08
Net loss of exchange	25,582.85	
Others	4,677,556.57	909,924.77
Total	279,807,582.73	-1,460,788.27

39. Loss on Impairment of Assets

Items	Amount Incurred for Current Year	Amount Incurred for Prior Year
Losses on bad debts	708,603.79	255,832.57
Total	708,603.79	255,832.57

40. Investment Income

(1) Details of Investment Income

Sources of investment income	Amount Incurred for Current Year	Amount Incurred for Prior Year
Long-term equity investment income measured by equity method	-284,227.50	
Total	-284,227.50	

41. Non-operating Income

(1) Category of Non-operating Income

Items	Amount Incurred for Current Year	Amount Incurred for Prior Year	Non-recurring Profits and Losses Recorded in Current Year
Total of gains on disposal of non-current assets	106,045,272.66		106,045,272.66

Items	Amount Incurred for Current Year	Amount Incurred for Prior Year	Non-recurring Profits and Losses Recorded in Current Year
Including: gains from disposal of fixed assets	5,888,900.17		5,888,900.17
Gains from disposal of intangible assets	100,156,372.49		100,156,372.49
Government grants (see below for details)	4,055,900.00	7,444,240.00	4,055,900.00
Liquidated damages	7,038,000.00		
Others	1,259,345.87	1,626,618.85	
Total	118,398,518.53	9,070,858.85	110,101,172.66

(2) Details of Government Grants

Items	Amount Incurred for Current Year	Amount Incurred for Prior Year	Related to Income
Government financial discount on village public projects	4,055,900.00	7,444,240.00	4,055,900.00
Total	4,055,900.00	7,444,240.00	4,055,900.00

Notes: the Company actually received4,453,600.00Yuan of finance discount fund in Village Public Project. In accordance with the Document C.C.N. (2015) No.175 Notice on Releasing Special Fund for Finance Discount of Village Public Service & Social Administration Financing and Construction Projects issued by Chengdu Finance Bureau, the Company received 2,099,600.00 Yuan of finance discount fund, including 397,700.00 Yuanoflast year's in-transit finance discount fund which was recorded in last year's discount income; in accordance with the Document C.C.N. (2016) No.161 Notice on Releasing Special Fund for Finance Discount of Village Public Service & Social Administration Financing and Construction Projects issued by Chengdu Finance Bureau, the Company received 2,354,000.00 Yuan of finance discount fund; for this year, the remaining 4,055,900.00 Yuan of finance discount fund was recorded in this year's non-operating income.

42. Non-operating Expenses

Items	Amount Incurred for Current Year	Amount Incurred for Prior Year	Non-recurring Profits and Losses Recorded in Current Year
Total of loss on disposal of non-current assets	11,996,111.17	167.5	11,996,111.17
Including: losses from disposal of fixed assets	21,677.68	167.5	21,677.68
Donations given	1,649,748.30	207,900.40	1,649,748.30
Penalties	1,965,997.41		
Other expenses	585,593.13	460,681.77	
Total	16,197,450.01	668,749.67	13,645,859.47

43. Income Tax Expenses

Items	Amount Incurred for Current Year	Amount Incurred for Prior Year
Current income tax	245,164,249.35	147,668,551.11
Adjustment of deferred income tax	-28,799,093.25	50,458,562.50
Total	216,365,156.10	198,127,113.61

44. Leases

Finance lease (lessor): the minimum lease payment of rental finance lease assets insubsequentyears

Residual Lease Period	Minimum Lease Payment
≤1 Year (including 1 year)	720,642,785.27
1-2 Years (including 2 years)	720,642,785.27
2-3 Years (including 3 years)	720,642,785.27
> 3 Years	7,927,070,638.00
Total	10,088,998,993.81

45. Consolidated Cash Flow Statement

(1) Adjust Net Profits to Cash Flows of Operating Activities by Indirect Method

Supplementary Materials	Amount Incurred for Current Year	Amount Incurred for Prior Year
1. Adjust net profits to cash flows of operating activities		
Net profits	617,588,594.69	579,581,544.82
Add: provision for assets impairment	708,603.79	255,832.57
Depreciation of property, plant and equipment, oil and gas assets loss, depreciation of Bio-assets in production	107,307,023.60	101,834,088.65
Amortization of intangible assets	615,046.74	670,960.08
Amortization of Long-term deferred expenses	473,527.67	161,691.64
Losses from disposal of property, plant and equipment, intangible assets and other long-term assets (gains expressed with "-")	-106,023,406.48	167.50
Losses from retirement of property, plant and equipment (gains expressed with "-")	6354.5	
Losses from changes on fair value (gains expressed with "-")		
Financial expenses (gains expressed with "-")	346,341,357.76	29,951,530.22
Losses from investment (gains expressed with "-")	284,227.50	
Decrease of deferred tax assets (increase expressed with "-")	-30,605,417.10	50,458,562.50
Increase of deferred tax liabilities (decrease expressed with "-")	1,806,323.85	
Decrease on inventories (increase expressed with "-")	-5,913,739,737.10	-4,096,752,205.49
Decrease on operational items receivable (increase expressed with "-")	-520,725,951.38	509,828,156.89

Supplementary Materials	Amount Incurred for Current Year	Amount Incurred for Prior Year
Increase on operational items payable (decrease expressed with "-")	3,221,724,297.97	1,483,706,591.61
Others		
Net of Cash flow from operating activities	-2,274,239,153.99	-1,340,303,079.01
2. Significant financing and investing activities not related to cash receipt and payment		
Debt-for-capital swaps		
Convertible bonds due within 1 year		
Fixed assets on finance lease		
3. Net change of cash and cash equivalents		
Closing Balance of cash	12,934,826,177.98	12,466,286,981.85
Less: Opening Balance of cash	12,466,286,981.85	10,892,885,861.16
Add:Closing Balance of cash equivalents		
Less: Opening Balance of cash equivalents		
Net increase of cash and cash equivalents	468,539,196.13	1,573,401,120.69

(2) Formation of Cash and Cash Equivalents

Items	Closing Balance	Opening Balance
1. Cash	12,934,826,177.98	12,466,286,981.85
Including: Cash on hand	441.68	72,434.20
Bank deposits that are available for payment at any time	12,934,775,553.53	12,466,164,517.65
Other monetary funds that are available for payment at any time	50,182.77	50,030.00
2. Cash equivalents		
Including: bond investment due within 3 months		
3. Closing Balance of cash and cash equivalents	12,934,826,177.98	12,466,286,981.85
Including: the restricted cash and cash equivalents used by parent company or groups subsidiaries		

46. Monetary Items in Foreign Currencies

Items	Closing Balance of Foreign Currency	Converted Exchange Rate	Balance of Converted RMB at the End of the Year
Monetary funds	286,875,316.98	6.937	1,990,054,073.89
Including: U.S. dollar	286,875,316.98	6.937	1,990,054,073.89
Bond payable	300,000,000.00	6.937	2,081,100,000.00
Including: U.S. dollar	300,000,000.00	6.937	2,081,100,000.00

47. Assets with Restricted Ownership and Usufruct

Items	Closing Book Value	Reason for Restriction
Monetary funds	182,356,769.30	Pledged loan

Items	Closing Book Value	Reason for Restriction
Inventories	803,943,866.80	Mortgage loan
Investment properties	1,737,429,959.16	Mortgage loan

Note 9 Contingencies

1. In November 2007, Chengdu Rong Li Cultural Development Co., Ltd (hereinafter referred to as Rong Li Company) andXingcheng Group Company signed theContract on the Paid Use Operating Right of Chengdu Sports Park Project Plot A1 (Ying Yue Tan Park) (hereinafter referred to as the "main contract") , agreed upon the investment, construction, operation for the relevant facilities within the range A1 plots by Rong Li Company. Meanwhile, it was agreed that Rong Li Company founded the project company, i.e. Chengdu Rong Chun Hotel Investment and Management Co., Ltd (hereinafter referred to as Rong Chun Company). On 20 February 2012, three parties signed a "Supplemental Agreement to the Contract on the Paid Use Operating Right of Chengdu Sports Park Project Plot A1 (Ying Yue Tan Park)" (hereinafter referred to as the "supplementary agreement"), confirmed that Rong Chun Company inherits the rights and obligations of Rong Li Company in the "main contract" the company.

After the use adjustment of Plot A1, the "main contract" and "supplemental agreement" cannot be implemented, therefore the three parties had carried out negotiation. In December2014, Rong Li Company and Rong Chun Company handed the project over to Xingcheng Group; on 24 March 2015, the three parties signed the "termination agreement", agreed that compensation shall be made from Xingcheng Group to the other parties after the termination of cooperation, and the amount of compensation shall be determined by audit institutions.

The two companies thought they had made adequate preparation to implement rights and obligations of the contract, and started development and construction of the project. Therefore, they filed arbitration application to Chengdu Arbitration Commission to demand for about 53 million yuan of compensation from Xingcheng Group for the expenses they had invested in the project.

For this case, the amount and category of some parts of the expenses that Rong Li Company and Rong Chun Company applied for are being authenticated now.

Lawyer's estimation of the possibility and amount of possible losses or gains:

(1) About the contractual agreement: the termination of this agreement is due to the planning adjustment of government land use and other reasons. In the 14th Article of the main contract, it is clearly stipulated that the applicant should make compensation, only because the applicant defaults or the government requires expropriation and requisition. The Termination Agreement specifies "the matters concerning compensation after the termination of the main contract and the supplementary agreement, which shall be determined by the parties in accordance with the main contract and supplementary agreement and friendly consultation...... The compensation items and the amount that cannot be determined by the audit or evaluation can be determined by, including but not limited to, appraisal, consultation and arbitration". Article 14.7 of the main contract stipulates: "if the project has not yet started, Party A shall not pay any compensation......".

(2) About the performance of the contract: the contract expressly stipulates the construction content of the applicant is only all sports facilities and ancillary service facilities in the sports park.However, the applicant has invested a lot of manpower and material resources toprepare for the construction of five-star hotels and clubs, whenRong Li Company and Rong Chun Company hadn'tlisted the transfer of Block A1, and did not meet the conditions to build hotels and clubs. The scope of application for compensation is mostly for the consultation and design, personnel salaries and other expenses of the hotels and clubs.

(3) Through the communication with the arbitration tribunal, the arbitration tribunal tended to think that, in this case, the pre-construction plans from Rong Li Company and Rong Chun Company have been reviewed and approved by relevant departments of High-tech Zone, and the two companiesdidnt commit any fault on the termination of the contract. Therefore, Xingcheng Group may face some compensation.

2. The Dispute Case of Chengdu Han Dong Sports Investment Co. Ltd Applying for Lease Contract from Xingcheng Group

In March 2007, Beijing JiangongShuang Xing Construction Engineering Limited Liability Company (hereinafter referred to as Shuang Xing Company) and Chengdu Xing Nan Investment Co. Ltd (hereinafter referred to as Xing Nan Company) signed the Contract on the Paid Use Operating Right of Chengdu Sports Park Project Plot E (hereinafter referred to as the "main contract").

In March 2009, Xing Nan Company and Chengdu Xing Dong Investment Co. Ltd merged into Xingcheng Group according to the law. In the same year, Xingcheng Group, Shuang Xing Company and Chengdu Han Dong Sports Investment Co. Ltd (hereinafter referred to as "Han Dong Sports) signed the "Supplemental Agreement to the Contract on the Paid Use Operating Right of Chengdu Sports Park Project Plot E" (hereinafter referred to as the "supplementary agreement"), and agreed the rights and obligations of Xing Nan Company in the main contract will be enjoyed and borne by Han Dong Sports. After signing the "supplementary agreement", Han Dong Sports had invested in the project construction. From 2009 to 2012, the total investment was up to 49,548,167.82 yuan, and the project was put into operation after its completion.

In the process of operation, on 11 January 2013, Xingcheng Group issued the "Letter on Chengdu Xingcheng Investment Group Co. Ltd terminating of the Contract on the Paid Use Operating Right of Chengdu Sports Park Project Plot E" (hereinafter referred to as the "termination letter") to Han Dong Sports. On 31 January 2013, two parties signed the Termination and Compensation Agreement of the Contract on the Paid Use Operating Right of Chengdu Sports Park Project Plot E and its Supplementary Agreement (hereinafter referred to as the "compensation agreement"), and agreed that the "main contract" and "supplementary agreement" were terminated on 1 February 2013, and Han Dong Sports should hand all sites, buildings on the ground and related subsidiary facilities and equipment of the project over to Xingcheng Group, and evacuate Han Dong Sports personnel before 15 March 2013. In accordance with the compensation agreement, Xingcheng Group will pay start-up capital to the applicant according to the evacuation status of Han Dong Sports. As of 15 April 2013, Xingcheng Group had paid all start-up capital

30 million yuan to Han Dong Sports.

The "compensation agreement" also agreed that according to the main contract, the compensation that Xingcheng Group should pay to Han Dong Sports would be executed in accordance with the amount of assessment value ultimately determined by the assessment agency that was jointly commissioned by the two parties. But after the handover, Xingcheng Group had removed the facilities and equipment of the project, which caused assessment agency unable to evaluate the project to determine the amount of compensation, and XingchengGroup had not paid any compensation payments to Han Dong Sports except the start-up capital. According to this situation, the arbitration application was filed to Chengdu Arbitration Commission: (1)orderXingcheng Group to pay the remaining of compensation, which is 16,054,263.67 yuan, to Han Dong Sports; (2) return 4 million yuan of the performance bond; (3)Xingcheng Group shall pay interest on funds (16.59 million yuan) based on the rate of 0.05% for 30 million yuan, from 10 July 2013 to 20 July 2016.

At present, the two parties are collecting relevant evidence and materials in accordance with the evidence collection notification from Chengdu Arbitration Commission. After the formation of collegiate bench, the court time can be determined.

Lawyer's estimation of the possibility and amount of possible losses or gains:

(1) The compensation fund should be based on the assessment report issued by the entrusting evaluation institution as the basis for the final compensation, but it needs to provide complete evaluation materials;

(2) The performance bond shall in principle be returned under the situation that Han Dong Sports did not breach the contract, but considering Han Dong Sports failed to pay the annual rental according to the contract. In accordance with the contract, Xingcheng Group has the right to deduct from these expenses.

(3) In respect of liquidated damages, it is necessary to determine whether the liquidated damages should be paid for overdue payments according to the compensation and payable time stipulated in thearbitrament. At present, the cardinal number of 30 million Yuan which was proposed by Han Dong Sports is not valid.

3. Six Dispute Cases of Yue Peifuand Other Five Households Suing XingchengGroup for Compensation of Relocation and Resettlement

Yue Peifu and other five households claimed that during 2015 they signed the "Chengdu Residential Housing Demolition (Occupied Housing) Property Rights Exchange Agreement" (hereinafter referred to as the Exchange Agreement) with Xingcheng Group, and all houses of Yue Peifu to be demolished are located in Xijia Community, the building structure is mixed structure, and the nature of housing is residential. Xingcheng Group used the house located in Runxin Garden to exchange the demolished house. Two Parties made a special agreement in the "Exchange Agreement" on the construction area of the house, which includes the staircase, but not other pool. Xingcheng Group recovered the original of the "Exchange Agreement" from Yue Peifu based on the reason of applying the certificate of real estate property. With the help of Xingcheng Group, property management departments issued the house property certificate to Yue Peifu according to the law of property right registration. In the course of using the house, Yue Peifu found that the area of the house property right did not match the area stipulated in the Exchange Agreement. To this end, Yue Peifu made inquiries. After the inquiries, Yue Peifu found that the original content of the second article was modified by Xingcheng Group unilaterally. Yue Peifu believed that the defendant did not inform the specific placement of the housing construction area, unilaterally modified the Exchange Agreement, which was in violation of fairness and equality, the principle of honesty and credit, and caused serious damage to the legitimate rights and interests of Yue Peifu. It is required that the second article "construction area (including the pool)" in the Exchange Agreement is invalid, plus a compensation of 112,000 Yuan for the loss.

The other five cases are exactly the same, but only the amount of compensation is different.

The first instance judgment (main) has been made for the above six cases: the plaintiff claims for compensation were beyond the limitation of action, and the judgment rejected the claims. After the judgment, the plaintiffs of the above six cases refused to accept the firstinstance judgment, and appealed. At present, the management of XingchengGroup has no intention to mediate.

Lawyer's estimation of the possibility and amount of possible losses or gains:

The six plaintiffs in the case clearly knew their rights and interests will or may be violateddue to changes in the contract (specifically, after the corresponding resettlement housing registration was issued, they knew or should know their rights and interests have been infringed). In this case, no valid claim was put forward within the time limit stipulated by law, which belongs to the act of giving up one's own rights, and they should bear adverse consequences. In our opinion, the possibility of maintaining the original judgment (i.e. dismissing the plaintiff's claim) in the second instance is very great.

The Chengdu Small Town Invest Co., Ltd., a subsidiary of the Company, sued the defendant Chengdu Municipal Grain & Oil Corporation to Chenghua District Peoples Court of Chengdu on Apr. 30, 2015.

Claims: 1) Order the defendant to immediately pay to the plaintiff the rent from 1 September 2008 to 28 February 2015, which is 2,046,500.00 Yuan in total; 2) Order the defendant pay plaintiff immediately the liquidated damage of overdue rent payment, 755,823.00 Yuan, transient calculation to 30 April 2015; 3) Order the defendant immediately return all the leased property under the Building Lease Contract to the plaintiff.

The Chenghua District Peoples Court of Chengdu held an open trial on 23 June 2015. According to the Civil Judgement (2015) C.H.M.C.Z. No.2298 on 9 September 2015, the judgment is as follows:

(1) The defendant, Chengdu Municipal Grain & Oil Corporation, within 10 days of the effective day of this decision, pay to the plaintiff Small Town Investment the rent from 1 September 2008 to 28 February 2015, amounted to 2,046,500.00 Yuan, and the liquidated damages (calculation of liquidated damages: the unpaid rent as the principal, from the due date until the rent paid date, calculated according to the overdue loan rate, The People's Bank of China);

(2) The defendant, Chengdu Municipal Grain & Oil Corporation, within 30 days of the effective day of this decision, return the leased items under the Building Lease Contract to the plaintiff Small Town Investment;

(3) Dismiss the plaintiffs Small Town Investments other claims.

In September this year, the Company received 77,263.16 Yuan from Chenghua District Peoples Court, and recorded into non-operating income.

Lawyers believe that: the rest of the money is less likely to recover. Therefore, Chengdu Small Town Invest Co., Ltd did not confirm the above rent income.

Note 10 Events after Balance Sheet Date

The Company is unnecessary to disclose the events after balance sheet date.

Note 11 Affiliated Parties and Transactions

1. Parent Company Profile

Parent Company Name	Place of Registration	Nature of Business	Registered Capital	Shareholding Ratio of the Company	Voting Rights Ratio of the Company
Directly affiliated enterprise of Chengdu SASAC		State-owned		100.00	100.00

2. Subsidiaries Profile

See Note 7 Enterprise Merger and Consolidated Financial Statements

3. Joint and Associated Company Profile

See Note 8.17 Long-term Equity Investments

4. Other Affiliated Parties

Affiliated Parties	Relationship with the Company
Chengdu Health care Industry Development Co., Ltd.	Shareholding enterprise
Chengdu Financial City Invest & Development Co., Ltd.	Shareholding enterprise

5. Related Guarantee

Guarantor	Secured party	Guarantee amount	Guaranty period	Has the guarantee been fulfilled?
Chengdu Rural Equity Ownership Circulation Guarantee Co., Ltd.	The Groups subsidiary Chengdu Small Town Invest Co., Ltd.	69,960,000.00	Two years, that is two years since the expiration of the performance period of the obligations under the main contract	No

Note 12 Notes to the Main Items on Financial Statements of Parent Company

1. Accounts Receivable

Items	Closing Balance			
	Book Balance		Provision for Bad Debts	
	Amount	Ratio (%)	Amount	Ratio (%)

Items	Closing Balance			
	Book Balance		Provision for Bad Debts	
	Amount	Ratio (%)	Amount	Ratio (%)
Accounts receivable with significant single amount and single accrued bad debts provision				
Accounts receivable with accrued bad debts provision on credit risk characteristics portfolios	286,899,691.69	100.00	19,030.48	0.01
Accounts receivable with insignificant single amount but single accrued bad debts provision				
Total	286,899,691.69	100.00	19,030.48	0.01

(To be continued)

Items	Opening Balance			
	Book Balance		Provision for Bad Debts	
	Amount	Ratio (%)	Amount	Ratio (%)
Accounts receivable with significant single amount and single accrued bad debts provision				
Accounts receivable with accrued bad debts provision on credit risk characteristics portfolios	93,330,857.70	100.00	9,515.25	0.01
Accounts receivable with insignificant single amount but single accrued bad debts provision				
Total	93,330,857.70	100.00	9,515.25	0.01

(1) Accounts Receivable with Accrued Bad Debts Provision on Credit Risk Characteristics Portfolios

①Accounts Receivable withAccrued Bad Debts Provision by Aging-of-Accounts Method

Aging	Closing Balance			Opening Balance		
	Book Balance		Provision for Bad Debts	Book Balance		Provision for Bad Debts
	Amount	Ratio (%)		Amount	Ratio (%)	
≤1 Year (including 1 year)	2,498.60	4.99				
1-2 Years (including 2 years)						
2-3 Years (including 3 years)						
> 3 Years	47,576.19	95.01	19,030.48	47,576.19	100.00	9,515.25
Total	50,074.79		19,030.48	47,576.19		9,515.25

②Accounts Receivable withAccrued Bad Debts Provision by Other Methods

Portfolio	Closing Balance			Opening Balance		
	Book Balance	Accrued Ratio (%)	Provision for Bad Debts	Book Balance	Accrued Ratio (%)	Provision for Bad Debts
Project settlement				1,249,825.86		
Portfolio of government bonds and deposits	286,849,616.90			92,033,455.65		
Total	286,849,616.90			93,283,281.51		

(2) Accounts Receivable Listed by Top Five Closing Balance of Debtees

Debtors	Book Balance	Proportion in total accounts receivable (%)	Provision for Bad Debts
Chengdu Urban and Rural Construction Committee	280,642,785.27	97.82%	
ShilingSubdistrict Office	4,957,005.77	1.73%	
House-purchasing Difference Compensation for New Station Project Relocatees	884,625.86	0.31%	
Jinjiang Power Supply Company of Chengdu Power Bureau	365,200.00	0.13%	
Chengdu Da Zhong Landscape Engineering Co., Ltd.	24,062.00	0.01%	
Total	286,873,678.90	99.99%	

2. Other Receivables

Items	Closing Balance			
	Book Balance		Provision for Bad Debts	
	Amount	Ratio (%)	Amount	Ratio (%)
Other receivables with significant single amount and single accrued bad debts provision				
Other receivables with accrued bad debts provision on credit risk characteristics portfolios	1,718,942,594.02	100.00	913,589.50	0.05
Other receivables with insignificant single amount but single accrued bad debts provision				
Total	1,718,942,594.02	100.00	913,589.50	0.05

(To be continued)

Items	Opening Balance			
	Book Balance		Provision for Bad Debts	
	Amount	Ratio (%)	Amount	Ratio (%)
Other receivables with significant single amount and single accrued bad debts provision				
Other receivables with accrued bad debts provision by credit risk characteristics portfolios	110,838,527.81	100.00	449,609.03	0.41
Other receivables with insignificant single amount but single accrued				

Items	Opening Balance			
	Book Balance		Provision for Bad Debts	
	Amount	Ratio (%)	Amount	Ratio (%)
bad debts provision				
Total	110,838,527.81	100.00	449,609.03	0.41

(1) Other Receivables with Accrued Bad Debts Provision by Credit Risk Characteristics Portfolios

①Other Receivables with Accrued Bad Debts Provision by Aging-of-Accounts Method

Aging	Closing Balance			Opening Balance		
	Book Balance		Provision for Bad Debts	Book Balance		Provision for Bad Debts
	Amount	Ratio (%)		Amount	Ratio (%)	
≤ 1 Year (including 1 year)	9,335,084.28	75.21		818,420.97	22.87	
1-2 Years (including 2 years)	493,524.11	3.97	24,676.20	54,066.95	1.51	2,703.35
2-3 Years (including 3 years)	54,066.95	0.44	2,703.35	629,049.95	17.58	31,452.50
> 3 Years	2,529,747.97	20.38	886,209.95	2,077,265.88	58.04	415,453.18
Total	12,412,423.31		913,589.50	3,578,803.75		449,609.03

②Other Receivables with Accrued Bad Debts Provision by Other Portfolio Methods

Portfolio	Closing Balance			Opening Balance		
	Book Balance	Ratio (%)	Provision for Bad Debts	Book Balance	Ratio (%)	Provision for Bad Debts
Affiliates transactions	1,663,025,503.20	97.88		70,325,594.35	65.57	
Portfolio of government bonds and deposits	9,503,552.28			5,895,482.44	5.50	
Deposit, petty cash and other project settlement	34,001,115.23			31,038,647.27	28.94	
Total	1,706,530,170.71			107,259,724.06		

(2) Other Receivables Listed by Top Five Closing Balance of Debtees

Debtors	Nature of Fund	Book Balance	Aging	Proportion in total other receivables (%)	Provision for Bad Debts
Chengdu Ren Ju Real Estate Co., Ltd. (Headquarter)	Affiliates transactions	1,599,198,810.30	< 1 Year	93.03	
Chengdu Xing Dong Real Estate Co., Ltd. (Headquarter)	Affiliates transactions	62,619,692.90	< 1 Year	3.64	
Chengdu XingchengConstructionand Management Co., Ltd. (Headquarter)	Deposit, petty cash and other project settlement	7,282,423.75	< 1 Year	0.42	
DujiangyanYisheng Horticulture Engineering	Deposit, petty cash and other project settlement	4,409,258.55	> 5 Years	0.26	

Debtors	Nature of Fund	Book Balance	Aging	Proportion in total other receivables (%)	Provision for Bad Debts
Co., Ltd.					
Chengdu Chenghua District Unified Construction Office	Deposit, petty cash and other project settlement	4,000,000.00	1-2 Years	0.23	
Total		1,677,510,185.50		97.58	

3. Long-term Equity Investment

(1) Category of Long-term Equity Investment

Items	Opening Balance	Current Years Increase	Current Years Decrease	Closing Balance
Investment in subsidiaries	3,568,157,818.49	729,585,800.00		4,297,743,618.49
Investment in joint enterprises				
Investment in associated enterprises		341,984,000.00	284,227.50	341,699,772.50
Subtotal	3,568,157,818.49	1,071,569,800.00	284,227.50	4,639,443,390.99
Less: impairment provision of long-term equity investment				
Total	3,568,157,818.49	1,071,569,800.00	284,227.50	4,639,443,390.99

(2) Details of Long-term Equity Investment

Investees	Investment Cost	Opening Balance	Changes in Current Year			
			Increase investment	Reduce investment	Investment gains and losses under the equity method	Adjustment of other comprehensive income
Total	4,410,141,818.49	3,568,157,818.49	1,071,569,800.00		-284,227.50	
1. Subsidiaries	4,068,157,818.49	3,568,157,818.49	729,585,800.00			
Chengdu Xing Cheng Construction Management Co., Ltd.	10,035,300.00	10,035,300.00				
Chengdu Ren Ju Real Estate Co., Ltd.	638,820,000.00	638,820,000.00	229,585,800.00			
Chengdu Small Town Invest Co., Ltd.	2,392,412,518.49	2,392,412,518.49				
Chengdu Run Jin Cheng Industry Co., Ltd.	10,000,000.00	10,000,000.00				
Chengdu Xing Dong Real Estate Co., Ltd.	514,340,000.00	514,340,000.00				
Chengdu Dong Jing Gas Co., Ltd.	2,550,000.00	2,550,000.00				
Chengdu Xingcheng Capital Management Co., Ltd.	200,000,000.00		200,000,000.00			
Chengdu Chengdu Center Construction Co., Ltd.	300,000,000.00		300,000,000.00			
2. Associated enterprises	341,984,000.00		341,984,000.00		-284,227.50	

Investees	Investment Cost	Opening Balance	Changes in Current Year			
			Increase investment	Reduce investment	Investment gains and losses under the equity method	Adjustment of other comprehensive income
Sichuan Provincial Investment Electricity Sale Co., Ltd.	70,000,000.00		70,000,000.00		-113,466.89	
China Sichuan International Investment Co., Ltd.	271,984,000.00		271,984,000.00		-170,760.61	

(To be continued)

Investees	Changes in Current Year				Closing Balance	Impairment Provision for Closing Balance
	Other changes in equity	Declaration of cash dividends or profits	Accrued Impairment Provision	Others		
Total					4,639,443,390.99	
1. Subsidiaries					4,297,743,618.49	
Chengdu Xing Cheng Construction Management Co., Ltd.					10,035,300.00	
Chengdu Ren Ju Real Estate Co., Ltd.					868,405,800.00	
Chengdu Small Town Invest Co., Ltd.					2,392,412,518.49	
Chengdu Run Jin Cheng Industry Co., Ltd.					10,000,000.00	
Chengdu Xing Dong Real Estate Co., Ltd.					514,340,000.00	
Chengdu Dong Jing Gas Co., Ltd.					2,550,000.00	
Chengdu Xingcheng Capital Management Co., Ltd.					200,000,000.00	
Chengdu Chengdu Center Construction Co., Ltd.					300,000,000.00	
2. Associated enterprises					341,699,772.50	
Sichuan Provincial Investment Electricity Sale Co., Ltd.					69,886,533.11	
China Sichuan International Investment Co., Ltd.					271,813,239.39	

(3) Main Financial Information of Significant Associated Enterprises

Items	Current year amount		Prior year amount	
	SichuanProvincial Investment Electricity Sale Co., Ltd.	China Sichuan International Investment Co., Ltd.	SichuanProvincial Investment Electricity Sale Co., Ltd.	China Sichuan International Investment Co., Ltd.
Current assets	199,791,935.31	1,386,878,368.97		
Non-current assets				
Total assets	199,791,935.31	1,386,878,368.97		
Current liabilities	116,126.41	92.13		
Non-current liabilities				
Total liabilities	116,126.41	92.13		
Net assets	199,675,808.90	1,386,878,276.84		

Items	Current year amount		Prior year amount	
	SichuanProvincial Investment Electricity Sale Co., Ltd.	China Sichuan International Investment Co., Ltd.	SichuanProvincial Investment Electricity Sale Co., Ltd.	China Sichuan International Investment Co., Ltd.
Net asset share calculated by shareholding ratio	69,886,533.12	277,375,655.37		
Adjustments		-5,562,415.98		
Book value of equity investment in associated enterprises	69,886,533.12	271,813,239.39		
Fair value of equity investments with an open offer				
Operating income				
Financial expenses	-29,239.34	-448,984.37		
Income tax expenses				
Net profit	-324,191.10	-853,803.04		
Other comprehensive incomes				
Total comprehensive incomes	-324,191.10	-853,803.04		
Dividends received from associated enterprises in current year				

4. Operating Income & Operating Costs

(1) Details of Operating Income & Operating Costs

Items	Amount Incurred for Current Year		Amount Incurred for Prior Year	
	Income	Costs	Income	Costs
Subtotal of main business	1,047,407,909.85	332,286,289.74	510,219,320.00	127,242,877.77
Sales of real estate	229,129,333.33	217,410,796.79	34,835,800.00	22,868,256.46
Assets leasing	618,934,843.53	114,875,492.95	252,363,491.69	104,367,495.31
Assets management and others	199,343,732.99		223,020,028.31	7,126.00
Subtotal of other business				
Total	1,047,407,909.85	332,286,289.74	510,219,320.00	127,242,877.77

5. Investment Income

(1) Details ofInvestment Income

Sources of Investment Income	Amount Incurred for Current Year	Amount Incurred for Prior Year
Long-term equity investment income measured by cost method	44,080,000.00	83,750,000.00
Long-term equity investment income measured by equity method	-284,227.50	
Total	43,795,772.50	83,750,000.00

6. Cash Flow Statement

(1) Information on Adjust Net Profit as Cash Flow of Operational Activities by Indirect Method

Supplementary Materials	Amount Incurred for Current Year	Amount Incurred for Prior Year

Supplementary Materials	Amount Incurred for Current Year	Amount Incurred for Prior Year
1. Adjust net profits to cash flows of operating activities		
Net profits	311,445,604.60	295,280,048.54
Add: provision for assets impairment	473,495.70	-261,654.26
Depreciation of property, plant and equipment, oil and gas assets loss, depreciation of Bio-assets in production	92,635,349.62	92,410,887.96
Amortization of intangible assets		
Amortization of Long-term deferred expenses		
Losses from disposal of property, plant and equipment, intangible assets and other long-term assets (gains expressed with "-")		
Losses from retirement of fixed assets (gains expressed with "-")		
Losses from changes on fair value (gains expressed with "-")		
Financial expenses (gains expressed with "-")	296,055,861.13	-
Losses from investment (gains expressed with "-")	-43,795,772.50	-83,750,000.00
Decrease of deferred tax assets (increase expressed with "-")	-118,373.93	65,413.57
Increase of deferred tax liabilities (decrease expressed with "-")		
Decrease on inventories (increase expressed with "-")	-5,308,151,751.86	-2,843,461,551.77
Decrease on operational items receivable (increase expressed with "-")	-304,034,313.18	230,490,605.77
Increase on operational items payable (decrease expressed with "-")	2,542,561,357.29	2,539,603,364.66
Others		
Net of Cash flow from operating activities	-2,412,928,543.13	230,377,114.47
2. Significant financing and investing activities not related to cash receipt and payment		
Debt-for-capital swaps		
Convertible bonds due within 1 year		
Fixed assets on finance lease		
3. Net change of cash and cash equivalents		
Closing Balance of cash	8,261,138,827.85	8,525,063,280.69
Less: Opening Balance of cash	8,525,063,280.69	7,849,979,296.19
Add:Closing Balance of cash equivalents		
Less: Opening Balance of cash equivalents		
Net increase of cash and cash equivalents	-263,924,452.84	675,083,984.50

(2) Formation of Cash and Cash Equivalents

Items	Closing Balance	Opening Balance

Items	Closing Balance	Opening Balance
1. Cash	8,261,138,827.85	8,525,063,280.69
Including: Cash on hand		
Bank deposits that are available for payment at any time	8,261,138,827.85	8,525,063,280.69
Other monetary funds that are available for payment at any time		
2. Cash equivalents		
Including: bond investment due within 3 months		
3. Closing Balance of cash and cash equivalents		
Including: the restricted cash and cash equivalents used by parent company or groups subsidiaries		
1. Cash		
Including: Cash on hand	8,261,138,827.85	8,525,063,280.69
Bank deposits that are available for payment at any time	160,000,000.00	70,540,000.00

Note 13 Other Contents Need to Be Disclosed Based on Relevant Accounting System

1. Chengdu Small Town Invest Co., Ltd., a subsidiary of the Group, transferred the investment properties of commercial and office use located at No.9 Xiling Road, Qingyang District, Chengdu to Sichuan Hong Jian Power Engineering Company Limited this year, and the transaction price was 12,780,000.00 Yuan. The transaction price of property has been collected. Sichuan Dacheng Real Estate Land Appraisal Company Limited issued Sichuan DachengF.Z. (2015) No.033 Real Estate Valuation Assessment Report for this asset, and its total assessment price was 12,772,900.00 Yuan. The Company signed the property transaction contract on the asset located at No.9 Xiling Road, Qingyang District with the transferee. The asset has completed the handover procedure and ownership change registration procedure.

2. Due to the need for city planning, in accordance with the unified arrangement of the old city renovation work by Chenghua District Government, Chengdu Chenghua Shantytowns Transformation Beneficial Construction Limited Liability Company implemented the relocation and transformation of the houses located at No.96 and No.98 LongtansiRoad North, Chenghua District (the total housing construction area is 31132.02 square meters, and housing properties are respectively: Property 1048455, Property 1048492, Property 1048493, Property 1048494, Property 1048495, Property 1048496, Property 1048497, Property 1048498 and Property 1048499). The original value of the disposed assets was 10,903,602.08 Yuan, and 9,389,738.78 Yuan has depreciated. The two Parties signed the "Chengdu Housing Relocation Compensation and Resettlement Contract", which agreed the total amount of resettlement was 220,001,030 Yuan. As of December, the Company has received 220,001,030 Yuan, and related profits were recorded in non-operating income. The handover procedure has been completed, and the warrants have been cancelled.

Note 14 Approval of the Financial Statements

These financial statements have been approved by the board of directors of the Company.

Chengdu Xingcheng Investment Group Co., Ltd.

Audit Report

RHSZ[2016] No. 51020008

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瑞华会计师事务所
RUIHUA CERTIFIED PUBLIC ACCOUNTANTS

Audit Report

RHSZ [2016] No. 51020008

To Chengdu Xingcheng Investment Group Co., Ltd.:

We have audited the accompanying financial statements of Chengdu Xingcheng Investment Group Co., Ltd. (the "Company"), and its subsidiaries (collectively referred to as the "Xingcheng Group"),which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and of the Company for the period from January 2015 to December 2015.

I. Management's responsibility for the financial statements

The management of Xingcheng Investment Group is responsible for the preparation of these financial statements in accordance with the Accounting Standards for Business Enterprises. This responsibility includes: (1) preparing financial statements according to the Accounting Standards for Business Enterprises and make them a fair presentation; and (2) designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

II. Responsibility of Certified Public Accountant

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the China Standards on Auditing. Those standards require that we comply with ethical requirements of China CPAs and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing 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, the auditor considers internal control relevant to the entity's preparation of the financial statements and fair statement in order to design audit procedures that are appropriate in the circumstances. 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. Audit opinion

In our opinion, the financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises in all material respects and give a fair view of the consolidated financial statements of the Group and the statement of financial position of the Company as at 31 December 2015 and of the results, cash flows of the Group and of the Company for the period from January 2015 to December 2015.

Ruihua Certified Public Accountants
(Special General Partnership)
Beijing, China

Chinese Certified Public Accountant:

Chinese Certified Public Accountant:

28 February 2016

Consolidated Statement of Financial Position

As of December 31, 2015

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd. **Monetary Unit: RMB Yuan**

Items	Notes	Closing balance	Opening balance
Current assets		—	—
Monetary funds	Note VIII, 1	12,559,137,833.69	10,915,147,083.82
Settlement reserve funds			
Lending capital			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable	Note VIII, 2	116,790,727.62	381,097,473.78
Advances to suppliers	Note VIII, 3	603,258,569.02	352,922,372.38
Insurance premiums receivable			
Cession premiums receivable			
Provision of cession receivable			
Interests receivable			
Dividends receivable			
Other receivables	Note VIII, 4	322,180,505.71	226,095,203.01
Recoursable financial assets acquired			
Inventories	Note VIII, 5	10,906,746,166.90	9,507,046,436.90
Including: raw materials		225,701.95	225,701.95
Stock goods (finished goods)		568,560,876.65	683,386,208.21
Assets classified as held for sale			
Non-current assets maturing within one year			
Other current assets	Note VIII, 6	238,082,548.72	226,121,636.74
Total current assets		24,746,196,351.66	21,608,430,206.63
Non-current assets		—	—
Loans and advances on behalf			
Available-for-sale financial assets	Note VIII, 7	150,000,000.00	150,000,000.00
Held-to-maturity investments	Note VIII, 8	6,066,628,321.31	6,151,298,235.70
Long-term receivables			
Long-term equity investments			
Investment properties	Note VIII, 9	3,550,847,297.03	3,646,288,277.28
Original cost of property, plant and equipment	Note VIII,10	179,958,171.24	148,386,828.14
Less: accumulated depreciation		52,576,625.46	46,186,699.56
Net value of property, plant and equipment		127,381,545.78	102,200,128.58
Less: property, plant and equipment impairment provision			
Net book value of property, plant and equipment		127,381,545.78	102,200,128.58
Construction in progress	Note VIII,11	31,874,984,337.59	30,425,829,342.39
Construction materials			
Disposal of property, plant and equipment			
Bearer biological assets			
Oil and gas assets			
Intangible assets	Note VIII,12	26,391,095.56	27,062,055.64
Development costs			
Goodwill			
Long-term prepaid expenses	Note VIII,13	615,463.02	187,571.48
Deferred tax assets	Note VIII,14	66,137,182.87	116,595,745.37
Other non-current assets			
Including: physical assets reserve specifically authorized			
Total non-current assets		41,862,985,243.16	40,619,461,356.44
Total assets		66,609,181,594.82	62,227,891,563.07

Consolidated Statement of Financial Position (Continued)

As of December 31, 2015

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.   Monetary Unit: RMB Yuan

Items	Notes	Closing balance	Opening balance
Current liabilities		—	—
Short-term borrowings	Note VII,15	67,000,000.00	500,000.00
Borrowings from central bank			
Deposits from customers and interbank			
Deposit funds			
Financial liabilities measured at fair value and changes recorded into current period profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable	Note VII,16	825,883,557.98	1,189,012,903.95
Advances from customers	Note VII,17	3,772,078,389.63	3,622,079,032.67
Funds from sales of financial assets with repurchasement agreement			
Handling charges and commissions payable			
Employee benefits payable	Note VII,18	1,205,146.99	1,250,101.69
Including: accrued payroll			
Welfare benefits payable			
Including: staff and workers' bonus and welfare			
Taxes and surcharges payable	Note VII,19	346,739,862.70	778,654,837.99
Including: taxes payable		346,001,533.36	777,641,116.26
Interests payable	Note VII,20	145,016,666.67	113,116,666.67
Dividends payable			
Other payables	Note VII,21	1,930,884,509.50	2,058,794,693.38
Cession insurance premiums payable			
Provision for insurance contracts			
Funds received as agent of stock exchange			
Funds received as stock underwrite			
Liabilities classified as held for sale			
Non-current liabilities maturing within one year	Note VII,22	6,991,840,000.00	5,422,740,000.00
Other current liabilities			
Total current liabilities		14,080,648,133.47	13,186,148,236.35
Non-current liabilities		—	—
Long-term Borrowings	Note VII,23	19,577,237,000.00	20,051,097,000.00
Payable Bonds	Note VII,24	5,073,109,934.39	1,991,221,557.58
Long-term payables			
Long-term employee benefits payable			
Special Payables	Note VII,25	9,793,184,683.83	9,762,455,343.26
Accrued liabilities			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Including: fund reserve specifically authorized			
Total non-current liabilities		34,443,531,618.22	31,804,773,900.84
Total liabilities		48,524,179,751.69	44,990,922,137.19
Owners' equity (or shareholders' equity)		—	—
Paid-in capital (equity)	Note VII,26	5,525,400,000.00	5,525,400,000.00
National capital		5,525,400,000.00	5,525,400,000.00
Including: state-owned legal person's capital			
Collective capital			
Private capital			
Including: personal Capital			
Foreign capital			
Less: returned investment			
Net book value of paid-in capital (equity)		5,525,400,000.00	5,525,400,000.00
Other equity instruments			
Including: preferred stock			
Perpetual capital securities			
Capital surplus	Note VII,27	10,164,115,992.18	9,783,130,438.77
Less: treasury stock			
Other comprehensive income			
Including: converted difference in foreign currency statements			
Special reserve			
Surplus reserve	Note VIII,28	102,536,787.19	73,008,782.34
Including: statutory accumulation reserve		102,536,787.19	73,008,782.34
Discretionary accumulation			
Reserved funds			
Enterprise expansion funds			
Profits capitalized on return of investments			
General risk preparation			
Retained earnings	Note VIII,29	2,293,483,596.89	1,855,869,408.59
Total equity attributable to owners of the parent company		18,085,536,376.26	17,237,408,629.70
Non-controlling interests	Note VIII,29	-534,533.13	-439,203.82
Total owners' equity (or shareholders' equity)		18,085,001,843.13	17,236,969,425.88
Total liabilities & owners' equity (or shareholders' equity)		66,609,181,594.82	62,227,891,563.07

Notes to financial statements in page 17 to page 94 are part of the financial statements

Page 3 to page 16 of the financial statements are signed by the following persons

The person in charge of the institution   **Chief financial officer**   **The person in charge of the accounting agency**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year 2015

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Monetary Unit: RMB Yuan

Items	Notes	Amount for current	Amount for prior year
I. Total operating income		2,421,364,169.89	3,353,541,895.65
Including: operating income	Note VIII,30	2,421,364,169.89	3,353,541,895.65
Interest income			
Insurance premiums earned			
Handling charges and commissions income			
II. Total operating costs		1,651,657,688.52	2,192,852,817.03
Including: cost of operations	Note VIII,30	1,212,806,124.47	1,471,621,220.68
Interest expenses			
Handling charges and commissions expenses			
Refund of insurance premiums			
Net payments for insurance claims			
Net provision for insurance contracts			
Commissions on insurance policies			
Cession charges			
Business tax and extra charges	Note VIII,31	266,826,536.97	572,259,545.40
Sales expenses	Note	58,664,832.16	33,756,694.96
Administrative expenses	Note	114,965,082.74	117,932,578.51
Including: research and development expense			
Financial expenses	Note	-1,860,720.39	-2,626,172.31
Including: interest expense		27,863,967.04	27,082,928.12
Interest expense		30,634,612.20	30,427,096.19
Net losses on exchange (net income from exchange expressed with "-")			
Impairment loss on assets	Note VIII,33	255,832.57	-91,050.21
Others			
Add: income from changes in fair value (loss expressed with "-")			
Investment income (loss expressed with "-")			
Including: investment income from joint ventures and affiliates (loss expressed with "-")			
Income on exchange (loss expressed with "-")			
III. Profit from operations (loss expressed with "-")		769,706,481.37	1,160,689,078.62
Add: Non-operating income	Note VIII,34	9,070,858.85	15,293,452.71
Including: gains from disposal of non-current assets			13,821.49
Gains from exchange of non-monetary assets			
Government grant income		7,444,240.00	13,294,420.00
Gains from debt restructuring			
Less: non-operating expenses	Note VIII,35	668,749.67	16,144,678.84
Including: losses from disposal of non-current assets		167.50	4,563.90
Losses from exchange of non-monetary assets			
Losses from debt restructuring			
IV. Profit before tax (loss expressed with "-")		778,108,590.55	1,159,837,852.49
Less: income tax expenses	Note VIII, 36	197,851,726.71	292,642,739.06
V. Net profit (loss expressed with "-")		580,256,863.84	867,195,113.43
Net profit attributable to owners of the parent company		580,352,193.15	867,507,168.88
Minority interests in profit and loss		-95,329.31	-312,055.45
VI. Net of other comprehensive income after tax			
(I) Other comprehensive income that cannot be reclassified into profit and loss			
Including: 1. changes in net liabilities or assets with a defined benefit plan upon remeasurement			
2. Share in other comprehensive income that cannot be reclassified into profit and loss under equity method			
(II) Other comprehensive income that will be reclassified into profit and loss			
Including: 1. share in other comprehensive income that will be classified into profit and loss under equity			
2. Changes in fair value through profit and loss of available-for-sale financial assets			
3. Held-to-maturity investment reclassified into available-for sale financial assets			
4. Effective part of cash-flow hedge profit and loss			
5. Converted difference in foreign currency financial statements			
VII. Total comprehensive income		580,256,863.84	867,195,113.43
Total comprehensive income attributable to owners of the parent company		580,352,193.15	867,507,168.88
Total comprehensive income attributable to minority shareholders		-95,329.31	-312,055.45
VIII. Earnings per share (EPS)		—	—
Basic EPS			
Diluted EPS			

Notes to financial statements in page 17 to page 94 are part of the financial statements

Page 3 to page 16 of the financial statements are signed by the following persons

The person in charge of the institution **Chief financial officer** **The person in charge of the accounting agency**

Consolidated Statements of Cash Flows

Year 2015

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Monetary Unit: RMB Yuan

Items	Notes	Amount for current year	Amount for prior year
1. Cash flows from operating activities		—	—
Cash received from sales of goods or rendering of services		1,848,661,121.86	1,760,421,334.74
Net increase in deposits from customers and interbank			
Net increase in borrowings from central bank			
Net increase in deposit funds from other financial institutions			
Cash received from insurance premiums of original insurance contracts			
Net cash received from reinsurance business			
Net increase in policy holder deposits and investment funds			
Net increase in financial assets measured at fair value and changes recorded into current period profit or loss			
Cash received from interests, handling charges and commissions income			
Net increase in deposit funds			
Net increase in funds from repurchase business			
Received refunds of taxes			
Other cash received related to operating activities		4,783,340,488.32	7,502,771,262.75
Subtotal of cash inflows from operating activities		6,632,001,610.18	9,263,192,597.49
Cash paid for goods and services		2,928,088,159.50	2,273,827,714.73
Net increase in loans and advances to customers			
Net increase in deposits from central bank and interbank			
Cash paid for insurance claims of original insurance contracts			
Cash paid for interests, handling charges and commissions income			
Cash paid for policy dividends			
Cash paid to and on behalf of employees		135,497,693.38	123,150,490.43
All taxes paid		882,464,908.37	458,081,652.99
Other paid cash related to operating activities		4,026,253,927.94	6,589,721,524.20
Subtotal of cash outflows from operating activities		7,972,304,689.19	9,445,081,382.35
Net of cash flows from operating activities		-1,340,303,079.01	-181,888,784.86
2. Cash flows from investing activities		—	—
Cash received from return of investments		533,822,244.55	530,230,706.68
Cash received from investment income		27,854,314.76	21,698,443.03
Net cash received from sale of PPE, intangible and other long-term assets		31,307,760.00	202,092.01
Net cash received from the disposal of subsidiaries and other business units			
Other cash received related to investing activities		10,236,181.73	19,348,919.06
Subtotal of cash inflows from investing activities		603,220,501.04	571,480,160.78
Cash paid to acquire PPE, intangible and other long-term assets		32,069,473.22	31,358,241.35
Cash paid for investments		495,809,914.40	633,893,109.25
Net increase in pledged loans			
Net cash paid for acquiring subsidiaries and other business units			
Other paid cash related to investing activities		94,000.00	496,750.84
Subtotal of cash outflows from investing activities		527,973,387.62	665,748,101.44
Net of cash flows from investing activities		75,247,113.42	-94,267,940.66
3. Cash flows from financing activities		—	—
Cash received from investments			
Including: cash received from investments of minority shareholders to subsidiaries			
Cash received from borrowings		10,802,150,000.00	7,563,000,000.00
Cash received from issuing bonds			
Other cash received related to financing activities		468,475,894.32	431,557,200.00
Subtotal of cash inflows from financing activities		11,270,625,894.32	7,994,557,200.00
Cash repaid for amounts borrowed		6,562,260,000.00	2,917,740,000.00
Cash paid for distribution of dividends, profits and interest		1,798,891,047.35	1,553,122,815.60
Including: dividends and profits paid to minority shareholders from subsidiaries			
Other paid cash related to financing activities		160,477,760.69	
Subtotal of cash outflows from financing activities		8,521,628,808.04	4,470,862,815.60
Net of cash flows from financing activities		2,748,997,086.28	3,523,694,384.40
4. Effect of changes in foreign exchange rate on cash and cash equivalents			
5. Net increase in cash and cash equivalents		1,483,941,120.69	3,247,537,658.88
Add: beginning balance of cash and cash equivalents		10,892,885,861.16	7,645,348,202.28
6. Ending balance of cash and cash equivalents		12,376,826,981.85	10,892,885,861.16

Notes to financial statements in page 17 to page94 are part of the financial statements

Page 3 to page 16 of the financial statements are signed by the following persons

The person in charge of the institution **Chief financial officer** **The person in charge of the accounting agency**

Consolidated Statement of Changes in Equity

Year 2015

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Monetary Unit: RMB Yuan

Items	Current year amount											
	Equity attributable to owners of the parent company										Non-controlling interests	Total owners' equity
	Paid-in capital (equity)	Other equity instruments	Capital surplus	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk preparation	Retained earnings	Others	Subtotal		
1. Balance at the end of prior year	5,525,400,000.00		9,783,130,438.77				73,008,782.34		1,855,869,408.59		17,237,408,629.70	-439,203.82	17,236,969,425.88
Add: accounting policy													
Prior errors' correction													
Others													
2. Balance at the beginning of current year	5,525,400,000.00		9,783,130,438.77				73,008,782.34		1,855,869,408.59		17,237,408,629.70	-439,203.82	17,236,969,425.88
3. Increases/decreases in current year (decrease expressed with "-")			380,985,553.41				29,528,004.85		437,614,188.30		848,127,746.56	-95,329.31	848,032,417.25
(1)Total comprehensive income									580,352,193.15		580,352,193.15	-95,329.31	580,256,863.84
(2)Capital contributed by owners and capital decreases			380,985,553.41								380,985,553.41		380,985,553.41
1.Common stock contributed by owners			400,000,000.00								400,000,000.00		400,000,000.00
2.Invested capital from holders of other equity instruments													
3.The amount of share-based payments recorded in owners' equity													
4.Others			-19,014,446.59								-19,014,446.59		-19,014,446.59
(3)Appropriation and use of special reserve													
1.Appropriation of special reserve													
2.Use of special reserve													
(4)Profit distribution							29,528,004.85		-142,738,004.85		-113,210,000.00		-113,210,000.00
1.Appropriation of surplus reserve							29,528,004.85		-29,528,004.85				
Including: statutory accumulation reserve							29,528,004.85		-29,528,004.85				
Discretionary accumulation reserve													
Reserve funds													
Enterprise expansion funds													
Profit capitalized on return of investment													
2.Appropriation of general risk preparation													
3.Profit distributed to owners (or stockholders)									-113,210,000.00		-113,210,000.00		-113,210,000.00
4.Others													
(5)Transfers within the owners' equity													
1.Capital (or stock) transferred from capital surplus													
2.Capital (or stock) transferred from surplus reserve													
3.Recovery of losses by surplus reserve													
4.Changes in net liabilities or assets with a defined benefit plan upon transfer remeasurement													
5.Others													
4. Balance at the end of current year	5,525,400,000.00		10,164,115,992.18				102,536,787.19		2,293,483,596.89		18,085,536,376.26	-534,533.13	18,085,001,843.13

Consolidated Statement of Changes in Equity (Continued)

Year 2015

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Monetary Unit: RMB Yuan

Items	Prior year amount												
	Equity attributable to owners of the parent company											Non-controlling interests	Total owners' equity
	Paid-in capital (equity)	Other equity instruments	Capital surplus	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk preparation	Retained earnings	Others	Subtotal		
1. Balance at the end of prior year	5,525,400,000.00		9,347,680,438.77				51,632,185.09		1,192,867,246.08		16,117,579,869.94	-127,148.37	16,117,452,721.57
Add: accounting policy									-129,473,409.12		-129,473,409.12		-129,473,409.12
Prior errors' correction													
Others													
2. Balance at the beginning of current year	5,525,400,000.00		9,347,680,438.77				51,632,185.09		1,063,393,836.96		15,988,106,460.82	-127,148.37	15,987,979,312.45
3. Increases/decreases in current year (decrease expressed with "-")			435,450,000.00				21,376,597.25		792,475,571.63		1,249,302,168.88	-312,055.45	1,248,990,113.43
(1)Total comprehensive income									867,507,168.88		867,507,168.88	-312,055.45	867,195,113.43
(2)Capital contributed by owners and capital decreases			435,450,000.00								435,450,000.00		435,450,000.00
1.Common stock contributed by owners													
2.Invested capital from holders of other equity instruments													
3.The amount of share-based payments recorded in owners' equity													
4.Others			435,450,000.00								435,450,000.00		435,450,000.00
(3)Appropriation and use of special reserve													
1.Appropriation of special reserve													
2.Use of special reserve													
(4)Profit distribution							21,376,597.25		-75,031,597.25		-53,655,000.00		-53,655,000.00
1.Appropriation of surplus reserve							21,376,597.25		-21,376,597.25				
Including: statutory accumulation reserve							21,376,597.25		-21,376,597.25				
Discretionary accumulation reserve													
Reserve funds													
Enterprise expansion funds													
Profit capitalized on return of investment													
2.Appropriation of general risk preparation													
3.Profit distributed to owners (or stockholders)									-53,655,000.00		-53,655,000.00		-53,655,000.00
4.Others													
(5)Transfers within the owners' equity													
1.Capital (or stock) transferred from capital surplus													
2.Capital (or stock) transferred from surplus reserve													
3.Recovery of losses by surplus reserve													
4.Changes in net liabilities or assets with a defined benefit plan upon transfer remeasurement													
5.Others													
4. Balance at the end of current year	5,525,400,000.00		9,783,130,438.77				73,008,782.34		1,855,869,408.59		17,237,408,629.70	-439,203.82	17,236,969,425.88

Notes to financial statements in page 17 to page 94 are part of the financial statements

Page 3 to page 16 of the financial statements are signed by the following persons

The person in charge of the institution **Chief financial officer** **The person in charge of the accounting agency**

Consolidated Statement of Provision for Impairment of Assets

As of December 31, 2015

Monetary Unit: RMB Yuan

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Items	Beginng balance	Increase for current year				Decrease for current year					Ending balance	Items	Amount
		Provision amount for current year	Consolidated increase	Increase from other reasons	Total	Reversal due to asset value rebound	Writing-off amount	Consolidated decrease	Decrease from other reasons	Total			
1.Provision for bad debts	1,594,998.52	517,486.83			517,486.83	261,654.26				261,654.26	1,850,831.09	Supplementary information	
2.Provision for inventory write-down												1.Staying in the account due to policies	
3.Provision for impairment of available-for-sale financial assets												2.Decrease by active elimination of previously losses on account	
4.Provision for impairment of held-to-maturity investments												Including: decrease by active elimination of previously losses on account in current year's	
5.Provision for impairment of long-term equity investments						—							
6.Provision for impairment of investment real estates						—							
7.Provision for impairment of property, plant and equipment						—							
8.Provision for impairment of construction supplies						—							
9.Provision for impairment of construction-in-progress						—							
10.Provision for impairment of bearer biological assets						—							
11.Provision for impairment of oil and gas assets						—							
12.Provision for impairment of intangible assets						—							
13.Provision for impairment of goodwill						—							
14.Other provision for impairment													
Total	1,594,998.52	517,486.83			517,486.83	261,654.26				261,654.26	1,850,831.09		

Notes to financial statements in page 17 to page 94 are part of the financial statements

Page 3 to page 16 of the financial statements are signed by the following persons

The person in charge of the institution Chief financial officer The person in charge of the accounting agency

Statement of Financial Position

As of December 31, 2015

Prepared by: Chengdu Xingcheng Investment Group Co.,

Monetary Unit: RMB Yuan

Items	Notes	Closing balance	Opening balance
Current assets		—	—
Monetary funds		8,595,603,280.69	7,849,979,296.19
Settlement reserve funds			
Lending capital			
Financial assets measured at fair value and changes recorded into current period profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable	Note XII, 1	93,321,342.45	361,460,327.29
Advances to suppliers		523,350,464.08	121,929,962.80
Insurance premiums receivable			
Cession premiums receivable			
Provision of cession receivable			
Interests receivable			
Dividends receivable			
Other receivables	Note XII, 2	110,388,918.78	97,723,635.27
Recoursable financial assets acquired			
Inventories		6,513.00	
Including: raw materials			
Stock goods (finished goods)			
Assets classified as held for sale			
Non-current assets maturing within one year			
Other current assets		1,388,869.60	
Total current assets		9,324,059,388.60	8,431,093,221.55
Non-current assets		—	—
Loans and advances on behalf			
Available-for-sale financial assets		110,000,000.00	110,000,000.00
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	Note XII, 3	3,568,157,818.49	3,568,157,818.49
Investment properties		3,387,941,285.91	3,478,726,934.97
Original cost of property, plant and equipment		75,520,732.76	45,056,645.60
Less: accumulated depreciation		17,531,178.00	15,962,889.80
Net value of property, plant and equipment		57,989,554.76	29,093,755.80
Less: property, plant and equipment impairment provision			
Net book value of property, plant and equipment		57,989,554.76	29,093,755.80
Construction in progress		32,028,452,806.60	30,518,078,984.79
Construction materials			
Fixed assets pending for disposal			
Bearer biological assets			
Oil and gas assets			
Intangible assets			
Development costs			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets		114,781.06	180,194.63
Other non-current assets			
Including: physical assets reserve specifically authorized			
Total non-current assets		39,152,656,246.82	37,704,237,688.68
Total assets		48,476,715,635.42	46,135,330,910.23

Statement of Financial Position (Continued)

As of December 31, 2015

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Monetary Unit: RMB Yuan

Items	Notes	Closing balance	Opening balance
Current liabilities		—	—
Short-term borrowings			
Borrowings from central bank			
Deposits from customers and interbank			
Deposit funds			
Financial liabilities measured at fair value and changes recorded into current period profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable		706,039,514.93	1,023,818,576.26
Advances from customers		3,782,539.02	4,555,972.40
Funds from sales of financial assets with repurchasement agreement			
Handling charges and commissions payable			
Employee benefits payable		367,360.06	470,029.72
Including: accrued payroll			
Welfare benefits payable			
Including: staff and workers' bonus and welfare			
Taxes and surcharges payable		84,533,275.83	111,916,532.48
Including: taxes payable		84,351,577.15	111,217,734.63
Interests payable		130,016,666.67	113,116,666.67
Dividends payable			
Other payables		799,580,576.73	1,033,197,669.15
Cession insurance premiums payable			
Provision for insurance contracts			
Funds received as agent of stock exchange			
Funds received as stock underwrite			
Liabilities classified as held for sale			
Non-current liabilities maturing within one year		4,818,810,000.00	4,816,730,000.00
Other current liabilities			
Total current liabilities		6,543,129,933.24	7,103,805,446.68
Non-current liabilities		—	—
Long-term Borrowings		14,351,300,000.00	13,887,610,000.00
Payable Bonds		3,584,440,901.02	1,991,221,557.58
Long-term payables			
Long-term employee benefits payable			
Special Payables		8,521,830,471.20	7,858,749,624.55
Accrued liabilities			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Including: fund reserve specifically authorized			
Total non-current liabilities		26,457,571,372.22	23,737,581,182.13
Total liabilities		33,000,701,305.46	30,841,386,628.81
Owners' equity (or shareholders' equity)		—	—
Paid-in capital (equity)		5,525,400,000.00	5,525,400,000.00
National capital		5,525,400,000.00	5,525,400,000.00
Including: state-owned legal person's capital			
Collective capital			
Private capital			
Including: personal Capital			
Foreign capital			
Less: returned investment			
Net book value of paid-in capital (equity)		5,525,400,000.00	5,525,400,000.00
Other equity instruments			
Including: preferred stock			
Perpetual capital securities			
Capital surplus		9,243,222,969.89	9,243,222,969.89
Less: treasury stock			
Other comprehensive income			
Including: converted difference in foreign currency statements			
Special reserve			
Surplus reserve		94,783,136.00	65,255,131.15
Including: statutory accumulation reserve		94,783,136.00	65,255,131.15
Discretionary accumulation			
Reserved funds			
Enterprise expansion funds			
Profits capitalized on return of investments			
General risk preparation			
Retained earnings		612,608,224.07	460,066,180.38
Total equity attributable to owners of the parent company		15,476,014,329.96	15,293,944,281.42
Non-controlling interests			
Total owners' equity (or shareholders' equity)		15,476,014,329.96	15,293,944,281.42
Total liabilities & owners' equity (or shareholders' equity)		48,476,715,635.42	46,135,330,910.23

Notes to financial statements in page 17 to page 94are part of the financial statements

Page 3 to page 16 of the financial statements are signed by the following persons

The person in charge of the institution **Chief financial officer** **The person in charge of the accounting agency**

Statement of Profit or Loss and Other Comprehensive Income

Year 2015

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Monetary Unit: RMB Yuan

Items	Notes	Amount for current	Amount for prior year
I. Total operating income		510,219,320.00	463,839,387.73
Including: operating income	Note XII, 4	510,219,320.00	463,839,387.73
Interest income			
Insurance premiums earned			
Handling charges and commissions income			
II. Total operating costs		228,108,260.84	204,114,612.91
Including: operating costs	Note XII, 4	127,242,877.77	107,265,011.62
Interest expenses			
Handling charges and commissions expenses			
Refund of insurance premiums			
Net payments for insurance claims			
Net provision for insurance contracts			
Commissions on insurance policies			
Cession charges			
Business tax and extra charges		58,225,530.77	55,094,580.68
Sales expenses		111,382.60	
Administrative expenses		42,790,123.96	41,923,676.49
Including: research and development expense			
Financial expenses			
Including: interest expense			
Interest expense			
Net losses on exchange (net income from exchange expressed with "-")			
Impairment loss on assets		-261,654.26	-168,655.88
Others			
Add: income from changes in fair value (loss expressed with "-")			
Investment income (loss expressed with "-")	Note XII, 5	83,750,000.00	30,530,000.00
Including: investment income from joint ventures and affiliates (loss expressed with "-")			
Income on exchange (loss expressed with "-")			
III. Profit from operations (loss expressed with "-")		365,861,059.16	290,254,774.82
Add: Non-operating income		559,780.87	339,676.32
Including: gains from disposal of non-current assets			
Gains from exchange of non-monetary assets			
Government grant income			32,720.00
Gains from debt restructuring			
Less: non-operating expenses		460,051.40	15,704,078.10
Including: losses from disposal of non-current assets			
Losses from exchange of non-monetary assets			
Losses from debt restructuring			
IV. Profit before tax (loss expressed with "-")		365,960,788.63	274,890,373.04
Less: income tax expenses		70,680,740.09	61,124,400.51
V. Net profit (loss expressed with "-")		295,280,048.54	213,765,972.53
Net profit attributable to owners of the parent company		295,280,048.54	213,765,972.53
Minority interests in profit and loss			
VI. Net of other comprehensive income after tax			
(I) Other comprehensive income that cannot be reclassified into profit and loss			
Including: 1. changes in net liabilities or assets with a defined benefit plan upon remeasurement			
2. Share in other comprehensive income that cannot be reclassified into profit and loss under equity method			
(II) Other comprehensive income that will be reclassified into profit and loss			
Including: 1. share in other comprehensive income that will be classified into profit and loss under equity method			
2. Changes in fair value through profit and loss of available-for-sale financial assets			
3. Held-to-maturity investment reclassified into available-for sale financial assets			
4. Effective part of cash-flow hedge profit and loss			
5. Converted difference in foreign currency financial statements			
VII. Total comprehensive income		295,280,048.54	213,765,972.53
Total comprehensive income attributable to owners of the parent company		295,280,048.54	213,765,972.53
Total comprehensive income attributable to minority shareholders			
VIII. Earnings per share (EPS)		—	—
Basic EPS			
Diluted EPS			

Notes to financial statements in page 17 to page 94 are part of the financial statements

Page 3 to page 16 of the financial statements are signed by the following persons

The person in charge of the institution **Chief financial officer** **The person in charge of the accounting agency**

Statements of Cash Flows

Year 2015

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Monetary Unit: RMB Yuan

Items	Notes	Amount for current year	Amount for prior year
1. Cash flows from operating activities		—	—
Cash received from sales of goods or rendering of services		599,166,088.95	482,217,662.27
Net increase in deposits from customers and interbank			
Net increase in borrowings from central bank			
Net increase in deposit funds from other financial institutions			
Cash received from insurance premiums of original insurance contracts			
Net cash received from reinsurance business			
Net increase in policy holder deposits and investment funds			
Net increase in financial assets measured at fair value and changes recorded into current period profit or loss			
Cash received from interests, handling charges and commissions income			
Net increase in deposit funds			
Net increase in funds from repurchase business			
Received refunds of taxes			
Other cash received related to operating activities		3,499,838,346.49	5,998,471,935.78
Subtotal of cash inflows from operating activities		4,099,004,435.44	6,480,689,598.05
Cash paid for goods and services			
Net increase in loans and advances to customers			
Net increase in deposits from central bank and interbank			
Cash paid for insurance claims of original insurance contracts			
Cash paid for interests, handling charges and commissions income			
Cash paid for policy dividends			
Cash paid to and on behalf of employees		27,738,723.46	26,430,445.15
All taxes paid		162,180,196.46	128,930,785.05
Other paid cash related to operating activities		3,678,708,401.05	5,552,895,252.09
Subtotal of cash outflows from operating activities		3,868,627,320.97	5,708,256,482.29
Net of cash flows from operating activities		230,377,114.47	772,433,115.76
2. Cash flows from investing activities		—	—
Cash received from return of investments			
Cash received from investment income		83,750,000.00	30,530,000.00
Net cash received from sale of fixed, intangible and other long-term assets			
Net cash received from the disposal of subsidiaries and other business units			
Other cash received related to investing activities			
Subtotal of cash inflows from investing activities		83,750,000.00	30,530,000.00
Cash paid to acquire fixed, intangible and other long-term assets		2,612,349.37	3,273,231.69
Cash paid for investments			
Net increase in pledged loans			
Net cash paid for acquiring subsidiaries and other business units			
Other paid cash related to investing activities			
Subtotal of cash outflows from investing activities		2,612,349.37	3,273,231.69
Net of cash flows from investing activities		81,137,650.63	27,256,768.31
3. Cash flows from financing activities		—	—
Cash received from investments			
Including: cash received from investments of minority shareholders to subsidiaries			
Cash received from borrowings		7,194,000,000.00	7,000,000,000.00
Cash received from issuing bonds			
Other cash received related to financing activities			
Subtotal of cash inflows from financing activities		7,194,000,000.00	7,000,000,000.00
Cash repaid for amounts borrowed		5,138,230,000.00	2,369,310,000.00
Cash paid for distribution of dividends, profits and interest		1,621,660,780.60	1,415,845,277.70
Including: dividends and profits paid to minority shareholders from subsidiaries			
Other paid cash related to financing activities		160,000,000.00	
Subtotal of cash outflows from financing activities		6,919,890,780.60	3,785,155,277.70
Net of cash flows from financing activities		274,109,219.40	3,214,844,722.30
4. Effect of changes in foreign exchange rate on cash and cash equivalents			
5. Net increase in cash and cash equivalents		585,623,984.50	4,014,534,606.37
Add: beginning balance of cash and cash equivalents		7,849,979,296.19	3,835,444,689.82
6. Ending balance of cash and cash equivalents		8,435,603,280.69	7,849,979,296.19

Notes to financial statements in page 17 to page 94 are part of the financial statements

Page 3 to page 16 of the financial statements are signed by the following persons

The person in charge of the institution **Chief financial officer** **The person in charge of the accounting agency**

Statement of Changes in Equity

Year 2015

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Monetary Unit: RMB Yuan

Items	Current year amount												
	Equity attributable to owners of the parent company											Non-controlling interests	Total owners' equity
	Paid-in capital (equity)	Other equity instruments	Capital surplus	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk preparation	Retained earnings	Others	Subtotal		
1. Balance at the end of prior year	5,525,400,000.00		9,243,222,969.89				65,255,131.15		460,066,180.38		15,293,944,281.42		15,293,944,281.42
Add: accounting policy													
Prior errors' correction													
Others													
2. Balance at the beginning of current year	5,525,400,000.00		9,243,222,969.89				65,255,131.15		460,066,180.38		15,293,944,281.42		15,293,944,281.42
3. Increases/decreases in current year (decrease expressed with "-")							29,528,004.85		152,542,043.69		182,070,048.54		182,070,048.54
(1)Total comprehensive income									295,280,048.54		295,280,048.54		295,280,048.54
(2)Capital contributed by owners and capital decreases													
1.Common stock contributed by owners													
2.Invested capital from holders of other equity instruments													
3.The amount of share-based payments recorded in owners'													
4.Others													
(3)Appropriation and use of special reserve													
1.Appropriation of special reserve													
2.Use of special reserve													
(4)Profit distribution							29,528,004.85		-142,738,004.85		-113,210,000.00		-113,210,000.00
1.Appropriation of surplus reserve							29,528,004.85		-29,528,004.85				
Including: statutory accumulation reserve							29,528,004.85		-29,528,004.85				
Discretionary accumulation reserve													
Reserve funds													
Enterprise expansion funds													
Profit capitalized on return of investment													
2.Appropriation of general risk preparation													
3.Profit distributed to owners (or stockholders)									-113,210,000.00		-113,210,000.00		-113,210,000.00
4.Others													
(5)Transfers within the owners' equity													
1.Capital (or stock) transferred from capital surplus													
2.Capital (or stock) transferred from surplus reserve													
3.Recovery of losses by surplus reserve													
4.Changes in net liabilities or assets with a defined benefit plan upon transfer remeasurement													
5.Others													
4. Balance at the end of current year	5,525,400,000.00		9,243,222,969.89				94,783,136.00		612,608,224.07		15,476,014,329.96		15,476,014,329.96

Statement of Changes in Equity (Continued)

Year 2015

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Monetary Unit: RMB Yuan

Items	Prior year amount												
	Equity attributable to owners of the parent company											Non-controlling interests	Total owners' equity
	Paid-in capital (equity)	Other equity instruments	Capital surplus	Less: treasury stock	Other comprehensive	Special reserve	Surplus reserve	General risk preparation	Retained earnings	Others	Subtotal		
1. Balance at the end of prior year	5,525,400,000.00		9,376,210,451.40				43,878,533.90		320,176,805.10		15,265,665,790.40		15,265,665,790.40
Add: accounting policy													
Prior errors' correction													
Others													
2. Balance at the beginning of current year	5,525,400,000.00		9,376,210,451.40				43,878,533.90		320,176,805.10		15,265,665,790.40		15,265,665,790.40
3. Increases/decreases in current year (decrease expressed with "-")			-132,987,481.51				21,376,597.25		139,889,375.28		28,278,491.02		28,278,491.02
(1)Total comprehensive income									213,765,972.53		213,765,972.53		213,765,972.53
(2)Capital contributed by owners and capital decreases			-132,987,481.51								-132,987,481.51		-132,987,481.51
1 Common stock contributed by owners													
2 Invested capital from holders of other equity instruments													
3 The amount of share-based payments recorded in owners' equity													
4 Others			-132,987,481.51								-132,987,481.51		-132,987,481.51
(3)Appropriation and use of special reserve													
1 Appropriation of special reserve													
2 Use of special reserve													
(4)Profit distribution							21,376,597.25		-73,876,597.25		-52,500,000.00		-52,500,000.00
1 Appropriation of surplus reserve							21,376,597.25		-21,376,597.25				
Including: statutory accumulation reserve							21,376,597.25		-21,376,597.25				
Discretionary accumulation reserve													
Reserve funds													
Enterprise expansion funds													
Profit capitalized on return of investment													
2 Appropriation of general risk preparation													
3 Profit distributed to owners (or stockholders)									-52,500,000.00		-52,500,000.00		-52,500,000.00
4 Others													
(5)Transfers within the owners' equity													
1 Capital (or stock) transferred from capital surplus													
2 Capital (or stock) transferred from surplus reserve													
3 Recovery of losses by surplus reserve													
4 Changes in net liabilities or assets with a defined benefit plan upon transfer remeasurement													
5 Others													
4. Balance at the end of current year	5,525,400,000.00		9,243,222,969.89				65,255,131.15		460,066,180.38		15,293,944,281.42		15,293,944,281.42

Notes to financial statements in page 17 to page 94 are part of the financial statements

Page 3 to page 16 of the financial statements are signed by the following persons

The person in charge of the institution **Chief financial officer** **The person in charge of the accounting agency**

Statement of Provision for Impairment of Assets

December 31,2015

Prepared by: Chengdu Xingcheng Investment Group Co., Ltd.

Monetary Unit: RMB Yuan

Items	Beginng balance	Increase for current year				Decrease for current year					Ending balance	Items	Amount
		Provision amount for current year	Consolidated increase	Increase from other reasons	Total	Reversal due to asset value rebound	Writing-off amount	Consolidated decrease	Decrease from other reasons	Total			
1.Provision for bad debts	720,778.54					261,654.26				261,654.26	459,124.28	Supplementary information	
2.Provision for inventory write-down												**1.Staying in the account due to policies**	
3.Provision for impairment of available-for-sale financial assets												**2.Decrease by active elimination of previously losses on account**	
4.Provision for impairment of held-to-maturity investments												Including: decrease by active elimination of previously losses on	
5.Provision for impairment of long-term equity investments						—							
6.Provision for impairment of investment real estates						—							
7.Provision for impairment of property, plant and equipment						—							
8.Provision for impairment of construction supplies						—							
9.Provision for impairment of construction-in-progress						—							
10.Provision for impairment of bearer biological assets						—							
11.Provision for impairment of oil and gas assets						—							
12.Provision for impairment of intangible assets						—							
13.Provision for impairment of goodwill						—							
14.Other provision for impairment													
Total	720,778.54					261,654.26				261,654.26	459,124.28		

Notes to financial statements in page 17 to page 94 are part of the financial statements

Page 3 to page 16 of the financial statements are signed by the following persons

The person in charge of the institution　　Chief financial officer　　The person in charge of the accounting agency

Chengdu Xingcheng Investment Group Co., Ltd.
Notes to Consolidated Financial Statements, 2015

Ⅰ. Company Profile

1. Business Registration Place, Organization Form and Headquarters Address.

Chengdu Xingcheng Investment Group Co., Ltd. (hereinafter referred to as the Companyor Company) acquired the business license, registration No. 10100095376, issued by Chengdu Administration for Industry and Commerce on March 26, 2009. Legal Representative: RenZhineng. On April 1,2012, according to Chengdu Bureau of Finance, Chengdu State-owned Assets Supervision and Administration Commission, "Notice on the Capital of Chengdu Xingcheng Investment Group Co., Ltd." (CCT [2012]30,31), Chengdu State-owned Assets Supervision and Administration Commission increased RMB 2.5254 billion yuan capital. As of Dec. 31, 2015, the Company's registered capital isRMB 5.5254 billionyuan. The Company fulfills its investor functions by the Chengdu SASAC. Company address: No. 99 Zhuojin Rd, Chengdu Gaoxin District.

2. The Nature of Business and Main Business Activities of the Company

Nature of the business: mainly in municipal public construction projects, construction of major government projects.

Main business activities: land consolidation and development; urban supporting infrastructure, investment and financing for environmental management, construction and management; low-rent housing, affordable housing, limit commercial housing and ordinary commercial housing development and construction; capital operation; franchising; state-owned assets management; foreign investment; other non-administrative licensing business projects.

3. The Name of Parent Company and the Group Headquarter.

The parent company is Chengdu State-owned Assets Supervision and Administration Commission directly subordinate enterprise.

4. The Approved Reporter and Reporting Date of the Financial Statements.

The financial statements have been reviewed and approved by the board of director on the 5th meeting, 2016 and have been authorized for issuing on Feb. 28, 2016.

Ⅱ. Basis for the Preparation of Financial Statements

This financial report is prepared on the basis of going - concern assumption, according to actual transactions and events, in accordance with: Accounting Standards for Business Enterprises - Basic Standard issued by the Ministry of Finance (Decree No.33 released, Decree No.76 amended); 41 specific accounting standards released and amended since Feb. 15, 2006; Accounting standard for business enterprises application guidelines; Accounting Standards for

Business Enterprises Interpretations and the other related regulations (collectively " Accounting Standards for Business Enterprises, ASBE").

III. Declaration of Compliance with Accounting Standards for Business Enterprises

The financial statements of the Company are prepared in accordance with Accounting Standards for Business Enterprises. They truly and completely reflect the financial status on Dec. 31, 2015 and the operating results, cash flows and other related information in 2015.

IV. Key Accounting Policies and Estimates

1. Accounting Period

The Company's accounting period is divided into annual and interim. Accounting interim means the reporting period is shorter than a full fiscal year. The Company's fiscal year uses the Gregorian calendar year, which is from January 1 to December 31.

2. Functional Currency

The Company uses RMB yuanas the functional currency. The currency used when the Company preparing the financial statements is RMByuan.

3. Accounting Basis and Valuation Principle

According to the provisions of ASBE, the Company's accounting is on accrual basis. The financial statements are based on the measurement of historical cost. The assets shall provision for impairment in accordance with the relevant provisions if the assets are impaired.

4. Business Combination

The term "business combination" refers to a transaction or event bringing together two or more separate enterprises into one reporting entity.

(1)Business combination under the same control

A business combination under same control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not temporary. In a business combination under the same control, the party which obtains control of other combining enterprise(s) on the consolidation date is the combining party, the other combining enterprise(s) is (are) the combined party. The "combining date" refers to the date on which the combining party actually obtains control of the combined party.

The assets and liabilities that the combining party obtains in a business combination shall be measured on the basis of their book value in the combined party on the date of combination. The difference between the net assets book value which the combing party obtains and the book value of the consideration which it pays (or the total par value of the shares issued) shall adjust capital surplus (stock premium). If the capitalsurplus is not sufficient to be offset, the retained earnings shall be adjusted.

The direct costs for the business combination of the combining party shall be recorded into the current profits and losses when the combination is occurred

(2) Business Combination not under thesame control

Business combination not under the same control is a business combination not under the same control in which the combining enterprises are not ultimately controlled by the same party or the same parties both before and after the business consolidation. In a business combination not under the same control, the party which obtains the control on other combining enterprise(s) on the purchase date is the acquirer, and other combining enterprise(s) is (are) the acquiree. The "acquisition date" refers to the date on which the acquirer actually obtains the control on the acquiree.

For the combination not underthe same control, the combination cost is the fair value of the paid asset of the acquirer, liabilities occurred or assumed, and the equity securities issued by the acquirer in exchange for the control on the acquire. The cost for the business combination such as the expenses for audit, assessment and legal services shall be recorded into the current profits and losses. The transaction costs arising from the issuing of equity securities or debt securities as consideration shall be included in the initial recognition amount of equity securities or debt securities. The related contingent consideration shall be recorded into merger cost at fair value on the consolidation date. When new or further evidence arise to the existing circumstance within 12 months of consolidation date, goodwill shall be adjusted accordingly. The cost of combination incurred in the acquirer and the identifiable net assets arising from the combination shall be measured at the fair value on the acquisition date. If the cost of combination is greater than the acquiree's identifiable net assets fair value share on the acquisition date, the difference shall be recognized as goodwill. When the cost of combination is smaller than the acquiree's identifiable net assets fair value share, the acquiree's identifiable net assets, liabilities, contingent liabilities at fair value and the cost of combination shall all be reviewed. If the cost of combination is still smaller than the acquiree's identifiable net assets fair value share, the difference shall be included in current profits and losses.

If the deductible temporary difference that acquirer acquired from the acquire was not recognized because it does not meet the conditions of the deferred tax assets, within the 12 of acquisition date, if new or further information could show that the related information of consolidation date exists, and the expected economic benefit from the deductible temporary difference of acquire on the acquisition date is likely to happen, then recognize the related deferred tax assets and reduce the goodwill. When the goodwill is insufficient to offset, the difference shall be included in current profits and losses. Except the situations above, the deferred tax assets related tocombination shall be included in current profits and losses.

For a business combination not under the same control trough stages shall be recognized whether it is a package deal according to the "Notice on Printing and Issuing No. 5 Accounting Standards for Business Enterprises Interpretations, the Ministry of Finance" (Finance and Account [2012] No.19) and "ASBE No. 33-Consolidate Financial Statements" Article 51, the stand for package deal (see Note Ⅳ., 5(2)). When it is a package deal, it shall be accounted according to the description above and the Note Ⅳ., 10.Long-term Equity Investments. If it is not a package deal, it shall be accounted on the basis of individual financial statements and consolidated financial statements.

In the individual financial statements, the initial investment cost is the sum of acquiree's equity investment book value before the acquisition date and the new investment cost on the acquisition date; If the equity held by the acquiree before the acquisition date is related to other comprehensive income, when disposal this investment, the related other comprehensive income shall be accounted on the same basis of the acquiree's direct disposal of assets or liabilities (Except the share measured by equity method arising from the acquiree's re-measurement of defined benefit plans net liabilities/assets , the rest should be included in current investment profits).

In the consolidated financial statements, the acquiree'sequity before the acquisition date shall be remeasured according to the fair value on acquisition date, the difference of fair value and the book value shall be included in current investment profit; f the equity held by the acquiree before the acquisition date is related to other comprehensive income, when disposal this investment, the related other comprehensive income shall be accounted on the same basis of the acquiree's direct disposal of assets or liabilities (Except the share measured by equity method arising from the acquiree's re-measurement of defined benefit plans net liabilities/assets , the rest should be included in current investment profits).

5. Preparation Methods of Consolidated Financial Statements

(1) The Standard of Consolidated Financial Statements Scope

The scope of consolidated financial statements shall be confirmed as on the control. Control means the Company has the right to the investee, has variable returns by participating in the relevant activities of the investees, and has the ability to use the power to influence the return amount of the investee. Scope of consolidation includes the Company and its subsidiaries. A subsidiary is the subject controlled by the Company.

The Company will review once the change of relevant facts and circumstances causes changes in the control factor described above.

(2) Preparation Methods of Consolidated Financial Statements

From the date of the actual control of the acquired subsidiary's net assets and operating decisions, the Company begins to include it in the scope of consolidation; stop the consolidation from the date of loss of effective control. For disposal of subsidiaries, the operating results and cash flows before disposal date have been properly included in the consolidated income statement and cash flow statement; Current disposed subsidiaries shall not adjust the beginning balance of the consolidated balance sheet. For subsidiary arising from business combination not under the same control, the operating results and cash flows after the acquisition date have been properly included in the consolidated income statement and consolidated cash flow statement, and do not adjust the beginning balance and the comparative balance of consolidated financial statements. For subsidiary arising from business consolidation under same control and the combined party in a takeover, the operating results and cash flows from the beginning of reporting period to acquisition date have been properly included in the consolidated income statement and consolidated cash flow statement, and adjust the comparative balance of consolidated financial statements.

In the preparation of the consolidated financial statements, when the accounting policies and accounting period adopted by the Company and subsidiaries are inconsistent, the financial statements of subsidiaries shall be made the necessary adjustments in accordance with the accounting policies and accounting period of the Company. For the subsidiary acquired from business consolidation under different control, the financial statements shall be adjusted based on the fair value of the identifiable net assets on the acquisition date.

All inter-Company significant current balances, transactions and unrealized profits shall be offset in the consolidated financial statements.

Subsidiary's equity and net profits or losses that are not owned by the Company shall be listed separately as part of the minority interests and minority interests in profit and loss in the equity and net profits items of consolidated financial statements. Share of the profit or loss of subsidiaries attributable to minority interests in the consolidated income statement below the net profit line item as "minority interests" item listed. Loss of a subsidiary shared by minority shareholders exceeds the minority shareholders in the subsidiary's opening shareholders 'equity share, offset minority shareholders' equity. The subsidiaries' net losses share belong to minority interests shall be listed as "minority interests in profit and loss" in the net profit item of consolidated income statement. When the subsidiaries loss shared by minority shareholders is greater than the share of the beginning equity that minority shareholders have.

When lost the control over a former subsidiary as a result of the disposal of part of the equity investment or other reasons, the remaining equity shall be re-measured in accordance with its fair value at the date when control is lost. The difference of the sum of the consideration for the disposal of equity and the fair value of the remaining equity shares minus the net assets share of former subsidiary calculated continuously since the beginning of the acquisition date according to the original shareholdings proportion shall be recorded in the investment profit of current control lost period.Other comprehensive income related to original subsidiary's equity investment, when lost control, shall be accounted on the same basis of the acquiree's direct disposal of assets or liabilities (Except the difference arising from the original subsidiary's re-measurement of defined benefit plans net liabilities/assets, the rest should be included in current investment profits). The remaining equity shall be subsequently measured according to ASBE No 2. Long-term equity investment or ASBE No.22 Recognition and measurement of financial instruments, see detailed Note IV. 10 "long-term equity investment" or Note IV, 7 "Financial Instruments."

When the Company losses control on its original subsidiaries due to step by step disposal of equity investments through muitiple transactions, the dispose of the subsidiary's equity investmentsshall be determined whether they are a package deal. Multiple transactions should be accounted as a package deal when the terms, conditions and the economic impact of the disposal of the subsidiary's equity investment transactions meet with one or more of cases as: ①These transactions are made at the same time or under the consideration of each other; ② these transactions works as a whole in order to reach a complete business results; ③a transaction occurs depends on the occurrence of at least one other transaction; ④a transaction alone is not economical, but when considered together with other transactions is economical. When it is not a package deal, each of the transactions shall be accounted according to "partially dispose the long-term equity investments in subsidiaries without losing the control" (see NoteⅣ,10,(2)④)and "lost the control over subsidiary as a result of partially disposal of long-term equity investment or other reasons"(see before). When the disposal of equity investments in subsidiaries until the loss of control is a package deal, the transactions shall be accounted as a transaction of disposal of equity investments in subsidiaries until the loss of control; However, the difference of each disposal price and the subsidiary net assets share related to the disposal investment before the loss of control, shall be recognized in the consolidated financial statements as other comprehensive income, recorded in profits and losses of control lost period when lost control.

6.Criteria for Recognizing Cash and Cash Equivalents

The recognizing cash and cash equivalents of the Company refer to cash on hand, deposits that are available for payment at any time, and the investment held by the Company with short period (in general, expire within 3 months from the purchase day), high liquidity, and low risks of change, easily converted into certain amout of cash.

7. Financial Instruments

When the Company becomes one party of a financial instrument contract, it shall recognize a financial asset or financial liability. Financial assets and financial liabilities are initially recognized at fair value. For the financial assets and liabilities which are measured at their fair values and whose variation is recorded into the current profits and losses, the transaction costs are included directly in profit and loss. For other financial assets and liabilities, the transaction costs are included directly in initial recognition amount.

(1) Method for Determining the Fair Value of Financial Assets and Financial Liabilities

The fair value is the amount of an asset that can be received or the amount to be paid to transfer a liability in orderly transactions on the measurement date. When there is an active market for financial instruments, the Company uses quoted prices to determine the fair value. The quoted prices in the active market refer to the prices, which are easily available from the stock exchanges, brokers, industry associations, pricing service institutions and etc. at a fixed term, and which represent the prices at which actually occurred market transactions are made under fair conditions. When there is no active market for financial instruments, the Company uses valuation appraisal techniques to determine the fair value. The value appraisal techniques mainly include the prices adopted by the parties, who are familiar with the condition, in the latest market transaction upon their own free will, the current fair value obtained by referring to other financial instruments of the same essential nature, the cash flow capitalization method and the option pricing model, etc.

(2) The Classification, Recognition and Measurement of Financial Assets

Accounting recognition and derecognition shall be made according to the transaction date in regular purchase of financial assets. Financial assets are classified at initial recognition as financial assets at fair value through profits and losses, held-to-maturity investments, loans and receivables and available-for-sale financial assets. At the time of initial recognition, financial assets are divided into: the financial assets measured at fair values and variation included in the current profits and losses, held-to-maturity investments, loans and the receivables, financial assets available for sale.

①The financial assets measured at fair values and variation included in the current profits and losses

Including transactional financial assets and the financial assets which are measured at their fair values and whose variation is included in the current profits and losses.

The financial assets that meet any of the following requirements shall be classified as transactional financial assets: A. The said financial asset being acquired or undertaken mainly for the purpose of selling in the near future; B. Forming a part of the identifiable combination of financial instruments which are managed in a centralized way, and for which there are objective evidences that prove that the enterprise will manage the combination by way of short-term profit-making in the near future; C. Being a derivative instrument. However, the designated derivative instruments which are effective hedging instruments, the derivative instruments which are financial guarantee contracts, and the derivative instruments which are connected with the equity instrument investments for which there is no quotation in the active market, whose fair value cannot be reliably measured, and which shall be settled by delivering the said equity instruments, shall be excluded.

The financial assets meeting any of the following requirements can be designated, when they are initially recognized, as financial assets as measured at its fair value and of which the variation is included in the current profits and losses: A. The designation is able to eliminate or obviously reduce the discrepancies in the recognition or measurement of relevant gains or losses arisen from the different basis of measurement of the financial assets or financial liabilities; B. The official written documents on risk management or investment strategies of the Company concerned have recorded that the combination of said financial assets, or the combination of said financial assets and financial liabilities will be managed and evaluated on the basis of their fair values and be reported to the key management personnel.

The transactional financial assets measured at its fair value and of which the variation is included in the current profits and losses shall be made subsequent measurement according to the fair value. The profits and losses arising from the change in the fair value, the dividend and interest income related to the financial assets shall be included in the current profits and losses.

②Held-to-maturity Investments

The term "held-to-maturity investment" refers to a non-derivative financial asset with a fixed date of maturity, a fixed or determinable amount of repo price and which the enterprise holds for a definite purpose or the enterprise is able to hold until its maturity.

The held-to-maturity Investments use actual interest rate methods, make subsequent measurement in accordance with post-amortization costs. The profits and losses arising from termination of recognition, impairment or amortization shall be included in the current profits and losses.

The actual interest rate method refers to the method by which the post-amortization costs and the interest incomes of different installments or interest expenses are calculated in light of the actual interest rates of the financial assets or financial liabilities (including a set of financial assets or financial liabilities). The actual interest rate refers to the interest rate adopted to cash the future cash flow of a financial asset or financial liability within the predicted term of existence or within a shorter applicable term into the current carrying amount of the financial asset or financial liability.

When the actual interest rate is determined, the future cash flow shall be predicted on the basis of taking into account all the contractual provisions concerning the financial asset or financial liability (the future credit losses shall not be taken into account). The various fee charges, trading expenses, premiums or reduced values,etc., which are paid or collected by the parties to a financial asset or financial liability contract and which form a part of the actual interest rate, shall also be taken into account in the determination of the actual interest rate.

③Loans and Receivables

Loans and receivable refers to the non-derivative financial assets for which there is no quoted price in the active market and of which the repo amount is fixed or determinable. The Company classified loans and receivables include notes receivable, accounts receivable, interest receivable, dividends receivable and other receivables.

The Loans and the receivables uses actual interest rate method, make subsequent measurement in accordance with post-amortization costs. The profits and losses arising from termination of recognition, impairment or amortization shall be included in the current profits and losses.

④Financial Assets Available for Sale

Financial assets available for sale refers to the non-derivative financial assets which are designated as sellable when they are initially recognized as well as the financial assets other than those as described below: financial assets measured at their fair values and of which the variation is recorded into the profits and losses of the current period; loans and the receivables; held-to-maturity investments.

The cost at term end of sellable debt instruments shall be determined by post-amortization cost method. The post-amortization cost refers to the following result after adjustment of the initially recognized amount: after deducting the already paid principal; after plus or minus the accumulative amount of amortization occurred from amortizing the balance between the initially recognized amount and the amount of the maturity date by adopting the actual interest rate method; and after deducting the impairment losses that have actually occurred.

The Company makes subsequent measurement on its financial assets according to their fair values. The profits and losses arising from the change in the fair value of a sellable financial asset shall be included directly in other comprehensive income with the exception of impairment losses and the gap arising from foreign exchange conversion of cash financial assets in any foreign currency, and when the said financial asset is stopped from recognition and is transferred out, it shall be recorded into the profits and losses of the current period. However, the equity instrument investments for which there is no quotation in the active market and whose fair value cannot be measured reliably, and the derivative financial assets which are connected with the said equity instrument and must be settled by delivering the said equity instrument shall be measured on the basis of their costs.

The interests from the sellable financial asset and cash dividends from investee shall be recorded into investment income.

(3) Impairment of Financial Assets

The Company carries out an inspection on the balance sheet day on the book value of the financial assets other than those measured at their fair values and of which the variation is recorded into the profits and losses of the current period. Where there is any objective evidence proving that such financial asset has been impaired, an impairment provision will be made.

The Company makes impairment tests on the financial assets with significant single amounts. With regard to the financial assets with insignificant single amounts, an independent impairment test will be carried out, or they may be included in a combination of financial assets with similar credit risk features so as to carry out an impairment-related test. Where, upon independent test, the financial asset (including those financial assets with significant single amounts and those with insignificant amounts) has not been impaired, it is included in a combination of financial assets with similar risk features so as to conduct another impairment test. The financial assets which have suffered from an impairment loss in any single amount are not included in any combination of financial assets with similar risk features for any impairment test.

① Impairment of Held-to-maturity investments, Loans and Receivables

Where a financial asset measured on the basis of costs or post-amortization costs is impaired, the carrying amount of the said financial asset shall be written down to the current value of the predicted future cash flow, and the amount as written down shall be recognized as loss of the impairment of the asset and shall be recorded into the profits and losses of the current period. Where any financial asset measured on the basis of post-amortization costs is recognized as having suffered from any impairment loss, if there is any objective evidence proving that the value of the said financial asset has been reversed, and it is objectively related to the events that occur after such loss is recognized, the impairment-related losses as originally recognized shall be reversed and be recorded into the profits and losses of the current period. The reversed carrying amount shall not be any more than the post-amortization costs of the said financial asset on the day of reverse under the assumption that no provision is made for the impairment.

②Impairment ofAvailable-for-sale Financial Asset

When the decline of available-for-sale equity instrument's investment fair value is significant or non-temporary, sellable equity instrument is impaired.

Where an available-for-sale financial asset is impaired, the accumulative losses arising from the decrease of the fair value of the other comprehensive income are transferred out and recorded into the profits and losses of the current period. The accumulative losses that are transferred out are the balance obtained from the initially obtained costs of the sold financial asset after deducting the principals as taken back, the current fair value and the impairment-related losses as was recorded into the profits and losses of the current period.

As for the available-for-sale debt instruments whose impairment-related losses have been recognized, if, within the accounting period thereafter, the fair value has risen and are objectively related to the subsequent events that occur after the originally impairment-related losses were recognized, the originally recognized impairment-related losses shall be reversed. The impairment-related losses incurred to a sellable equity instrument investment shall be recorded into the other comprehensive income and the impairment-related losses incurred to a sellable debt instruments shall be recorded into the profits and losses of the current period.

The impairment-related losses incurred to an equity instrument investment for which there is no quoted price in the active market and whose fair value cannot be reliably measured, or incurred to a derivative financial asset which is connected with the said equity instrument and which shall be settled by delivering the said equity instrument, may not be reversed.

(4) Recognition and Measurement of Transfer of Financial Assets

The financial asset shall be stopped recognizing when: ①Where the contractual rights for collecting the cash flow of the said financial asset are terminated; ②Where the enterprise has transferred nearly all of the risks and rewards related to the ownership of the financial asset to the transferee; ③Where the enterprise does not transfer or retain nearly all of the risks and rewards related to the ownership of a financial asset, but does give up its control over the financial asset.

Where an enterprise does not transfer or retain nearly all of the risks and rewards related to the ownership of a financial asset, and does not give up its control over the financial asset, it shall, according to the extent of its continuous involvement in the transferred financial asset, recognize the related financial asset and recognize the relevant liability accordingly. The term "continuous involvement in the transferred financial asset" shall refer to the risk level that the enterprise faces resulting from the change of the value of the financial asset.

If the transfer of an entire financial asset satisfies the conditions for stopping recognition, the difference between the amounts of the following two items shall be recorded in the current profits and losses: The book value of the transferred financial asset; The sum of consideration received from the transfer, and the accumulative amount of the changes of the fair value originally recorded in other comprehensive income.

If the transfer of partial financial asset satisfies the conditions of stopping the recognition, the entire book value of the transferred financial asset shall, between the portion whose recognition has been stopped and the portion whose recognition has not been stopped, be apportioned according to their respective relative fair value, and the difference between the amounts of the following two items shall be included in the current profits and losses: The book value of the portion whose recognition has been stopped; the sum of consideration of the portion whose recognition has been stopped, and the portion of the accumulative amount of the changes in the fair value originally recorded in other comprehensive income which is corresponding to the portion whose recognition has been stopped.

For the financial asset sold with resource or the transfer of financial assets endorsement, the Company shall determine whether nearly all of the risks and rewards related to the ownership of the financial asset have been transferred. If nearly all of the risks and rewards related to the ownership of the financial asset have been transferred, the recognition of the financial asset shall be terminated. If nearly all of the risks and rewards related to the ownership of the financial asset have been retained, the recognition of the financial asset shall not be terminated. If nearly all of the risks and rewards related to the ownership of the financial asset have neither transferred nor retained, then continue to judge if the Company retains control of the assets, and carry on accounting treatment according to the principles above.

(5) The Classification and Measurement of Financial Liabilities

Financial liabilities shall be classified into: the financial liabilities which are measured at their fair values and of which the variation is included in the current profits and losses; other financial liabilities. The financial liabilities initially recognized shall be measured at their fair values. For the financial liabilities measured at their fair values and of which the variation is recorded into the current profits and losses, the transaction expenses thereof shall be directly recorded into the current profits and losses, for other categories of financial liabilities, the transaction expenses thereof shall be included into the initially recognized amount.

①The Financial Liabilities Measured at Their Fair Values and of Which the Variation is Recorded into the Current Profits and Losses

The classification of transactional financial liabilities and the initially designated financial liabilities which are measured at their fair values and of which the variation is included in the current profits and losses is the same as the classification of transactional financial assets and the initially designated financial assets which are measured at their fair values and of which the variation is included in the current profits and losses.

The financial liabilities measured at their fair values and of which the variation is recorded into the current profits and losses makes subsequent measurement according to fair value. The profits and losses arising from the change in the fair value, the dividend and interest income related to the financial assets shall be included in the current profits and losses.

②Other Financial Liabilities

For the derivative financial liabilities, which are connected to the equity instrument for which there is no quotation in the active market and whose fair value cannot be reliably measured, and which must be settled by delivering the equity instrument, they shall be subsequently measured on the basis of their costs. The Company shall make subsequent measurement on the other financial liabilities on the basis of the post-amortization costs by adopting the actual interest rate method, the profits and losses arising from termination of recognition or amortization shall be included in the current profits and losses.

③ Financial Guarantee Contracts and Commitments to Grant Loans

For the financial guarantee contracts which are not designated as a financial liability measured at its fair value and the variation thereof is recorded into the current profits and losses, and for the commitments to grant loans which are not designated to be measured at the fair value and of which the variation is recorded into the current profits and losses and which will enjoy an interest rate lower than that of the market, after they are initially recognized according to the fair value, a subsequent measurement shall be made according to the higher one of the following: the amount as determined according to the ASBE No. 13 – Contingencies; or the surplus after accumulative amortization as determined according to the principles of the ASBE No. 14 -Revenues is subtracted from the initially recognized amount.

(6) Derecognition of Financial Liability

Only when the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly. Where the Company (debtor) enters into an agreement with a creditor so as to substitute the existing financial liabilities by way of any new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, it shall terminate the recognition of the existing financial liability, and shall at the same time recognize the new financial liability.

Where the recognition of a financial liability is totally or partially terminated, the gap between the book value which has been terminated from recognition and the considerations it has paid (including the non-cash assets it has transferred out and the new financial liabilities it has assumed)shall be included in the current profits and losses

(7) Derivative Instrument and Embedded Derivative Instrument

The derivative instrument shall be initially measured according to its fair value on the contract signing date and subsequently re-measured according to fair value. Derivatives instrument designated as highly effective hedging instrument shall include its profits and losses arising from the change in the fair value according to the hedgingrelationship and hedge accounting requirements. Other derivatives instrument shall include the change in the fair value in the current profits and losses.

Where a mixed instrument related to an embedded derivative instrument fails to be designated as a financial asset or financial liability measured at its fair value and of which the variation is included in the current profits and losses, and where there is no close relationship between it and the principal contract in terms of economic features and risks, and where it shares the same conditions with that of the embedded derivative instrument, and the independent instrument meets the requirements of the definition of derivative instrument, the embedded derivative instrument shall be separated from the mixed instrument and treated as an independent derivative instrument. Where it is impossible to make an independent measurement when it is obtained or subsequently on the balance sheet date, the mixed instrument shall be designated entirely as a financial asset or financial liability measured at its fair value and of which the variation is included in the current profits and losses.

(8) The Offset of Financial Asset and Liabilities

The financial asset and liabilities can be offset and the net amount should be listed in the balance sheet when the Company is legally authorized to offset verified amount and the legal right is executable and the Company is planned of netting and meanwhile change the financial asset into cash and pay the financial liability. Otherwise the financial asset and liabilities should be listed respectively in the balance sheet and should not be offset.

(9) Equity Instruments

The "equity instruments" refers to the contracts which can prove that he Company holds the surplus equities of the assets after the deduction of all the debts. The issue (including refinancing), repurchase, sale or written-offs the equity instruments shall be recognized as disposing of the changes of the equity. The Company does not recognize any changes in the fair value of equity instruments. Transaction costs related to the equity transaction shall be deducted from equity.

As to the various distributions (excluding stock dividends) to holders of an equity instrument, the Company shall decrease the owner's equities. The Company does not recognize any changes in the fair value of equity instruments.

8. Receivables

Receivables includes accounts receivable and other receivables

(1) Methods of Provision for Bad Debts

① The Recognition Criteria and Method of Provision for Receivables Bad Debts with Significant Single Amount

The Company shall identify receivables amount more than 1 million RMByuan as significant single amounts of receivables.

The Company shall do the impairment test individually on significant single amounts of receivables. The financial assets that are not impaired in the individually test shall have the including impairment test in a combination of financial assets with similar credit risk characteristics. The receivables that are recognized as impaired in the individually test shall not have the including impairment test in a combination of receivables with similar credit risk characteristics.

② The Recognition Criteria and Method of Provision for Receivables Bad Debts with Insignificant Single Amount but High Risk in the Credit Risk Characteristics Combination

A. The Recognition Criteria of Credit Risk Characteristics Combination

As for the insignificant single amount receivables and significant single amount receivables that is not impaired in the individually test, the financial assets shall be grouped on the similarity and correlation of credit risk characteristics. These credit risks usually reflect the debtor's ability to repay all amounts due according to the contractual terms, and is related to the estimates of future cash flows of the assets being checked.

Recognization standard for different combinations:

Items	Recognization Standard of Combinations
Aging risk portfolio	Amount receivable beyond other combinations
Government debts	Accounts receivable of related government departments
Affiliates transactions	Group internal transactions
Deposit, petty cash and other project settlement	Droppage in the project settlement

B. The Provision Method Based on the Credit Risk Characteristics Combination

When tested impairment by combination method, the amount of bad debts shall be estimated and recognized according to: receivables structure and the similar credit risk characteristics (debtor's ability to repay debt according to the contract terms); the historical loss experience; the current economic situation; and exist losses in expected receivables combination.

The provision method of provision for bad debts of different combinations:

Items	Provision Method
Aging risk portfolio	Assess risk according to the aging time, determine the provision ratio
Government debts	Pay back on schedule, no provision for bad debts
Affiliates transactions	No provision for bad debts
Deposit, petty cash and other project settlement	If can collect or charge back, no provision for bad debts

The provision method of provision for bad debts using aging analysis method:

Aging	Provision ratio
Accounts receivable within 1 year (including 1 year)	0
Accounts receivable within 1-3 years (including 3 years)	5
Accounts receivable within 3-5 years (including 5 years)	20
Accounts receivable more than 5 years	40

③For receivables with insignificant individually amount but has strong evidence of obvious difference of recoverability, use individualprovision for bad debts (or specific identification method provision for bad debts).

④Group Internal account

The current account included in the consolidated statements of the Company's internal units do not provision for bad debts in principle. If there is objective evidence shows that they have been impaired, for example, there is objective evidence that the affiliates (debtors) has been revoked, bankruptcy, insolvency and so on, the amount shall be confirmed impairment loss individually, provision for bad debts, using specific identification method.

(2) Reverse of Bad Debts

The original recognized impairment loss shall be reversed and included as current profits and losses when there is objective evidence proves that the value of the receivables has been recovery and is objectively relating the matter happened after the recognition of the loss. However, the book value of the reversed shall not exceed the amortized cost of the receivable under the assumption that has no provision for impairment on the reverse date.

When the Companytransfers receivables to financial institutions in non-recourse method, the difference between the transaction amount deducting its book value of resold receivables and the related tax, shall be recorded in current profits and losses.

9. Inventories

(1) Classification of Inventories

Inventories include inventory materials, under construction development product (development costs), finished development product, etc.

(2) Pricing Method of Acquisition and Delivery of Inventories

Inventories are initially measured at cost. Inventories include inventory materials, under construction development product (development costs), finished development product, etc. The cost of developing products includes land-transferring fees, Infrastructure expenditures, construction and installation costs, borrowing costs incurred prior to project completion and other related costs. When inventory is delivered, weighted average method is used to determine the actual cost.

(3) The Recognition of Net Realizable Value and the Provision for Loss on Decline

The net realizable value refers to in the daily business activity the amount after deducting the estimated cost of completion, estimated sale expense and relevant taxes from the estimated sale price of inventories. The net realizable value of inventories shall be confirmed on the ground of reliable evidence obtained, taking into consideration of the purpose for holding inventories and the effects of events occurring after the date of the balance sheet.

On the date of balance sheet, the inventories shall be measured whichever is lower in accordance with the cost and the net realizable value. If the cost of inventories is higher than the net realizable value, the provision for the loss on decline in value of inventories shall be made. The provision for the loss on decline in value of inventories usually according to difference between the cost of individual inventory item and its net realizable value. If the factors causing any write-down of the inventories have disappeared and the net realizable value is higher than the inventories book value, the amount of write-down shall be resumed and be reversed from the provision for the loss on decline in value of inventories that has been made. The reversed amount shall be included in the current profits and losses.

(4) The Inventory Adopts Perpetual Inventory System.

(5) The Amortization of Low-value Consumable Goods and Packing Articles

The low-value consumable goods shall be amortized by employing the one-offamortizationmethod/grade amortizationmethod; The packing articles shall be amortized by employing one-offamortizationmethod/grade amortizationmethod.

10. Long-term Equity Investments

The long-term equity investments in this section refers to the Company has control, joint control or significant influences over the invested enterprise. The long-term equity investment which the Company has no control, joint control or joint control shall be accounted as available-for-sale financial assets or financial assets that are measured in fair value and variation included in current profits and losses. The accounting policies sees NoteⅣ 7. “Financial Instruments”.

The term "joint control" refers to the control over an economic activity in accordance with the contracts and agreements, which does not exist unless the investing parties of the economic activity with one an assent on sharing the control power over the relevant decisions. The term "significant influences" refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not to control or do joint control together with other parties over the formulation of these policies.

(1) The Determination of Investment Cost

For the merger of enterprises under the same control, it shall, on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital surplus. If the capital surplus is insufficient to offset, the retained earnings shall be adjusted. If the consideration of the merging enterprise is that it issues equity securities, it shall, on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment. The total face value of the stocks issued shall be regarded as the capital stock, while the difference between the initial cost of the long-term equity investment and total face value of the shares issued shall offset against the capital surplus. If the capital surplus is insufficient to offset, the retained earnings shall be adjusted.

For the merger under different control, the merging party shall, on the date of merger, regard the merger costs ascertained as the initial cost of the long-term equity investment. The merger costs shall be the fair values of the assets paid, the liabilities incurred and the equity securities issued by the acquirer.

The costs for the business merger of the merging party or acquirer including the expenses for audit, assessment and legal services, shall be recorded into the current profits and losses.

Besides the long-term equity investments formed by the merger of enterprises, the initial cost of a long-term equity investment obtained by other means shall be ascertained in accordance with the provisions as follows: the purchase price actually paid; the fair value of equity securities issued by the Company; the value stipulated in the investment contract or agreement; the fair value or the primitive book value from the exchange of non- monetary assets; the fair value of long-term equity investments themselves. The expenses directly related to the long-term equity investment, taxes and other necessary expenses shall also be included in the investment cost. Long-term equity investment shall be the fair value of the previously held equity investment plus the new investment costs in accordance with ASBENo. 22 - Financial Instruments Recognition and Measurement, when the Company is able to implement significant influence or joint control but does not constitute control over the investee as the result of additional investment.

(2) Subsequent Measurement and Recognition Method for Profit and Loss

A long-term equity investment of the investing enterprise that does joint control or significant influences over the invested entity shall be measured by equity method. A long-term equity investment of an investing enterprise that is able to control the invested enterprise shall be measured by cost method.

①Long-term Equity Investment Measured by Cost Method

The price of a long-term equity investment measured by cost method shall be included at its initial investment cost. If there are additional investments or disinvestments, the cost of the long-term equity investment shall be adjusted. The dividends or profits declared to distribute by the invested entity, except the actual price paid when the investment was made or dividends and profits that are declared but not distributed, shall be recognized as the current investment income.

②Long-term Equity Investment Measured by Entity Method

When adopting the equity method, if the initial cost of a long-term equity investment is more than the investing enterprise' attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted. If the initial cost of a long-term equity investment is less than the investing enterprise' attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profits and losses and the cost of the long-term equity investment shall be adjusted simultaneously.

When adopting the equity method, the Company shall recognize the investment income and the other comprehensive income, and adjust the book value of the long-term equity investment in accordance with the attributable share of the net profits and losses of the invested entity; in the light of the profits or cash dividends declared to distribute by the invested entity, calculate the proportion it shall obtain, and shall reduce the book value of the long-term equity investment correspondingly. Where any change is made to the owner's equity other than the net profits and losses, other comprehensive income and profit distribution of the invested entity, the book value of the long-term equity investment shall be adjusted and be included in the capital surplus. The Company shall, on the ground of the fair value of all identifiable assets of the invested entity when it obtains the investment, recognize the attributable share of the net profits and losses of the invested entity after it adjusts the net profits of the invested entity. If the accounting policies and accounting periods adopted by the invested entity are different from those adopted by the Company, an adjustment shall be made to the financial statements of the invested entity in accordance with the accounting policies and accounting periods of the Company and recognize the investment income. For transactions between the Company and associates/joint ventures where the assets invested or sold does not constitute a business, the part of the unrealized profits and losses on internal transactions that belongs to the Company according to the attribute proportion shall be offset. However, the unrealized loss on internal transaction between the Company and investee, recognized as impairment losses on assets transferred, shall not be offset. When the assets the Company invests on associate/joint companies constitute business and the investor obtained the long-term equity investment without control, the initial investment cost of new long-term equity is the fair value of invested business. The book value difference between initial investment cost and investment business shall all be included in the current profits and losses. When the assets the Company sells to associate/joint companies constitute business, the difference between the price and business book value shall all be included in the current profits and losses. When the assets the Company purchase from the associate/joint companies constitute business, the transaction-related profits and losses shall all be recognized in accordance with the "Accounting Standards for Business Enterprises No. 20 - Business Consolidation".

When recognizing the net losses of the invested enterprise, the book value of the long-term equity investment and other long-term rights and interests which substantially form the net investment made to the invested entity are reduced to zero. If the Company has the obligation to undertake extra losses, then the estimated liabilities shall be confirmed and recorded as investment losses of the current period. If the invested entity realizes any net profits later, the Company shall, after the amount of its attributable share of profits offsets against its attributable share of the unrecognized losses, resume to recognize its attributable share of profits.

For the long-term equity investments, the Company possesses on associated enterprise and joint enterprise before the first implementation of new ASBE, July 1, 2014, if the equity investment debit balance related to the investment exists, the amount straight-line amortized according to the original residual maturity shall be recognized as the current profits and losses.

③Acquisition of Minority Stake

When preparing the consolidated financial statements, the difference between the new added long-term equity investment arising from the acquisition of minority stake and the net assets share calculated according to the new added shareholding ratio of the subsidiary from the purchase date (or combination date) shall offset against the capital surplus. If the capital surplus is insufficient to offset, the retained earnings shall be adjusted.

④Disposal of Long-term Equity Investment

In the consolidated financial statement, the parent company shall partially dispose the long-term equity investments in subsidiaries without losing the control. The difference between the disposal price and the net assets of subsidiaries corresponding to the long-term equity investment shall be recognized as shareholder's equity. The parent company lost control over subsidiary as a result of partially disposal of long-term equity investment, shall be accounted according to No Ⅳ, No 5. (2)Preparation Methods of Consolidated Financial Statements.

When disposing of other long-term equity investment, the difference between its book value and the actual purchase price shall be included in the current profits and losses.

For the long-term equity investment measured by entity method and the residual equity after disposing still measured by entity method, the other comprehensive income part which was originally recognized as owner's equity, shall be accounted according to the corresponding ratio in the same standard as the investee's directly disposal method of related assets or liabilities. The owner's equity, recognized as the investee's owner's equity changes except net profits and losses, other comprehensive income and profit distribution, shall be carried forward to current profits and losses according to the ratio.

For the long-term equity investment measured by cost method and the residual equity after disposing still measured by cost method, the other comprehensive income recognized by equity method or financialinstrumentsrecognitionandmeasurementcriteria before obtained the control of investee shall be accounted according to the same standard as the investee's directly disposal method of related assets or liabilities. For the investee's net assets measured by equity method, the owner's equity changes except net profits and losses, other comprehensive income and profit distribution, shall be carried forward to current profits and losses according to the ratio.

In the preparation of the individual financial statements, when the Company lost the control over investee due to partially disposal of the equity investment, if the residual equity after deposing could joint control or implement significant influence over the investee, then equity method shall be employed and the residual equity shall be adjusted on the assumption that it has been measured with equity method since obtained; if the residual equity after deposing could not joint control or implement significant influence over the investee, then financialinstrumentsrecognitionandmeasurementcriteriashall be employed, the difference between fair value and book value on control lost date shall be included in profits and losses of current period. For the other comprehensive income recognized by the measurement of equity method or financialinstrumentsrecognitionandmeasurementcriteriabefore the Company has gained control over the investee, the other comprehensive income shall be accounted according to the same standard as the investee's directly disposal method of related assets or liabilities when losing the control over the investee. For the investee's net assets measured by equity method, the owner's equity changes except net profits and losses, other comprehensive income and profit distribution, shall be carried forward to current profits and losses according to the ratio when losing the control over the investee. When the residual equity after disposing are measured by equity method, the other comprehensive income and other owner's equity shall be carried forward by ratio; When the residual equity after disposing are accounted by financialinstrumentsrecognitionandmeasurementcriteria, the other comprehensive income and other owner's equity shall all be carried forward.

When the Company lost the joint control or significant influence over investee due to partially disposal of the equity investment, the residual equity shall be measured by financialinstrumentsrecognitionandmeasurementcriteria, the difference between fair value and book value on joint control or significant influence lost date shall be included in current profits and losses. The other comprehensive income of original equity investment recognized by employing the equity method, shall be accounted according to the same standard as the investee's directly disposal method of related assets or liabilities when ceasing measured by equity method. The owner's equity, recognized as the investee's owner's equity changes except net profits and losses, other comprehensive income and profit distribution, shall be carried forward to current investment income according to the ratio when ceasing measured by equity method.

The Company shall dispose the subsidiary's equity investment through several transactions until the loss of control. If these transactions belong to a package deal, then each of the transaction shall be accounted as a transaction that disposed the subsidiary's equity investment and lost control. The difference between the disposal price and long-term equity investment book value corresponding to disposed equity before the loss of control shall be recognized as the other comprehensive income at first, and shall be transferred to the profits and losses of current period when lost control.

11. Investment Property

Investment property refers to the real estate held for generating rent and/or capital appreciation, including the right to use any land which has already been rented; the right to use any land which is held and prepared for transfer after appreciation and the right to use any building which has already been rented. For the vacant buildings the Company held for operating or renting, if the board of directors (or similar body) makes a written resolution that the Company would use them for operating or renting and shall not change in the short term, shall also be listed as investment properties

The Company uses the cost method for subsequent measurement of investment properties.

The initial measurement of the investment property shall be made at its cost. Investment property shall be recognized when the subsequent expenditure meets the following requirements simultaneously: the economic benefits pertinent to this investment property are likely to flow into the enterprise and the cost of the investment property can be reliably measured. Otherwise the subsequent expenditure shall be included in the current profits and losses.

The Company use the cost method for subsequent measurement of investment properties and the same policy with buildings or land use right for amortization or depreciation.

The impairment test methods and provision for impairment methods for investment properties shall see NoteⅣ 17. "Impairment of Non-Current Non-Financial Assets"

When self-use real estates or inventories convert into investment properties or investment properties convert into self-use real estates, use the book value before the convert as the entry value after convert.

If an investment property is disposed of, or if it withdraws permanently from use and if no economic benefit will be obtained from the disposal, the recognition of it as an investment property shall be derecognised. When the Company sells, transfers or discards any investment property, or when any investment real estate is damaged or destroyed, the Company shall deduct the book value of the investment property as well as the relevant taxes from the disposal income, and include the amount in the current profits and losses.

12. Property, Plant and Equipment

(1) The Recognition Condition of Property, Plant and Equipment

Property, Plant and Equipment refer to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management; and their useful life is in excess of one fiscal year. No fixed asset may be recognized unless the economic benefits pertinent to the property, plant and equipment are likely to flow into the company and the cost of the property, plant and equipment can be measured reliably. The initial measurement of property, plant and equipment shall be made at its cost and consider the impact of expected discard expenses.

(2) The Depreciation Methods of Property, Plant and Equipment

From the next month of intended use, property, plant and equipment shall be depreciated within the service life. The service life, expected net salvage value, the annual depreciation rates and depreciation method of all kinds of property, plant and equipment is as follows:

Fixed AssetCategory	Expected ServicePeriod	Expected Net Salvage Value(%)	Annual Depreciation Rate(%)	Depreciation Methods
Houses and buildings	40	5	2.375	Straight-line method
Electronicequipment	5	5	19	Straight-line method
Transportation equipment	6	5	15.83	Straight-line method
Officeequipment	8	5	11.88	Straight-line method
Machineryequipment	8	5	11.88	Straight-line method
Pipe network facilities	8	5	11.88	Straight-line method

Estimated salvage value refers to the amount that the Company obtained from the assets disposal after deducting the disposal fee when assuming property, plant and equipment estimated service lives is full and at the end of expected service life.

(3) Impairment Test Methods and Provision for Impairment Methods for Property, Plant and Equipment

The impairment test methods and provision for impairment methods for property, plant and equipment shall see Note Ⅳ 17. "Impairment of Non-Current Non-Financial Assets".

(4) Recognition Conditions and Pricing Methods of Fixed Assets on Finance Lease

Finance lease refers to the lease whose risks and rewards related to the assets has been all transferred. The ownership of it may or may not eventually be transferred. The fixed assets on finance release shall be depreciated of asset leased in accordance with owned fixed assets. The fixed assets on finance lease shall be depreciated within the service life if it is reasonably certain of obtaining the ownership of the leased asset at the expiry of lease; however, it shall be depreciated depending on the shorter period between the lease period and the service life, if it is not reasonably certain of obtaining the ownership of the leased asset at the expiry of lease.

(5) Others

When the economic benefits related to the property, plant and equipment are likely to flow into the Company and the cost can be measured reliably, the subsequent expenditure relating to property, plant and equipment shall be included in property, plant and equipment cost and the recognition of the substitute part's book value shall be terminated. Other subsequent expenditure shall be included in profits and losses of current period when occurred.

When the fixed asset is in a state of disposal or unable to generate any economic benefits through use or disposal as expected, the recognition of it as a fixed asset shall be terminated. When the Company sells, transfers or discards any fixed asset, or when any fixed asset of the Company is damaged or destroyed, the Company shall deduct the book value and relevant taxes from the disposal income, and include the amount in the current profits and losses.

The Company shall, at least at the end of each year, have a check on the service life, expected net salvage value, and the depreciation method of the fixed assets. If any change is made, it shall be regarded as a change of the accounting estimates.

13. Construction-in-progress

The construction-in-progress cost shall be recognized according to the actual expenses, including the expenses incurred during the process, capitalized borrowing costs before reaching the intended use of the project and other expenses. Since the fixed assets built by the Company reaches the estimated available state day, fixed assets are carried forward.

The impairment test methods and provision for impairment methods for construction-in-progress shall see NoteⅣ 17. "Impairment of Non-Current Non-Financial Assets".

14. The Borrowing Costs

The borrowing costs include interest, discount or premium and ancillary expenses arising from loan, as well as exchange differentials due to foreign currency loan. Where the borrowing costs can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalized and recorded into the costs of relevant assets when: the asset disbursements have already incurred, which shall include the cash, transferred non-cash assets or interest bearing debts paid for the acquisition and construction or production activities for preparing assets eligible for capitalization; the borrowing costs has already incurred; and the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started. When the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased. The borrowing costs shall be recognized as expenses when occurred.

The to-be-capitalized amount of interests of specific borrowing shall be determined in light of the actual cost incurred of the specific borrowed loan at the present period minus the income of interests earned on the unused borrowing loans as a deposit in the bank or as a temporary investment. For general borrowing, the Company shall calculate and determine the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

During the period of capitalization, the exchange balance on foreign currency specific borrowings shall all be capitalized. And the exchange balance on foreign currency general borrowings shall be recorded into the current profits and losses.

Assets eligible for capitalization shall refer to the fixed assets, investment real estate, inventories and other assets, of which the acquisition and construction or production may take quite a long time to get ready for its intended use or for sale.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended till the acquisition and construction or production of the asset restarts.

15. Intangible Assets

(1)Confirmation and Valuation Methods of Intangible Assets

Intangible asset refers to the identifiable non-monetary assets possessed or controlled by the Company which have no physical shape.

The intangible assets shall be initially measured according to its cost. If the economic benefits related to intangible assets are likely to flow into the enterprise and the cost of intangible assets can be measured reliably, the cost related to intangible assets shall be recognized as intangible assets cost. Other cost shall be recognized into current profit and loss when it incurs.

The land use right shall be usually accounted as intangible assets. For self-developed factories and other buildings, the land usage expenditures shall be accounted as intangible assets while the building construction cost shall be accounted as fixed assets. For purchased houses and buildings, the related price shall be allocated between the land use right and buildings. If the related price cannot be reasonably allocated, the purchased houses and buildings shall be accounted as fixed assets.

(2) Amortization of Intangible Assets

With regard to intangible assets with limited service life, from the time when it is available for use, its original value minus the expected residual value and the accumulative amount of impairment provision shall be amortized by straight Line method average staging/production method within the service life. Intangible assets with uncertain service life may not be amortized.

At the end of each year the Company shall check the service life and the amortization method of intangible assets with limited service life. When those two items are different from before, they shall be changed in accounting estimate. The Company shall also check the service life of intangible assets with uncertain service life. Where there is evidence to prove the deadline for the intangible assets generating economic benefits for the Company is predictable, then the service life shall be estimated and amortized by the amortization method of intangible assets with limited service life.

(3) Research and Development Expenditures

The expenditures for the Company's internal research and development projects are classified into research expenditures and development expenditures. The research refers to the creative and planned investigation to acquire and understand new scientific or technological knowledge, for example, activities aimed at acquiring knowledge, the research, evaluation and final selection of research findings or other knowledge, the research of materials, equipment, products, processes, systems or services alternatives, the alternatives for new or improved materials, equipment, design, evaluation and final choice of equipment. Development refers to the application of research findings or other knowledge to a plan or design before commercial production or use, to produce new or substantially improved materials, devices, products, etc., for example, design, construction and testing of pre-production or pre-use prototypes and models, pilot production facility design, construction and operations which have no commercial production economies of scale.

The research expenditures shall be recorded in the current profits and losses.

The development expenditures may be confirmed as intangible assets when they satisfy the following conditions simultaneously:

① It is feasible technically to finish intangible assets for use or sale;

② It is intended to finish and use or sell the intangible assets;

③ The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be used internally;

④ It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources;

⑤ The development expenditures of the intangible assets can be reliably measured.

If the research expenditures and development expenditures cannot be classified, the expenditure shall all be included in profit and loss in current period.

(4) Impairment Test Methods and Provision for Impairment Methods for Intangible assets

The impairment test methods and provision for impairment methods for intangible assets shall see NoteⅣ 17. "Impairment of Non-Current Non-Financial Assets"

16. Long-Term Prepaid Expenses

The long-term prepaid expenses of the Company refer to all expenses that the Company has paid out, but with amortization period of over one year in the report period and after.

17. Impairment of Non-Current Non-Financial Assets

For non-current non-financial assets including the fixed assets, construction-in-progress, intangible assets with limited service life, investment property measured in cost, the long-term equity investment on subsidiary companies, joint ventures and associated enterprises and goodwill, the Company shall make a judgment on whether there is any sign of possible assets impairment on the balance sheet date. If there is any sign of assets impairment, the Company shall estimate the recoverable amount of the assets and conduct the impairment test. No matter whether there is any sign of possible assets impairment, the goodwill, intangible assets with uncertain service lives and Intangible assets not yet available for use shall be subject to impairment test every year.

The assets shall be made impairment provision and be included in impairment loss according to the difference when the impairment test shows that the recoverable amount of the asset is less than its book value. The recoverable amount shall be determined in light of the higher one of the net amount of the fair value of the assets minus the disposal expenses and the current value of the expected future cash flow of the assets. The fair value of assets shall be determined in light of the amount of the basis of the price as stipulated in the sales agreement in the fair transaction. Where there is no sales agreement but there is an active market of assets,the fair value shall be determined in light of the price of bidden by the buyer of the asset. Where there is no sales agreement and no active market, the fair value shall be determined in light of the best information available. The disposal expenses shall include the relevant legal expenses, relevant taxes, truckage as well as the direct expenses for bringing the assets into a marketable state. The current value of the expected future cash flow of an asset shall be determined by the discounted cash with an appropriate discount rate, on the basis of the expected future cash flow generated during the continuous use or final disposal of an asset. The impairment of assets shall be measured and recognized on the basis of single item assets. If it is difficult to estimate the recoverable amount of single item assets, it shall determine the recoverable amount of the group assets on the basis of the asset group to which the asset belongs. An asset group is the smallest asset group that can generate cash inflow independently.

For the goodwill separately presented in financial statements, when in an impairment test, its book value shall be apportioned to the asset group or a combination of asset group which are expected to benefit from the synergy effect of the enterprise merger. When the test result shows the recoverable amount of an asset group or a combination of asset groups is lower than its carrying value, it shall be recognized as the corresponding impairment loss. The amount of the impairment loss shall first charge against the book value of the headquarter' assets and business reputation which are apportioned to the asset group or combination of asset groups, then charge it against the carrying value of other assets in proportion to the weight of other assets in the asset group or combination of asset groups with the business reputation excluded.

Once the loss of asset impairment as above is recognized, the value restored shall not be switched back in the future accounting periods.

18. Employee Benefits

The employee benefits of the Company include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits:

Short-term employee benefits including wages, bonuses, allowances, subsidies, welfare expenses for the employees, medical insurance, maternity insurance, work injury insurance, housing accumulation fund, labor union expenditure, employee education expenses, and non-monetary welfare. During the accounting period of an employee' providing services to the Company, the Company shall recognize the short-term employee benefits as liabilities in current period as profits and losses or cost of an asset. The non-monetary benefit shall be measured at fair value.

The defined contribution plans include basic endowment insurance, unemployment insurance and annuities, etc. The deposit amount shall be included as related asset cost or current profits and losses.

The Company shall recognize the expected liabilities incurred and record them into the current profits and losses when: the Company cancels the labor relationship with any employee prior to the expiration of the relevant labor contract or brings forward any compensation proposal for the purpose of encouraging the employee to accept a layoff; the earlier one of the time when the Company up is unable to unilaterally withdraw the termination benefits on the cancellation of labor relationship or the layoff proposal and the time when the Company confirm the cost related to payment of restructuring termination benefits. However, the termination benefits shall be accounted as other long-term employee benefits when it's expected not be able to be fully paid in twelve months after the end of the annual reporting period.

Internal employee retirement plan shall adopt the principle as the termination benefits above. The proposed payment of wages and social insurance from the day employee ceases to provide services to the normal retirement day, when meets the recognition conditions of estimated liability, shall be recognized as current profits and losses (termination benefits).

The other long-term employee benefits which meet the requirement of defined contribution plans shall be accounted as defined contribution plans, otherwise they shall be accounted as defined benefit plans.

19. Bond payable

The non-convertible bonds the Company issued shall be accounted as liability according to the amount actually received (deduct the relevant transaction cost); the difference between the actually amount received by bonds issuing with the total nominal value of the bonds, as bond premium or discount, during the period of existence of bonds, shall be amortized in the provision of interest according to the nominal interest rate, and accounted according to the principles of borrowing costs.

20. Estimated Debts

The obligation pertinent to a contingencies shall be recognized as an estimated debt when the following conditions are satisfied simultaneously: 1) That obligation is a current obligation of the Company; 2) It is likely to cause any economic benefit to flow out of the Company as a result of performance of the obligation; 3) The amount of the obligation can be measured in a reliable way.

On balance sheet date, the Company shall take into full consideration of the risks, uncertainty, time value of money, and other factors pertinent to the Contingencies. If the time value of money is of great significance, the best estimate shall be determined after discounting the relevant future outflow of cash. The estimated debts shall be measured in accordance with the best estimate of the necessary expenses for the performance of the current obligation.

When all or some of the expenses necessary for the liquidation of an estimated debts of the

Company is expected to be compensated by a third party, the compensation should be separately recognized as an asset 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.

21. Revenue

(1) Revenue from Sales of Goods

The revenue is reliably measured given major risks and rewards of goods ownership have been transferred to the buyer while neither continuous management that usually keeps relation with ownership is retained nor effective control over sold goods is implemented. Relevant economic benefits may flow into enterprise. Revenue from sales of goods is recognized when relevant costs incurred or to be incurred is reliably measured.

For the real estate buyers that can stipulate the main structural elements of the real estate design before the start of construction or determine the main structural changes in the construction process, the construction agreement satisfies the definition of construction contract, the Company shall recognize related revenue and cost for the construction service, according to ASBE No.15 Construction Contracts; For the real estate buyers that has limited impact on real estate design (for example can only make minor changes to basic design), the Company shall recognize related revenue according to confirmation and method of revenue from sales of goods in ASBE No.14 revenue and the Company's specific real estate sales.

① Product Development

Recognize the sales revenue when: Completed and accepted the product, signed the sales contract and fulfilled the obligations under the contract, the main risks and rewards of the goods ownership development transferred to the buyer; The company holds neither continuing managerial involvement associated with ownership, or no longer has effective control over the goods sold; The amount of revenue can be measured reliably; Relevant economic benefits are likely to flow in; The project costs incurred or to be incurred can be measured reliably.

② Installment Sales

When completed and accepted the product, signed installment sales contract and fulfilled the obligations under the contract, relevant economic benefits are likely to flow in and the product development costs incurred or to be incurred can be measured reliably, shall recognize revenue amount according to the fair value of the receivable contract or agreement price; The difference between the fair value and the receivable contract or agreement price, shall be amortized using the effective interest method and recorded in current profits and losses.

③ Self-use House Sale

Recognize the sale revenue when: the main risks and rewards of the self-use house ownership transferred to the buyer; The company holds neither continuing managerial involvement associated with ownership, or no longer has effective control over the goods sold; The amount of revenue can be measured reliably; Relevant economic benefits are likely to flow in; The house costs can be measured reliably.

④Agent Construction House and Engineering Business

Recognize operation revenue using the completion percentage method when: Agent construction house and engineering business has irrevocable construction contract; Relevant economic benefits are likely to flow in; The stage of completion of agent construction house and engineering business can be reliably determined; The agent construction house and engineering business costs can be measured reliably.

⑤Recognization Method of Rental Property Revenue

Recognize the rental property revenue when receive the rent or obtain the collection evidence according to the lease contract, the lease agreement date (rent-free period should be considered) and the amount of rent.

⑥Recognization Method of Other Business Revenue

Recognize the other business revenue when according to the related contract and agreement, the amount of revenue can be measured reliably and the costs incurred or to be incurred can be measured reliably.

(2) Revenue from Providing Labor Services

If an enterprise can, on the date of the balance sheet, reliably estimate the outcome of a transaction concerning the labor services it provides, it shall recognize the revenue from providing services employing the percentage-of-completion method. The completion degree of labor transaction shall be recognized based on the proportion of incurred labor costs over estimated total costs.

The outcome of a transaction concerning the providing of labor services can be measured in a reliable way means that the following conditions shall be met simultaneously:①The amount of revenue can be measured in a reliable way;②The relevant economic benefits are likely to flow into the enterprise;③The schedule of completion under the transaction can be confirmed in a reliable way; and ④The costs incurred or to be incurred in the transaction can be measured in a reliable way.

When the outcome of a transaction concerning the providing of labor services cannot be measured in a reliable way, the revenue from providing labor services shall be recognized in accordance with the amount of the cost of labor services incurred and expected to be compensated while the cost incurred shall be included in the current expenses. If the cost of labor services incurred is not expected to compensate, no revenue from the providing of labor services may be recognized.

(3) Royalty Revenue

The amount of royalty revenue should be measured and confirmed in accordance with the period and method of charging as stipulated in the relevant contract or agreement.

(4) Interest Revenue

The amount of interest revenue should be measured and confirmed in accordance with the length of time for which the Company's monetary funds is used by others and the actual interest rate.

22. Construction Contracts

If an enterprise can, on the date of the balance sheet, reliably estimate the outcome of a construction contract, it shall recognize the revenue from construction contract employing the percentage-of-completion method. The completion degree of construction contract shall be recognized based on: the proportion of incurred contract costs over estimated total contract costs.

The outcome of a construction contract can be measured in a reliable way means that the following conditions shall be met simultaneously:①The total contract revenue can be measured in a reliable way;②The economic benefits pertinent to the contract will flow into the enterprise; ③The actual contract costs incurred can be clearly distinguished and can be measured in a reliable way; and④Both the schedule of the contracted project and the contract costs to complete the contract can be measured in a reliable way.

When the outcome of a construction contract cannot be measured in a reliable way while cost of contract can be recovered, revenue of construction contracts shall be recognized in accordance with actual contract cost to be recovered and contract cost shall be recognized as contract expense at current period; when cost of contract cannot be recovered, it should be recognized as contract expense once incurred while revenue of construction contract isn't recognized. Confirm revenues and expenses related to construction contract using percentage-of-completion method when uncertain factors which lead to outcome of construction contract cannot be measured reliably no longer exist.

Expected loss should be recognized as current period expense if estimated total contract cost exceeds total contract revenue.

The aggregate amount of costs incurred and aggregate recognized gross profits (or loss), and the settled amount in the construction contract shall be recorded as net amount after offset in balance sheet. The amount that the sum of aggregate amount of costs incurred and aggregate recognized gross profits (or loss) subtracts the settled amount in the construction contract shall be recorded as inventory; the amount that the settled amount subtracts the sum of aggregate amount of costs incurred and aggregate recognized gross profits (or loss) in the construction contract shall be recorded as advance payments.

For the public infrastructure business running in Build- Operate- Transfer method (BOT), the Company recognize relevant income and cost according to ASBE No.15 Construction Contracts during the construction period; When the infrastructure has been completed, the Company recognize the subsequent income and cost according to ASBE No. 14 Revenue.

23. Government Grants

A government grants refers to the monetary or non-monetary assets obtained free by the Company from the government, but excluding the capital invested by the government as the owner of the enterprise. Government grants consist of the government grants pertinent to assets and government grants pertinent to income.

The government grants the Company uses for acquiring or long term assets by other means is recognized as government grants pertinent to assets; The other government grant is recognized as government grants pertinent to income. If the government document did not make a clear regulation about the grant object, the grants shall be recognized according to: (1)When government document has clarified the specific project of the grants, according to the budget of the specific project, the grants shall be recognized according to the divided proportion of the assets spending amount and the costs spending amount, the proportion shall be reviewed on every balance sheet date and changed if necessary. (2)When government document has not make specific project but only general description, the grants shall be recognized as government grants pertinent to income.

If a government grant is a monetary asset, it shall be measured in the light of the received or receivable amount. If a government grant is a non-monetary asset, it shall be measured at its fair value. If its fair value cannot be obtained in a reliable way, it shall be measured at its nominal amount. The government grants measured at their nominal amounts shall be directly included in the current profits and losses.

The company usually recognize and measure the government grants according to the paid- in amount when receiving. However, when there is strong evidence showing that the Company can meet the requirements of fiscal support policy and is expected to receive financial support fund at the end of period, it shall be measured as amount receivable. The government grants measured as amount receivable should meet those conditions simultaneously: (1) The grant amount receivable has been confirmed by entitled to government departments issued confirmation, or make reasonable measurement according to the official issued relevant fiscal funds management provisions on its own and there is no significant uncertainty; (2) It is based on the financial support project and financial fund management approach issued by local financial department and disclosed in accordance with the provisions of the initiative "Open Government Information", and that this management approach should be inclusive (any enterprises compliance with of conditions may apply), not specifically developed for a particular enterprise; (3) The approval had clearly committed the allocate period for the related grants, and that allocation has corresponding budge, which can provide reasonable assurance that it can be received within the prescribed period; (4) Other conditions according to the Company and this grant matters.

The government grants pertinent to assets shall be recognized as deferred income, equally distributed within the useful lives of the relevant assets, and included in the current profits and losses. The government grants pertinent to incomes shall be treated respectively in accordance with the circumstances as follows: those grants used for compensating the related future expenses or losses of the Company shall be recognized as deferred income and shall be included in the current profits and losses during the period when the relevant expenses are recognized; or those grants used for compensating the related expenses or losses incurred to the Company shall be directly included in the current profits and losses.

If it is necessary to refund any government grant which has been recognized, it shall be treated respectively in accordance with the circumstances as follows: if there is the deferred income concerned, the book balance of the deferred income shall be offset against, but the excessive part shall be included in the current profits and losses; if there is no deferred income concerned to the government grant, it shall be directly included in the current profits and losses.

24. Deferred Income Tax Assets / Deferred Income Tax Liabilities

The "temporary difference" shall refer to the difference between the carrying amount of an asset or liability and its tax base. Where an enterprise obtains assets or liabilities, it shall determine its tax base. Where there is difference between the book amount of the assets or liabilities and its tax base, the deferred income tax assets or the deferred income tax liabilities shall be determined according to the present standards.

Except for the deferred income tax liabilities arising from the following transactions, the Company shall recognize the deferred income tax liabilities arising from all taxable temporary differences: the initial recognition of business reputation; the initial recognition of assets or liabilities arising from the following transactions which are simultaneously featured by the following: the transaction is not business combination; at the time of transaction, the accounting profits will not be affected,nor will the taxable amount (or the deductible loss) be affected. In addition, the taxable temporary differences related to the investments of subsidiary companies, associated enterprises and joint enterprises shall recognize corresponding deferred income tax liabilities. However, those that can simultaneously meet the following conditions shall be excluded: The Company can control the time of the reverse of temporary differences; the temporary differences are unlikely to be reversed in the excepted future.

Except for the deferred income tax assets arising from the following transactions, the Company shall recognize the deferred income tax assets arising from all taxable temporary differences: the initial recognition of assets or liabilities arising from the following transactions which are simultaneously featured by the following: the transaction is not business combination; at the time of transaction, the accounting profits will not be affected,nor will the taxable amount (or the deductible loss) be affected. In addition, the taxable temporary differences related to the investments of subsidiary companies, associated enterprises and joint enterprises shall recognize corresponding deferred income tax assets. However, those that can meet the following conditions shall be excluded: the temporary differences are unlikely to be reversed in the excepted future; or the taxable income is unlikely to be obtained to offset the deductible temporary differences in the future.

As for any deductible loss or tax deduction that can be carried forward to the next year, the corresponding deferred income tax assets shall be determined to the extent that the amount of future taxable income to be offset by the deductible loss or tax deduction to be likely obtained.

On the balance sheet day, the deferred income tax assets and deferred income tax liabilities shall be measured at the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

The carrying amount of deferred income tax assets shall be reexamined on balance sheet day. If it is unlikely to obtain sufficient taxable income taxes to offset the benefit of the deferred income tax assets, the carrying amount of the deferred income tax assets shall be written down. When it is probable to obtain sufficient taxable income taxes, such write-down amount shall be subsequently reversed.

25. Lease

(1) The Company Records the Business of Operating Lease as a Lessee

The rents from operating leases shall be recorded by the lessee in the relevant asset costs or the profits and losses of the current period by using the straight-line method over each period of the lease term. The initial direct costs incurred by a lessee shall be recognized as the profits and losses of the current period. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

(2) The Company Records the Business of Operating Lease as a Lessor

The rents from operating leases shall be recorded in the profits and losses of the current period by using the straight-line method over each period of the lease term. The initial direct costs of a large amount shall be capitalized when they arise, and recorded into the profits and losses of the current period by stages when it is in the light of the same basis as recognizing lease income during the entire lease period; the initial direct costs of a small amount shall be recorded into the profits and losses of the current period in which they arise. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

Ⅴ. Changes in Accounting Policies and Estimates, and Corrections of Errors

1. Changes in Accounting Policies

No changes in accounting policies in the Company in current year.

2. Changes in Accounting Estimates

No changes in accounting estimates in the Company in current year.

3. Corrections of Significant Prior Accounting Errors

(1) Explanation for the beginning adjustment of Chengdu Renju Real Estate Co., Ltd.

①In 2015, Chengdu Renju Real Estate Co., Ltd., a subsidiary of Chengdu Xingcheng Investment Group Co., Ltd., cleaned up the items that have been settled. According to the clean-up results, the Company reduced RMB 24,499,494.55 in beginning undistributed profit, reduced RMB 35,343,631.18 in sales tax and additions in prior year, and reduced RMB 10,844,136.63 in beginning taxes and surcharges payable.

②Chengdu Renju Real Estate Co., Ltd. reclassified unsettled items as business tax paid in advance for prior projects, increasedRMB 223,827,622.98 in other beginning current assets, at the same time increased RMB 223,827,622.98 in beginning taxes and surcharges payable.

③Chengdu Renju Real Estate Co., Ltd. cleaned up the provision status of provision for bad debts of accounts receivable in prior years. According to the clean-up results, the Company increased RMB 52,571.15 in losses on impairment of assets in prior year, reducedRMB 758,127.79 in beginning undistributed profit, reduced RMB 505,546.36 in other receivables, and reduced 305,152.58 RMB in accounts receivable.

④The Company included the unrecorded income from the commercial part of Jinjiangpai in 2013 into 2014, therefore reduced RMB 4,587,300.00 in the annual sales from operations in 2014, and increased RMB 4,587,300.00 in beginning undistributed profit in 2014.

⑤Chengdu Renju Real Estate Co., Ltd. cleaned up deductible temporary difference of income tax for all development projects in prior years. According to the clean-up results, the Company increased RMB 30,183,497.65 in beginning deferred tax assets, reduced RMB 55,477,771.33 in income tax expenses in prior year, reducedRMB 116,272,857.96 in beginning undistributed profit, and increased RMB 90,978,584.28 in taxes and surcharges payable.

⑥Chengdu Renju Real Estate Co., Ltd. cleaned up the current accounts, deducted and reclassified the current accounts that had the same name in detailed transactions, reduced RMB

6,038,003.56 in advances to suppliers, reducedRMB 4,768,003.56 in accounts payable, reduced RMB 12,054,842.89 in other receivables, reduced RMB 13,324,842.89 in other payables, reduced RMB 22,328.21 in accounts receivable, and reduced RMB 22,328.21 in advances from customers.

⑦Perform the correct measurement of the archives project. According to the measurement results, the Company increased RMB 21,716,556.37 in beginning inventory, increased RMB 4,157,483.46 in other beginning payables, increased RMB 15,557,172.91 in accounts payable, and reduced RMB 2,001,900.00 in advances to suppliers.

In summary, the Company reduced a total of RMB 50,761,648.94 in beginning undistributed profit for Chengdu Renju Real Estate Co., Ltd.

(2) Explanation for the beginning adjustment of Chengdu Runjincheng Industrial Co., Ltd.

①In December, 2015, Chengdu Runjincheng Industrial Co., Ltd. will take back the housing rentals and management fees attributable to 2013, including energy costs and rentals occurred 13 years ago from Shentai Hotel, property management fees from TianfuXinyuan, property management fees from Haitong Phase 1 & 2, increased RMB 1,181,864.48 in beginning accounts receivable, increasedRMB 85,801.89 in beginning taxes and surcharges payable - sales tax and additions, increasedRMB 1,600.00 in beginning taxes and surcharges payable - property tax, increased RMB 273,615.65 in beginning taxes and surcharges payable - income tax, and increased RMB 820,846.94 in beginning undistributed profit.

②Adjust the reserved construction payments of Huanhua Project to offset the costs, reduced RMB 8,865,232.32 in other beginning payables, increased RMB 2,216,308.08 in beginning taxes and surcharges payable - income tax, and increased RMB 6,648,924.24 in beginning undistributed profit.

③Used the housing rentals and management fees attributable to 2014, increased RMB 9,237,096.34 in sales from operations in prior year, increased RMB 9,057,679.91 in beginning accounts receivable, increasedRMB 25,034.52 in losses on impairment of assets in prior year, increased RMB 2,217,202.47 in beginning taxes and surcharges payable, increasedRMB 767,691.60 in income tax expenses in prior year, increased RMB 523,775.66 in sales tax and additions in prior year, increased RMB 5,617,519.73 in cost of operations in prior year; increasedRMB 4,537,402.61 in beginning accounts payable.

④Chengdu Runjincheng Industrial Co., Ltd. cleaned up the current accounts, reclassified the current accounts that had negative balances, increased RMB 113,149.09 in other beginning receivables, and increased RMB 113,149.09 in other beginning payables.

⑤According to the clean-up results of current accounts, took provision for losses on impairment of assets, increasedRMB 15,880.26 in beginning deferred tax assets, and increased

RMB 15,880.26 in beginning taxes and surcharges payable.

In summary, the Company increased a total of RMB9,772,846.01 in beginning undistributed profit for Chengdu Runjincheng Industrial Co., Ltd.

(3) Explanation for the beginning adjustment of Chengdu Xingcheng Investment Group Co., Ltd.

Chengdu Xingcheng Investment Group Co., Ltd. confirmed that Chengdu Runjincheng Industrial Co., Ltd. handed over the management fees of Shentai Hotel, increased 4,537,402.61 RMB in income in prior year, increased RMB 4,537,402.61 in other receivables, increased RMB 1,327,303.69 in taxes and surcharges payable, increased RMB 257,270.72 in sales tax and additions in prior year, increased RMB 1,070,032.97 in income tax expenses in prior year; increased RMB 321,009.89 in beginning surplus reserve, and increased 2,889,089.03 RMB in beginning undistributed profit.

By the end of 2014, the Southeastern District Infrastructure Construction Project of Chengdu Xingcheng Investment Group Co., Ltd. had reached its use state, increased RMB 211,300,590.37 in investment real estates, and reduced RMB 211,300,590.37 in beginning construction-in-progress.

Chengdu Xingcheng Investment Group Co., Ltd. issued corporate bonds in January 2013, and included the underwriting and other related transaction costs of the issuing process in construction-in-progress, which were not included in the initial confirmation amount. Now according to the actual interest rate method, reduced RMB 8,778,442.42 in beginning construction-in-progress, and reduced RMB 8,778,442.42 in beginning debentures payable.

(4) Explanation for the beginning adjustment of Chengdu Dongjing Gas Limited Liability Company

Chengdu Dongjing Gas Limited Liability Company reclassified the beginning taxes and surcharges payable that had negative balances, increased RMB 10,263.00 in other current assets, and increased RMB 10,263.00 in beginning taxes and surcharges payable.

(5) Explanation for the beginning adjustment of Chengdu Xingdong Real Estate Co., Ltd.

Chengdu Xingdong Real Estate Co., Ltd. reclassified the beginning balance of withholding taxes, increased RMB 120,092.77 in other payables, and reducedRMB 120,092.77 in taxes and surcharges payable.

(6) On consolidation level, consolidate and offset the current accounts and income occurred from the management fees of Shentai Hotel that Chengdu Runjincheng Industrial Co., Ltd. handed over to the Company, therefore offsetRMB 4,537,402.61 in income, cost, other receivables and payables.

(7) In 2014, Chengdu Renju Real Estate Co., Ltd. was restricted to use funds that are more than

three months (bank mortgage deposit), the balance at the beginning of the year was 35,078,709.84 RMB , the balance at the end of the year was RMB 22,261,222.66 therefore in 2014, increasedRMB 12,817,487.18 in cash received from other related operating activities.

In summary, increased RMB 256,400,297.72 in beginning total assets, including: increased 9,912,063.60 RMB in accounts receivable, reduced RMB 12,447,240.16 in other receivables, reducedRMB 8,039,903.56 in advances to suppliers, increased RMB 21,716,556.37 in inventories, increasedRMB 223,837,885.98 in other current assets, increased RMB 211,300,590.37 in investment real estates, reduced RMB 220,079,032.79 in construction-in-progress, increased RMB 30,199,377.91 in deferred tax assets; increased RMB 294,179,001.73 in beginning total liabilities, including: increased RMB 10,789,169.35 in accounts payable, reduced RMB 22,328.21 in advances from customers, increased RMB 309,989,952.90 in taxes and surcharges payable, reduced RMB 17,799,349.89 in other payables, reduced RMB 8,778,442.42 in beginning debentures payable; reduced RMB 37,778,704.01 in beginning equity, including: reduced RMB 38,099,713.90 in undistributed profit, increased RMB 321,009.89 in surplus reserve; increased RMB 4,649,796.34 in sales from operations, increasedRMB 1,080,117.12 in cost of operations, reduced RMB 34,562,584.80 in sales tax and additions, increased RMB 77,605.67 in impairment loss on assets, reduced RMB 53,640,046.76 in income tax expenses, and increased RMB 91,694,705.11 in net profit. In 2014, increased RMB 12,817,487.18 in cash received from other related operating activities.

Amount unit: RMB yuan

Serial number	Main reasons	Total assets	Total liabilities	Equity attributable to owners of the parent company
1	Changes in consolidation scope			
2	Asset liquidation and capital verification			
3	Corrections of significant accounting errors	256,400,297.72	294,179,001.73	-37,778,704.01
4	Changes in accounting policies			
5	Adjustment in provision for three types of staff expenses in the Company's system reform			
6	Others			
	Total	256,400,297.72	294,179,001.73	-37,778,704.01

Continued table

Serial number	Main reasons	Minority interests	Sales from operations	Net profit	Remarks
1	Changes in consolidation scope				

Serial number	Main reasons	Minority interests	Sales from operations	Net profit	Remarks
2	Asset liquidation and capital verification				
3	Corrections of significant accounting errors		4,649,796.34	91,694,705.11	
4	Changes in accounting policies				
5	Adjustment in provision for three types of staff expenses in the Company's system reform				
6	Changes in consolidation scope				
	Total		4,649,796.34	91,694,705.11	

Ⅵ. Tax

1. Main Tax Items and Tax Rates

Tax items	Specific detail of tax
Business tax	Paid by 5% of turnover tax payable.
Corporate income tax	Paid by 25% of income tax payable
Property tax	For the private part, charge 1.2% of 70% of its original value; for the lease part, charge 12% of the rental income
City maintenance and construction tax	Charge 7% of turnover tax payable
Education surcharges	Charge 3% of turnover tax payable
Local education surcharges	Charge 2% of turnover tax payable
Others	In accordance with relevant provisions of the state tax law
Land value incremental tax	Precollect 1% for ordinary residence, 2%-2.5% for non-ordinary residence, and collect 30%-50% of ultra progressive tax rate after the project completion

2. Tax Preference and Approval

According to the Notice on Tax Policies for Low Rent Housing, Affordable Housing and Rental Housing (Finance and Tax [2008] No.24) issued on the March 3, 2008, Chengdu Xindong Real Estate Co., Ltd., a subsidiary of the Company, meets the regulations in Article 2 on land of low rent housing, affordable housing and rental housing, therefore is exempt from urban land use tax. It also meets the exempt regulations in Article 4 on stamp duty for low rent housing, affordable housing and rental housing and people who purchase low rent housing, affordable housing and rental housing, therefore Chengdu Xindong Real Estate Co., Ltd. is exempt from land use tax and stamp duty in affordable housing projects, and has file a record in Chengdu Jinjiang District Local Tax Bureau.

Ⅶ. Enterprise Merger and Consolidated Financial Statements

1. Status of Subsidiaries

Serial number	Enterprise name	Level	Enterprise type	Registered place	Principal place of business	Business nature	Paid-in capital	Shareholding ratio (%)	Percentage of voting rights enjoyed (%)	Investment amount	Acquisition mode

Serial number	Enterprise name	Level	Enterprise type	Registered place	Principal place of business	Business nature	Paid-in capital	Shareholding ratio (%)	Percentage of voting rights enjoyed (%)	Investment amount	Acquisition mode
1	Chengdu Renju Real Estate Co., Ltd.	2	Domestic non-financial subsidiary	Chengdu	Chengdu	Real estate development	640,320,000	100	100	638,820,000	Invest to establish
2	Chengdu Runjincheng Industrial Co., Ltd.	2	Domestic non-financial subsidiary	Chengdu	Chengdu	Property management	10,000,000	100	100	10,000,000	Invest to establish
3	Chengdu Xingdong Real Estate Co., Ltd.	2	Domestic non-financial subsidiary	Chengdu	Chengdu	Real estate development	514,340,000	100	100	514,340,000	Invest to establish
4	Chengdu Xingcheng Construction and Management Co., Ltd.	2	Domestic non-financial subsidiary	Chengdu	Chengdu	Construction management	10,000,000	100	100	10,035,300	Invest to establish
5	Chengdu Small Town Investment Co., Ltd.	2	Domestic non-financial subsidiary	Chengdu	Chengdu	Urban construction	100,000,000	100	100	2,392,412,518	Invest to establish
6	Chengdu Dongjing Gas Limited Liability Company	2	Domestic non-financial subsidiary	Chengdu	Chengdu	Pipeline gas	5,000,000	51	51	2,550,000	Invest to establish

2. Status of Significant Non-Wholly Owned Subsidiaries

(1) Minority shareholders

Serial number	Enterprise name	Shareholding ratio of minority shareholders (%)	Profit or loss attributable to minority shareholders in current year	Dividends paid for minority shareholders in current year	Cumulative minority shareholders' equity at the end of the year
1	Chengdu Dongjing Gas Limited Liability Company	49			-534,533.13

(2) Main financial information

Items	Current year amount	Prior year amount
	Chengdu Dongjing Gas Limited Liability Company	Chengdu Dongjing Gas Limited Liability Company
Current assets	654,742.50	819,275.37
Non-current assets	260,124.68	290,073.36
Total assets	914,867.18	1,109,348.73
Current liabilities	2,005,751.11	2,005,683.05
Non-current liabilities		
Total liabilities	2,005,751.11	2,005,683.05
Sales from operations		
Net profit	-194,549.61	-636,847.86
Total comprehensive income	-194,549.61	-636,847.86
Cash flows from operating activities		

VIII. Notes in Consolidated Financial Statements

The following notes unless otherwise indicated, monetary unit is RMB yuan; beginning of year refers to January 1, 2015, and end of year refers to December 31, 2015. Current year refers to the year of 2015, and prior year refers to the year of 2014

1. Monetary Funds

Items	Closing Balance	Opening Balance
Cash on hand	72,434.20	63,422.18
Bank deposit	12,559,015,369.49	10,915,083,661.64

Items	Closing Balance	Opening Balance
Other monetary funds	50,030.00	
Total	12,559,137,833.69	10,915,147,083.82
Including: total amount of deposits overseas		

Notes: Beg. Balance of bank deposit includes 3 months restricted capital (mortgage deposit for bank) for RenJu Real Estate to use. Beg. Balance of restricted capital is RMB 22,261,222.66 . End. Balance of bank deposit includes deposit receipt No. 8003110000000371 in RMB 33,690,000 ;deposit receipt No. 8003110000000387 in RMB 36,850,000 ;deposit receipt No. 8003110000000355 in RMB 36,820,000.00; deposit receipt No. 8003110000000363 in RMB 52,640,000.00,of Xing Cheng Group as pledge guarantee for Xing Dong Real Estate Co., Ltd to borrow RMB152,000,000.00 from Siming Sub-branch of Xia Men International Ban Co., Ltd. RenJu Real Estate has a 3 months restricted capital (mortgage deposit for bank) of which the End. Balance is RMB 22,310,851.84.

2. Accounts Receivable

Items	Closing Balance			
	Book Balance		Provision for Bad Debts	
	Amount	Ratio (%)	Amount	Ratio (%)
Accounts receivable with significant single amount and single accrued bad debts provision				
Accounts receivable with accrued bad debts provision by combination	117,118,668.92	99.95	327,941.30	0.28
Accounts receivable with insignificant single amount but single accrued bad debts provision	63,521.04	0.05	63,521.04	100.00
Total	117,182,189.96	100.00	391,462.34	

Continued table

Items	Opening Balance			
	Book Balance		Provision for Bad Debts	
	Amount	Ratio (%)	Amount	Ratio (%)
Accounts receivable with significant single amount and single accrued bad debts provision				
Accounts receivable with accrued bad debts provision by combination	381,427,948.06	99.98	330,474.28	0.09
Accounts receivable with accrued bad debts provision by combination	63,521.04	0.02	63,521.04	100.00
Total	381,491,469.10	100.00	393,995.32	

(1) Accounts Receivable with Accrued Bad Debts Provision by Combination

①Accounts Receivable with Accrued Bad Debts Provision by Aging-of-accounts Method

Aging	Closing Balance		Opening Balance	
	Book Balance	Provision for	Book Balance	Provision for

	Amount	Ratio (%)	Bad Debts	Amount	Ratio (%)	Bad Debts
≤ 1 Year	41,552,243.13	94.72	0.00	44,059,900.71	95.44	0.00
1-2 Years (incl. 2 years)	309,584.31	0.71	15,479.21	1,172,387.00	2.54	58,619.35
2-3 Years (incl. 3 years)	1,172,387.00	2.67	58,619.35	3,780.69	0.01	189.04
> 3 Years	832,461.98	1.90	253,842.74	927,252.92	2.01	271,665.89
Total	43,866,676.42	100.00	327,941.30	46,163,321.32	100.00	330,474.28

②Accounts Receivable with Accrued Bad Debts Provision by Other Combination

Combination	Closing Balance			Opening Balance		
	Book Balance	Accrued Ratio (%)	Provision for Bad Debts	Book Balance	Accrued Ratio (%)	Provision for Bad Debts
Combination of government bonds and deposits	73,251,992.50	0.00	0.00	335,264,626.74	0.00	0.00
Total	73,251,992.50	0.00	0.00	335,264,626.74	0.00	0.00

(2) Accounts Receivable with Insignificant Single Amount but Single Accrued Bad Debts Provision

Debtor	Book Balance	Provision for Bad Debts	Aging	Accrued Ratio (%)	Accrued Reason
Owner (property management fee)	60,592.94	60,592.94	5 Years	100.00	Owner unreachable
Owner (parking service fee)	2,928.10	2,928.10	5 Years	100.00	Owner unreachable
Total	63,521.04	63,521.04			

(3) Accounts Receivable Listed by Top Five End. Balance of Debtees

Debtors	Book Balance
Party School of Chengdu Municipal Party Committee	90,033,452.26
Chengdu Kun Tai Investment Management Co., Ltd	11,065,023.41
Chengdu Yao Shun Green Environmental Protection Co., Ltd	2,947,905.24
Chengdu University	1,999,975.59
Sichuan Jia Yi Catering Management Co., Ltd	1,324,710.71
Total	107,371,067.21

3. Advances to Suppliers

(1) Listed by Aging Structure

Aging	Closing Balance		Opening Balance	
	Book Balance	Provision	Book Balance	Provision

	Amount	Ratio (%)	for Bad Debts	Amount	Ratio (%)	for Bad Debts
≤ 1 Year	489,750,632.07	81.18		213,086,196.89	60.38	
1-2 Years (incl. 2 years)	44,398,021.94	7.36		65,024,221.80	18.42	
2-3 Years (incl. 3 years)	996,212.62	0.17		49,537,000.13	14.04	
> 3 Years	68,113,702.39	11.29		25,274,953.56	7.16	
Total	603,258,569.02	100.00		352,922,372.38	100.00	

(2) Major Advances to Suppliers Aging More Than 1 Year

Debtees	Debtors	End. Balance	Aging	Reason of Unclosed
Chengdu Xing Cheng Invest Group Co., Ltd	Chengdu Forestry & Gardening Adm. Bureau	42,000,000.00	1-2 Years	Project unclosed
Chengdu Xing Cheng Invest Group Co., Ltd	Jinjiang Branch of Chengdu Land & Resources Bureau	30,000,000.00	Above 3 Years	Project unclosed
Chengdu Xing Cheng Invest Group Co., Ltd	Chenghua District Transportation Bureau (Baohesubdistrict office)	11,370,725.52	Above 3 Years	Project unclosed
Chengdu Xing Cheng Invest Group Co., Ltd	Chengdu Greening Adm. Office	5,550,722.00	Above 3 Years	Project unclosed
Chengdu Xing Cheng Invest Group Co., Ltd	Chengdu Municipal Waterwork Co., Ltd	3,185,495.25	Above 3 Years	Project unclosed
Total		92,106,942.77		

4. Other Receivables

Items	Closing Balance			
	Book Balance		Provision for Bad Debts	
	Amount	Ratio (%)	Amount	Ratio (%)
Other receivables with significant single amount and single accrued bad debts provision				
Other receivables with accrued bad debts provision by combination	323,639,874.46	100.00	1,459,368.75	0.45
Other receivables with insignificant single amount but single accrued bad debts provision				
Total	323,639,874.46	100.00	1,459,368.75	0.45

Continued table

Items	Opening Balance			
	Book Balance		Provision for Bad Debts	
	Amount	Ratio (%)	Amount	Ratio (%)
Other receivables with significant single amount and single accrued bad debts provision				
Other receivables with accrued bad debts provision by combination	227,296,206.21	100.00	1,201,003.20	0.53
Other receivables with insignificant single amount but single accrued bad debts provision				

Items	Opening Balance			
	Book Balance		Provision for Bad Debts	
	Amount	Ratio (%)	Amount	Ratio (%)
Total	227,296,206.21	100.00	1,201,003.20	0.53

Other Receivables with Accrued Bad Debts Provision by Combination

①Other Receivables with Accrued Bad Debts Provision by Aging-of-accounts Method

Aging	Closing Balance			Opening Balance		
	Book Balance		Provision for Bad Debts	Book Balance		Provision for Bad Debts
	Amount	Ratio (%)		Amount	Ratio (%)	
≤ 1 Year	170,049,680.66	94.54	0.00	69,715,435.54	88.05	0.00
1-3 Years (including 3 years)	2,249,684.29	1.25	109,684.22	3,351,265.98	4.23	167,563.30
3-5 Years (including 5 years)	3,304,738.74	1.84	165,236.94	1,256,102.01	1.59	62,805.11
> 5 Years	4,258,006.15	2.37	1,184,447.59	4,852,208.99	6.13	970,634.79
Total	179,862,109.84		1,459,368.75	79,175,012.52		1,201,003.20

②Other Receivables with Accrued Bad Debts Provision by Other Combination Method

Combination	Closing Balance			Opening Balance		
	Book Balance	Accrued Ratio	Provision for Bad Debts	Book Balance	Accrued Ratio	Provision for Bad Debts
Combinationof government bonds and deposits	143,777,764.62	0.00	0.00	148,121,193.69	0.00	0.00
Total	143,777,764.62	0.00	0.00	148,121,193.69	0.00	0.00

(3) Other Receivables Listed by Top Five End. Balance of Debtees

Debtors	Nature of Fund	Book Balance
Chengdu Academy of Agriculture and Forestry Sciences	Final accounts of Academy of Agriculture and Forestry Sciences Project	102,021,200.66
Chengdu Cheng Fang Real Estate Co., Ltd	Agent construction receivable	85,391,689.39
Chengdu Housing Security Center	Agent construction receivable	52,302,518.21
Urban & Village Construction Bureau of Shuangliu County	Deposit	10,177,645.30
Chengdu Rural Equity Ownership Exchange Co., Ltd	Fund for construction land index	7,826,940.00
Total		257,719,993.56

5. Inventories

Items	Closing Balance		
	Book Balance	Provision for Decline in Inventories	Book Balance

Raw materials	225,701.95		225,701.95
Development costs	10,337,938,432.80		10,337,938,432.80
Inventory goods (development products)	568,560,876.65		568,560,876.65
Revolving materials (packages, low-value consumables)	21,155.50		21,155.50
Consumptive biological assets			
Engineering construction (completed but not settled)			
Others			
Total	10,906,746,166.90		10,906,746,166.90

Continued table

Items	Opening Balance		
	Book Balance	Provision for Decline in Inventories	Book Balance
Raw materials	225,701.95		225,701.95
Development costs	8,823,432,082.64		8,823,432,082.64
Inventory goods (development products)	683,386,208.21		683,386,208.21
Revolving materials (packages, low-value consumables)	2,444.10		2,444.10
Consumptive biological assets			
Engineering construction (completed but not settled)			
Others			
Total	9,507,046,436.90		9,507,046,436.90

6. Other Current Assets

Items	Closing Balance	Opening Balance
Prepaid business tax and surtax	235,072,285.72	223,948,159.74
Affordable housing project		163,214.00
Prepaid income tax	3,000,000.00	2,000,000.00
Prepaid value added tax	10,263.00	10,263.00
Total	238,082,548.72	226,121,636.74

Xing Cheng prepaid RMB 1,240,062.16 for business tax, RMB 86,804.34 for city maintenance & construction tax, RMB 37,201.88 for education surtax and RMB 24,801.22 for local education surtax; Dong Jing Gas prepaid RMB 10,263.00 for value added tax, RenJu Real Estate prepaid RMB 230,367,493.06 for business tax and surtax and Dong Xing Real Estate prepaid RMB 3,000,000.00 for income tax and RMB 3,315,923.06 for business tax and surtax.

7. Available-for-sale Financial Assets

Items	Closing Balance			Opening Balance		
	Book Balance	Provision for Assets Impairment	Book Value	Book Balance	Provision for Assets Impairment	Book Value
Available-for-sale debt instruments						
Available-for-sale equity instruments	150,000,000.00		150,000,000.00	150,000,000.00		150,000,000.00
Including: measured at fair value						
Measured at cost	150,000,000.00		150,000,000.00	150,000,000.00		150,000,000.00
Others						
Total	150,000,000.00		150,000,000.00	150,000,000.00		150,000,000.00

Notes: The Group's subsidiary Chengdu Small Towns Invest Co., Ltd invested in Chengdu Rural Equity Ownership Circulation Guarantee Co., Ltd for obtaining 13.33% shareholding on March 21, 2008; The Group itself invested in Chengdu Financial City Invest & Development Co., Ltd and Chengdu HealthCare Industry Development Co., Ltd for obtaining 5.09% and 20.00% shareholdings respectively.

8. Held-to-maturity Investments

Item	Closing Balance			Opening Balance		
	Book Balance	Provision for Assets Impairment	Book Value	Book Balance	Provision for Assets Impairment	Book Value
Targeted debt investment	6,066,628,321.31		6,066,628,321.31	6,151,298,235.70		6,151,298,235.70
Total	6,066,628,321.31		6,066,628,321.31	6,151,298,235.70		6,151,298,235.70

Notes: Held-to-maturity investments of the Group are mainly for small town construction projects which collect project fund interests and investing & financing management fees based on agreed standards on investment contracts. Investment income and related economic benefits of held-to-maturity investments may be recognized when flowing in the enterprise since the project construction period is comparatively long.

9. Investment Properties

Items	Opening Balance	Increase for current year	Decrease for current year	Closing Balance
I. Total original book value	3,965,294,150.06			3,965,294,150.06
Including: houses & buildings	3,965,294,150.06			3,965,294,150.06
Land usufruct				
II.Total accumulated depreciation (amortization)	319,005,872.78	95,440,980.25		414,446,853.03

Items	Opening Balance	Increase for current year	Decrease for current year	Closing Balance
Including: houses & buildings	319,005,872.78	95,440,980.25		414,446,853.03
Land usufruct				
III. Total net book value	3,646,288,277.28			3,550,847,297.03
Including: houses & buildings	3,646,288,277.28			3,550,847,297.03
Land usufruct				
IV. Total amount of provision for asset impairment				
Including: houses & buildings				
Land usufruct				
V. Total book value	3,646,288,277.28			3,550,847,297.03
Including: houses & buildings	3,646,288,277.28			3,550,847,297.03
Land usufruct				

10. Property, Plant and Equipment

Items	Opening Balance	Increase for current year	Decrease for current year	Closing Balance
I. Total original book value	148,386,828.14	32,081,454.10	510,111.00	179,958,171.24
Including: land assets				
Houses & buildings	97,800,702.95	30,324,260.16		128,124,963.11
Machineries	2,830,660.04	3,500.00		2,834,160.04
Transportation vehicles	33,193,402.05	506,761.00	506,761.00	33,193,402.05
Electronic instruments	8,943,308.45	565,852.00		9,509,160.45
Office facilities	5,180,212.35	681,080.94	3,350.00	5,857,943.29
Pipe network facilities	438,542.30			438,542.30
II. Total accumulated depreciation	46,186,699.56	6,640,519.90	250,594.00	52,576,625.46
Including: land assets				
Houses & buildings	13,020,788.63	1,856,655.83		14,877,444.46
Machineries	2,067,420.87	127,211.36		2,194,632.23
Transportation vehicles	21,645,749.90	3,285,767.61	247,411.50	24,684,106.01
Electronic instruments	6,336,083.20	809,665.88		7,145,749.08
Office facilities	2,965,243.12	532,510.54	3,182.50	3,494,571.16
Pipe network facilities	151,413.84	28,708.68		180,122.52
III. Total net book value	102,200,128.58			127,381,545.78
Including: land assets				

Items	Opening Balance	Increase for current year	Decrease for current year	Closing Balance
Houses & buildings	84,779,914.32			113,247,518.65
Machineries	763,239.17			639,527.81
Transportation vehicles	11,547,652.15			8,509,296.04
Electronic instruments	2,607,225.25			2,363,411.37
Office facilities	2,214,969.23			2,363,372.13
Pipe network facilities	287,128.46			258,419.78
IV. Total provision for asset impairment				
Including: land assets				
Houses & buildings				
Machineries				
Transportation vehicles				
Electronic instruments				
Office facilities				
Others				
V. Total book value	102,200,128.58			127,381,545.78
Including: land assets				
Houses & buildings	84,779,914.32			113,247,518.65
Machineries	763,239.17			639,527.81
Transportation vehicles	11,547,652.15			8,509,296.04
Electronic instruments	2,607,225.25			2,363,411.37
Office facilities	2,214,969.23			2,363,372.13
Others	287,128.46			258,419.78

11. Construction in Progress

(1)Details of Construction in Progress

Items	Closing Balance			Opening Balance		
	Book Balance	Provision for Assets Impairment	Book Value	Book Balance	Provision for Assets Impairment	Book Value
Starting area infrastructure project of eastern new region	5,112,048,465.54		5,112,048,465.54	6,191,292,009.12		6,191,292,009.12
Starting area infrastructure project of southern & eastern new region	4,456,985,373.28		4,456,985,373.28	4,043,549,691.51		4,043,549,691.51
Infrastructure Construction Project of Chengdu New Station in Shahebao	11,650,800,997.56		11,650,800,997.56	10,600,959,488.04		10,600,959,488.04

Items	Closing Balance			Opening Balance		
	Book Balance	Provision for Assets Impairment	Book Value	Book Balance	Provision for Assets Impairment	Book Value
area, Chengdu						
Renovation of West 2nd Ring Road & Two Expressways	5,830,276,257.07		5,830,276,257.07	4,842,257,519.23		4,842,257,519.23
Other agent construction projects	4,824,873,244.14		4,824,873,244.14	4,747,770,634.49		4,747,770,634.49
Total	31,874,984,337.59		31,874,984,337.59	30,425,829,342.39		30,425,829,342.39

(2) Changes of Significant Constructions in Progress of Current Year

Projects	Budget	Opening Balance	Increase for Current Year	Transfer-in Fixed Assets for Current Year	Other decrease for Current Year	Closing Balance
Starting area infrastructure project of eastern new region		6,191,292,009.12	1,486,114,759.97	0.00	2,565,358,303.55	5,112,048,465.54
Starting area infrastructure project of southern & eastern new region		4,043,549,691.51	441,802,422.07	0.00	28,366,740.30	4,456,985,373.28
Infrastructure Construction Project of Chengdu New Station in Shahebao area, Chengdu		10,600,959,488.04	1,049,841,509.52	0.00	0.00	11,650,800,997.56
Renovation of West 2nd Ring Road & Two Expressways		4,842,257,519.23	988,018,737.84	0.00	0.00	5,830,276,257.07
Other agent construction projects		4,747,770,634.49	326,315,411.32	0.00	249,212,801.67	4,824,873,244.14
Total		30,425,829,342.39	4,292,092,840.72	0.00	2,842,937,845.52	31,874,984,337.59

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Continued table

Projects	Project Accumulated Investment Accounted for Budget (%)	Project Progress	Accumulated Amount of Interest Capitalization	Incl.: Interest Capitalization of Current Year	Interest Capitalization Ratio of Current Year (%)	Sources of Fund
Starting area infrastructure project of eastern new region			2,910,375,116.32	449,290,607.40	6.77	
Starting area infrastructure project of southern & eastern new region			1,480,896,137.20	128,492,993.62	6.77	
Infrastructure Construction Project of Chengdu New Station in Shahebao area, Chengdu			2,846,649,157.43	679,869,145.69	6.77	
Renovation of West 2nd Ring Road & Two Expressways			162,624,657.81	134,961,917.81	6.77	
Other agent construction projects			552,548,794.25	54,722,102.62	6.77	
Total			7,953,093,863.01	1,447,336,767.14		

12. Intangible Assets

Items	Opening Balance	Increase for Current Year	Decrease for Current Year	Closing Balance
1. Total of Original Value	32,206,082.92			32,206,082.92
Including: software				-

Items	Opening Balance	Increase for Current Year	Decrease for Current Year	Closing Balance
Land usufruct	32,206,082.92			32,206,082.92
II. Total accumulated amortization	5,144,027.28	670,960.08		5,814,987.36
Including: software				
Land usufruct	5,144,027.28	670,960.08	-	5,814,987.36
III. Total amount of provision for asset impairment				
Including: software				
Land usufruct				
IV. Total of book value	27,062,055.64			26,391,095.56
Including: software				
Land usufruct	27,062,055.64			26,391,095.56

Notes: Mortgaged and pledged intangible assets with restricted ownership see Note VIII. 39. Assets with Restricted Ownership

13. Long-term Prepaid Expenses

Items	Opening Balance	Increase for Current Year	Current Year Amortized	Other Decrease	Closing Balance	Reason for Other Decrease
Decoration expenses	187,571.48	589,583.18	161,691.64		615,463.02	
Total	187,571.48	589,583.18	161,691.64		615,463.02	

14. Deferred Tax Assets & Deferred Tax Liabilities

Items	Closing Balance		Opening Balance	
	Deferred Tax Assets/Liabilities	Deductible/ Temporary Difference	Deferred Tax Assets/Liabilities	Deductible/ Temporary Difference
I. Deferred Tax Assets	66,137,182.87	264,550,696.84	116,595,745.37	466,382,981.49
Provision for asset impairment	462,707.77	1,852,796.44	398,749.63	1,594,998.52
Organization expenses				
Deductible losses				
Prepaid real estate income tax, accrued land VAT	65,674,475.10	262,697,900.40	116,196,995.74	464,787,982.97
II. Deferred Tax Liabilities				
Evaluation on traded & derivative financial instruments				
Change in the fair value of available-for-sale financial assets recorded in other comprehensive income				

15. Short-term Borrowings

Items	Closing Balance	Opening Balance

Items	Closing Balance	Opening Balance
Pledge borrowing	67,000,000.00	
Mortgage borrowing		500,000.00
Guaranteed borrowing		
Credit borrowing		
Total	67,000,000.00	500,000.00

Notes: Xing Dong Real Estate borrowed RMB 67,000,000 from Xiamen Siming Sub-branch of Xia Men International Bank with pledge of deposits by Xing Cheng itself. No. of deposit receipt 8003110000000371, amount: RMB 33,690,000 ; No. of deposit receipt 800311000000387, amount: RMB 36,850,000 .

16. Accounts Payable

(1)Aging of Accounts Payable

Aging	Closing Balance	Opening Balance
≤1 Year	185,276,135.22	290,823,308.03
1-2 Years (incl. 2 years)	184,137,063.56	567,076,556.27
2-3 Years (incl. 3 years)	370,559,803.81	80,277,796.46
＞ 3 Years	85,910,555.39	250,835,243.19
Total	825,883,557.98	1,189,012,903.95

(2) Aging of Accounts Payable in Significant Amount More Than 1 Year

Debtees	Closing Balance	Reason for Not Paid
Chengdu Land & Resources Bureau	39,727,000.00	Undue
Suzhou He Shi Design & Build Co., Ltd	37,117,209.41	Undue
Hydrology and Water Resources Survey Bureau of Sichuan Province	24,838,084.59	Undue
The 1st Construction Engineering Company of Sichuan Province	21,234,568.41	Undue
The 3rd Construction Engineering Company of Chengdu	16,733,565.55	Undue
China Southwest Architectural Design & Research Institute Co., Ltd	15,694,116.03	Undue
Longquan Modern Agricultural Investment Co., Ltd of Chengdu	10,000,000.00	Undue
Chenghua Realty Administration Bureau of Chengdu	10,000,000.00	Undue
Chongqing Southwest Aluminum Decoration Co., Ltd	1,599,921.51	Undue
Chengdu XinGaoConstruction Economy Technology Consulting Co., Ltd	1,546,816.82	Undue
DujiangyanLarfarge Cement Co., Ltd	1,249,576.75	Unclosed
Total	179,740,859.07	

17. Advances from Customers

(1) Aging of Advances from Customers

Aging	Closing Balance	Opening Balance
≤1 Year	1,649,266,274.63	818,876,742.78
> 1 Year	2,122,812,115.00	2,803,202,289.89
Total	3,772,078,389.63	3,622,079,032.67

(2) Aging of Advances from Customers in Significant Amount More Than 1 Year

Debtees	Closing Balance	Reason for Not Carried forward
Jin Cheng Shi Jia (residential)	1,914,777,197.00	Unqualified for recognition
Jin Shang Spring (residential)	128,237,944.00	Unqualified for recognition
Yinmu Road Project (residential)	2,024,884.00	Unqualified for recognition
Jin Cheng Shi Jia (commercial)	77,772,090.00	Unqualified for recognition
Total	2,122,812,115.00	

18. Employee Benefits Payable

(1) Lists of Employee Benefits Payable

Items	Opening Balance	Increase for Current Year	Decrease for Current Year	Closing Balance
I. Short-term benefits	1,250,101.69	122,861,490.12	122,906,444.82	1,205,146.99
II. Post-employment compensation -defined contribution plan		13,342,088.31	13,342,088.31	
III. Dismissal compensation		74,600.00	74,600.00	
IV. Other benefits due within 1 year				
V. Others				
Total	1,250,101.69	136,278,178.43	136,323,133.13	1,205,146.99

(2) Lists of Short-term Benefits

Items	Opening Balance	Increase for Current Year	Decrease for Current Year	Closing Balance
I. Payroll, bonus and allowance		98,569,799.56	98,569,799.56	
II. Staff and workers' welfare		9,749,979.80	9,749,979.80	
III. Social security expenses		4,000,169.58	4,000,169.58	
Including: medical insurance expense		3,444,172.79	3,444,172.79	
Work injury insurance expense		285,593.61	285,593.61	
Maternity insurance expense		270,403.18	270,403.18	
Others				
IV. Housing funds		8,396,766.00	8,396,766.00	

Items	Opening Balance	Increase for Current Year	Decrease for Current Year	Closing Balance
V. Labor union dues and staff &workers' education funds	1,250,101.69	2,141,975.18	2,186,929.88	1,205,146.99
VI. Short-term compensated absences				
VII. Short-term profit sharing plan				
VIII. Other short-term benefits		2,800.00	2,800.00	
Total	1,250,101.69	122,861,490.12	122,906,444.82	1,205,146.99

(3) Lists of Defined Contribution Plan

Items	Opening Balance	Increase for Current Year	Decrease for Current Year	Closing Balance
I. Basic pension insurance expense		8,691,150.06	8,691,150.06	
II. Unemployment insurance expense		735,182.19	735,182.19	
III. Enterprise annuity expense		3,915,756.06	3,915,756.06	
Total		13,342,088.31	13,342,088.31	

19. Taxes and Surcharges Payable

Items	Opening Balance	Current Year Payable	Current Year Paid	Closing Balance
Business tax	12,288,416.28	156,383,018.33	165,135,688.31	3,535,746.30
Enterprise income tax	329,484,553.04	147,831,435.41	358,271,898.24	119,044,090.21
City maintenance and construction tax	859,748.85	10,938,451.00	11,552,300.93	245,898.92
Building tax	29,277,708.85	37,739,014.04	50,256,137.40	16,760,585.49
Tenure tax	81,999.19	10,123,004.86	9,775,430.71	429,573.34
Individual income tax	3,662,225.57	7,035,161.46	6,986,557.18	3,710,829.85
Educational surtax	382,393.35	4,759,827.15	5,033,113.08	109,107.42
Other taxes	402,617,792.86	102,954,527.29	302,668,288.98	202,904,031.17
Total	778,654,837.99	477,764,439.54	909,679,414.83	346,739,862.70

20. Interests Payable

Items	Closing Balance	Opening Balance
Interests of long-term borrowing by installment interest and repayment of principle in due		
Interests of enterprise bond	145,016,666.67	113,116,666.67
Interests payable of short-term borrowing		
Interests of preferred stock/perpetual bond divided into financial liabilities		
Other interests		
Total	145,016,666.67	113,116,666.67

21. Other Payables

(1) Other Payables Listed by Natures

Items	Closing Balance	Opening Balance
Deposit	290,504,519.39	136,180,737.97
Retainage of settlement auditing	127,626,623.40	155,231,632.72
Retainage of completion materials	235,944,459.33	176,673,995.91
Retainage of measurement	13,815.33	13,815.33
Quality bond	432,108,295.24	433,949,962.05
Plant maintenance cost	5,131,385.16	4,185,411.35
Consultancy fee for review	649,785.69	987,892.28
Other	33,308,725.39	65,472,136.18
Agency receipt	394,433,859.42	493,988,180.47
Holdback	5,990,216.41	2,023,838.59
Other company payables	71,325,093.89	185,418,326.02
Resettlement of demolition	127,239,743.13	127,066,320.67
Withhold and remit payable tax	29,023,024.79	31,581,525.10
Social security payables	210.36	0.00
Earnest Money	5,121,807.60	23,374,925.60
Current accounts	130,799,064.78	132,274,668.33
Agency fund on customers' ownership	30,597,898.52	89,425,919.04
Performance bond	11,065,981.67	945,405.77
Total	1,930,884,509.50	2,058,794,693.38

(2) Aging of Other Payables in Significant Amount More Than 1 Year

Debtees	Debts	Reason for Not Paid
West China Hospital, Sichuan University	153,421,427.00	Agency fund on land
Chengdu Construction Engineering Group Corporation	139,031,957.52	Unclosed
China Southwest Architectural Design & Research Institute Co., Ltd	117,000,000.00	Current accounts of residence
Troop 78006	75,694,320.00	Undue
Logistics Department of Sichuan Province PLA	65,000,000.00	Undue
Sichuan Shu Fu Housing Construction & Development Co., Ltd	45,000,000.00	Undue
Chengdu Land & Resources Bureau	40,000,000.00	Undue
Chengdu office of Tibet Ali Prefectural Administrative Office	39,130,000.00	Undue
Total	674,277,704.52	

22. Non-current Liabilities Due within one Year

Items	Closing Balance	Opening Balance
Long-term borrowing due within 1 year (Note VIII. 23)	6,591,840,000.00	5,422,740,000.00
Payable bonds due within 1 year (Note VIII. 24)	400,000,000.00	
Long-term payables due within 1 year		
Other long-term liabilities due within 1 year		
Total	6,991,840,000.00	5,422,740,000.00

23. Long-term Borrowings

(1) Category of Long-term Borrowings

Category of borrowings	Closing Balance	Opening Balance	Interest Range at Year End
Pledge borrowing	3,831,980,000.00	4,390,730,000.00	4.655%-6.15%
Mortgage borrowing	10,685,617,000.00	10,983,107,000.00	4.90%-8.65%
Guaranteed borrowing	1,019,980,000.00	800,000,000.00	4.90%-8.65%
Credit borrowing	10,631,500,000.00	9,300,000,000.00	1.20%-8.28%
Total	26,169,077,000.00	25,473,837,000.00	
Less: the part due within 1 year (Note VIII. 22)	6,591,840,000.00	5,422,740,000.00	
Total	19,577,237,000.00	20,051,097,000.00	

(2) Pledge Borrowing

Lender	Balance of Borrowing	Pledge
Chengdu West Development Zone Sub-branch of BOC	157,980,000.00	Right to earnings of Chuanshan Road (the 3rd ring road-outer ring road of Xindu) configured land
Chengdu West Development Zone Sub-branch of BOC	30,000,000.00	Right to earnings of Chuanshan Road (the 3rd ring road-outer ring road of Xindu) configured land
Chengdu West Development Zone Sub-branch of BOC	50,000,000.00	Right to earnings of Chuanshan Road (the 3rd ring road-outer ring road of Xindu) configured land
Chengdu Gaopan Road Sub-branch of ABC	160,000,000.00	Rental of West Section of 2nd Ring Road Renovation Project
Sichuan Provincial Branch of CDB	3,434,000,000.00	Note: pledge of accounts receivable
Total	3,831,980,000.00	

Notes: Accounts receivable under pledge of receivables are receivables in respective projects where their own loans went. The borrower used its legally enjoyed receivables, namely all rights and incomes under the Agent Construction Agreement and its Modified Agreement with Chengdu Municipal Government for pledge guarantee of the loan and interest from Sichuan Branch of National Development Bank as agreed upon in borrowing contract.

(3) Mortgage Borrowing

Lender	Balance of Borrowing	Collateral
Chengdu the 5th sub-branch of CCB	260,000,000.00	Group 8 of FengfangyanVillage; Group 6 of Banzhu Community
Desheng sub-branch of Bank of Chengdu Co., Ltd	540,000,000.00	Group 5 of Banzhu Community
Desheng sub-branch of Bank of Chengdu Co., Ltd	165,000,000.00	Group 1 of QingheVillage
Chengdu Southern City Sub-branch of ICBC	290,000,000.00	Group 2 of Donggui Community
China Railway Trust	690,000,000.00	#68 Shujin Road of Gaoxin District, Chengdu (Ke Chuang Building A)
Chengdu Branch of PingAn Bank Co., Ltd	400,000,000.00	Floor 1-3 on Podium of Sichuan International Building, No. 206 at Shuncheng Street of Qingyang District; No. 14-18 of Shun Ji Building in Northern Qingyang District
Chengdu Branch of PingAn Bank Co., Ltd	200,000,000.00	Floor 1-3 on Podium of Sichuan International Building, No. 206 at Shuncheng Street of Qingyang District; No. 14-18 of Shun Ji Building in Northern Qingyang District
Chengdu Branch of PingAn Bank Co., Ltd	200,000,000.00	Floor 1-3 on Podium of Sichuan International Building, No. 206 at Shuncheng Street of Qingyang District; No. 14-18 of Shun Ji Building in Northern Qingyang District
Chengdu Branch of China Citic Bank	30,000,000.00	Group 11, FenfangyanVillage
Chengdu Branch of China Citic Bank	30,000,000.00	Group 11, FenfangyanVillage
Chengdu Branch of China Citic Bank	80,000,000.00	Group 11, FenfangyanVillage
Chengdu Branch of China Citic Bank	180,000,000.00	Group 11, FenfangyanVillage
Chun Xi Sub-branch of ICBC	1,500,000,000.00	Group 4 of LiangfengVillage; Group 10 of FenfangyanVillage; Group 6 of HongshaVillage; Group 1 and 2 of Donggui Community
Chun Xi Sub-branch of ICBC	1,380,000,000.00	Group 4 of LiangfengVillage; Group 10 of FenfangyanVillage; Group 6 of HongshaVillage; Group 1 and 2 of Donggui Community
Chun Xi Sub-branch of ICBC	390,000,000.00	Group 4 of LiangfengVillage; Group 10 of FenfangyanVillage; Group 6 of HongshaVillage; Group 1 and 2 of Donggui Community
Chun Xi Sub-branch of ICBC	680,000,000.00	Group 4 of LiangfengVillage; Group 10 of FenfangyanVillage; Group 6 of HongshaVillage; Group 1 and 2 of Donggui Community
Jihe Sub-branch of CCB	125,630,000.00	Group 6 of Banzhu Community
Chengdu Branch of China Minsheng Bank	400,000,000.00	Group 13 of Donghong Community
Chun Xi Sub-branch of ICBC	200,000,000.00	Ming Feng Office Building (#336 Jincheng Ave. of Gaoxin District); Apportioned area of Ming Feng Office Building (#59 Shujin Road &#336 Jincheng Ave. of Gaoxin District)
Chengdu Branch of Industrial Bank	33,000,000.00	East of Fengxiang Street, south of Yuejihua Street, west of Xiangzhang Ave and north of Bairihong Road west in Jinjiang District

Lender	Balance of Borrowing	Collateral
Chengdu Branch of CZBANK	59,000,000.00	Stores on Floor 1 of Building 10, # 901 Guohuai Street, Jinjiang District; Floor 1 of Building 26, # 1199 Guohuai Street, Jinjiang District; Floor 1 of Building 13, # 901 Guohuai Street, Jinjiang District; Floor 1 of Building 11, # 901 Guohuai Street, Jinjiang District; Floor 1 of Building 12, # 901 Guohuai Street, Jinjiang District; Floor 1 of Building 25, # 1199 Guohuai Street, Jinjiang District; Floor 1 of Building 17, # 1199 Guohuai Street, Jinjiang District; Stores on Floor 1 of Building 24, # 1199 Guohuai Street, Jinjiang District;
CDRCB	187,500,000.00	Note 1: land usufruct
Xinjin County Sub-branch of ABC	212,800,000.00	Note 2: land usufruct
Jinjiangsub-branch of ABC	950,687,000.00	Note 3: land usufruct
China Railway Trust	400,000,000.00	Land usufruct C.G.Y (2012) No. 140
Chengdu the 5th sub-branch of CCB	99,000,000.00	Land usufruct C.G.G.Y (2014) No. 32310
Chun Xi Sub-branch of ICBC	1,003,000,000.00	Land usufruct C.G.Y (2013) No. 126
Total	10,685,617,000.00	

Note 1: The company used the land usufruct, namely land for warehouse in # 96 and 98 of North Longtansi Road, Land Certificates No. C.G.Y.(2008) No. 326 and C.G.Y.(2008) No. 327 to sign Maximum Amount Mortgage Contract in the term from Sept. 16, 2013 to Sept. 15, 2018 with CDRCB.

Note 2: the collateral is the land usufruct of Chengdu Xinjin County Urban & Rural Construction and Invest Co., Ltd in the term from Mar. 24,2009 to Mar. 23, 2021.

Note 3: Chengdu Jinjiang Sub-branch of ABC signed Maximum Amount Mortgage Contract (contract no. 51906200900002881) with Chengdu Xinjin Urban & Rural Construction and Invest Co., Ltd on the collateral of land usufruct of the later in mortgage term from May 31, 2009 to May 30, 2021; Chengdu Jinjiang Sub-branch of ABC signed Maximum Amount Mortgage Contract (contract no. 51906200900002777) with Chengdu Xinjin Urban & Rural Construction and Invest Co., Ltd on the collateral of land usufruct of Chengdu Hua Yuan Shui Cheng Urban & Rural Construction and Invest Co., Ltd in mortgage term from May 27, 2009 to May 26, 2021; Chengdu Jinjiang Sub-branch of ABC signed Maximum Amount Mortgage Contract (contract no. 51906200900001055) with Chengdu Xinjin Urban & Rural Construction and Invest Co., Ltd on the collateral of land usufruct of the later in mortgage term from Mar. 24, 2009 to Mar. 23, 2021; Chengdu Jinjiang Sub-branch of ABC signed Maximum Amount Mortgage Contract (contract no. 51906200900000269) with Chengdu Xinjin Urban & Rural Construction and Invest Co., Ltd on the collateral of land usufruct of ChongzhouShu Xing

Invest Co., Ltd in mortgage term from Jan. 21, 2009 to Jan. 20, 2016.

(4) Guaranteed Borrowing

Lender	Balance of Borrowing	Guarantor
Shangye Street Sub-branch of Bank of Chengdu	69,980,000.00	Chengdu Rural Equity Ownership Circulation Guarantee Co., Ltd
Chun Xi Sub-branch of ICBC	800,000,000.00	Chengdu Xing Cheng Invest Group Co., Ltd (guarantee within the Group)
China Railway Trust	150,000,000.00	Chengdu Xing Cheng Invest Group Co., Ltd (guarantee within the Group)
Total	1,019,980,000.00	

24. Payable Bonds

(1) Payable Bonds

Items	Closing Balance	Opening Balance
13 Rong Xing Bond (enterprise bond)	1,593,951,504.70	1,991,221,557.58
2015 non-public enterprise bond (Xing Cheng Company)	1,990,489,396.32	
2015 non-public enterprise bond (RenJuReal Estate)	1,488,669,033.37	
Total	5,073,109,934.39	1,991,221,557.58

(2) Increase& Decrease Changes of Payable Bonds

Bonds	Book Value	Issuance Date	Term	Amount	Closing Balance
13 Rong Xing Bond (enterprise bond)	2,000,000,000.00	Jan. 28, 2013	7 Years	1,986,430,000.00	1,991,221,557.58
2015 non-public enterprise bond (Xing Cheng Company)	2,000,000,000.00	Nov. 5, 2015	3 Years	1,989,960,000.00	
2015 non-public enterprise bond (RenJuReal Estate)	1,500,000,000.00	Oct. 27, 2015	3 Years	1,488,150,000.00	
Subtotal	5,500,000,000.00			5,464,540,000.00	1,991,221,557.58
Less: End. Balance of the part due within 1 year (Note VI. 22)	400,000,000.00				
Total	5,100,000,000.00			5,464,540,000.00	1,991,221,557.58

Continued table

Bonds	Issuance of Current Year	Accrued Interest At Book Value	Amortization on Premium/Discount	Current Year Repaid	Closing Balance
13 Rong Xing Bond (enterprise bond)			-2,729,947.12		1,993,951,504.70
2015 non-public enterprise bond (Xing Cheng Company)	1,989,960,000.00		-529,396.32		1,990,489,396.32
2015 non-public enterprise bond (RenJuReal Estate)	1,488,150,000.00		-519,033.37		1,488,669,033.37
Subtotal	3,478,110,000.00		-3,778,376.81		5,473,109,934.39
Less: End. Balance of the part due within 1 year (Note VI. 22)					400,000,000.00
Total	3,478,110,000.00		-3,778,376.81		5,073,109,934.39

25. Special Payables

Items	Opening Balance	Increase for Current Year	Decrease for Current Year	Closing Balance
Total	9,762,455,343.26	4,607,390,580.88	4,576,661,240.31	9,793,184,683.83
Special appropriation for starting area infrastructure in eastern & southern region	3,537,801,772.14	2,589,625,906.10	2,538,250,519.39	3,589,177,158.85
Special appropriation for other agent construction projects	852,360,014.59	80,807,461.00	80,000,000.00	853,167,475.59
Renovation of West 2nd Ring Road & Two Expressways	2,140,000,000.00	500,000,000.00	0.00	2,640,000,000.00
Court	258,133,658.48	0.00	0.00	258,133,658.48
Cable TV Company	5,480,000.00	0.00	0.00	5,480,000.00
Pengzhou Project	546,267,869.36	5,000,000.00	0.00	551,267,869.36
Public Security Bureau Agent Construction Project	33,000,000.00	187,000,000.00	0.00	220,000,000.00
Chengdu University	103,000,000.00	9,202,875.59	112,202,875.59	0.00
Party School	36,350,000.00	10,000,000.00	0.00	46,350,000.00
Public Health Center	255,574,623.66	11,897,998.94	0.00	267,472,622.60
Martyrs' Cementery	29,293,060.93	0.00	0.00	29,293,060.93
Nursing School of Chengdu University	61,488,625.39	0.00	0.00	61,488,625.39
Chengdu Cheng Fang Real Estate Co., Ltd	887,191,022.97	651,427,813.03	799,951,060.54	738,667,775.46
Chengdu Housing Security Center	44,958,683.90	374,160,508.01	0.00	419,119,191.91
Archives Agent Construction Project	140,000,000.00	0.00	140,000,000.00	0.00
Chengdu University Agent Construction Project	120,000,000.00	0.00	120,000,000.00	0.00
Chengdu Housing Security Center	585,337,404.84	131,479,418.21	716,816,823.05	0.00
Chengdu Meterological Monitoring & Forecasting Center Project	55,000,000.00	0.00	0.00	55,000,000.00
Chengdu Children's Welfare Home & Family Foster Rehabilitation Center Project	1,500,000.00	12,931,200.00	0.00	14,431,200.00
Chengdu Technician Institute Teaching & Practical Training Building Project	0.00	6,000,000.00	0.00	6,000,000.00
Chengdu Flood-control Materials Warehouse Project	21,710,204.00	0.00	21,710,204.00	0.00
Chengdu Flood-control Materials Warehouse Renovation & Expansion Project	0.00	897,400.00	0.00	897,400.00
Scientific research fund for Village public projects management models	8,403.00	0.00	0.00	8,403.00
Internet Town Project	0.00	15,000,000.00	0.00	15,000,000.00
Tianfu Ancient Town Characteristic handicraft & Agricultural Products Project	0.00	20,000,000.00	0.00	20,000,000.00
Chengdu Tianfu Ancient Town Union Project	0.00	1,960,000.00	0.00	1,960,000.00
Agent construction	48,000,000.00	0.00	47,729,757.74	270,242.26

26. Paid-in Capital

Investors	Opening Balance		Increase for Current Year	Decrease for Current Year	Closing Balance	
	Investment Amount	Ratio (%)			Investment Amount	Ratio (%)

Investors	Opening Balance		Increase for Current Year	Decrease for Current Year	Closing Balance	
	Investment Amount	Ratio (%)			Investment Amount	Ratio (%)
Total	5,525,400,000.00	100.00			5,525,400,000.00	100.00
State-owned Assets Supervision and Administration Commission of Chengdu Municipal	5,525,400,000.00	100.00			5,525,400,000.00	100.00

27. Capital Surplus

Items	Opening Balance	Increase for Current Year	Decrease for Current Year	Closing Balance
I. Premium on capital (equity)	847,685,138.48			847,685,138.48
II. Other capital surplus	8,935,445,300.29	400,000,000.00	19,014,446.59	9,316,430,853.70
Total	9,783,130,438.77	400,000,000.00	19,014,446.59	10,164,115,992.18
Including: state-owned exclusive capital surplus	9,783,130,438.77	400,000,000.00	19,014,446.59	10,164,115,992.18

Notes: the increased other capital surplus for current year RMB 400,000,000.00 belongs to construction project grant from Chengdu Finance Bureau to the Group's subsidiary Chengdu Small Towns Invest Co., Ltd.

The decreased other capital surplus for current year RMB 19,014,446.59 belongs to the 99 public rental apartments totally with RMB 19,014,446.59 in Jin Shang TianHua Project handed over freely to Chengdu Municipal Housing Reserves Center by the Group's subsidiary RenJu Real Estate Co., Ltd in complying with the Document (C.G.Z.P [2014]No. 134) of Chengdu Municipal State-owned Assets Supervision & Administration Commission.

28. Surplus Reserve

Items	Opening Balance	Increase for Current Year	Decrease for Current Year	Closing Balance	Reason &Basis for Change
Statutory surplus reserve	73,008,782.34	29,528,004.85		102,536,787.19	Accrued at 10% net profit
Discretionary surplus reserve					
Reserve funds					
Enterprise expansion funds					
Other					
Total	73,008,782.34	29,528,004.85		102,536,787.19	

29. Retained earnings

Items	Current Year	Prior Year

Current year's opening balance	1,855,869,408.59	1,063,393,836.96
Increase for current year	580,352,193.15	867,507,168.88
Including: current year net profit transfer-in	580,352,193.15	867,507,168.88
Other adjustments		
Decrease for current year	142,738,004.85	75,031,597.25
Including: current year's appropriation of surplus reserve (Note VIII. 28)	29,528,004.85	21,376,597.25
Current year's appropriation of general risk preparation		
Current year's distributed cash dividends	113,210,000.00	53,655,000.00
Capital transferred		
Other decrease		
Current Year's Closing Balance	2,293,483,596.89	1,855,869,408.59

Notes: the group handed in gains of state-owned assets RMB 113,210,000.00 in accordance with the Notice Regarding Handing in Gains of State-owned Assets of 2015 from Chengdu Municipal State-owned Assets Supervision & Administration Commission.

30.operating income&Operating costs

Items	Current Year		Prior Year	
	Income	Cost	Income	Cost
Sales of real estate	1,821,602,456.00	1,059,017,819.50	2,785,093,261.20	1,320,018,869.19
Assets leasing	273,270,717.44	109,697,871.82	263,739,445.46	88,525,096.86
Property management	68,706,320.78	42,010,375.51	51,660,151.25	39,479,282.75
Investing & financing management fees	9,016,888.56	0.00	9,811,415.50	0.00
Capital interest	15,833,240.52	0.00	15,236,624.05	0.00
Agent construction management fee	29,696,961.66	2,054,848.86	8,546,300.00	1,707,256.48
Assets management and others	203,237,584.93	25,208.78	219,454,698.19	21,890,715.40
Total	2,421,364,169.89	1,212,806,124.47	3,353,541,895.65	1,471,621,220.68

31.Business tax and extra charges

Items	Criteria	Current Year	Prior Year
Business tax	5.00%	126,334,637.10	172,137,909.80
City maintenance and construction tax	7.00%	8,834,414.33	12,028,171.06
Educational surtax	3.00%	3,790,340.10	5,163,346.94
Price adjusting fund		1,765,413.25	2,396,926.14
Building tax		30,552,182.35	30,034,122.99
Local educational surtax	2.00%	2,526,876.82	3,445,407.39

Items	Criteria	Current Year	Prior Year
Land VAT		92,920,330.62	344,980,663.15
Others		102,342.40	2,072,997.93
Total		266,826,536.97	572,259,545.40

32. Sales expenses, Administrative expenses and Financial Expenses

(1) Sales expenses

Items	Current Year	Prior Year
Transportation expenses	589,221.00	494,660.00
Advertising expenses	24,130,861.10	5,958,184.60
Sales service expenses	16,228,420.39	12,875,003.87
Employee benefits	9,190,270.55	6,498,123.80
Consignment sales handling charges	4,132,486.94	7,769,777.05
Depreciation expense	350,920.86	156,646.64
Repairing expense	252.00	4,299.00
Others	4,042,399.32	
Total	58,664,832.16	33,756,694.96

(2)Administrative expenses

Items	Current Year	Prior Year
Employee benefits	98,755,294.29	91,198,997.07
Insurance expenses	47,495.83	347,895.19
Depreciation expense	5,721,129.76	6,947,919.61
Repairing expense	261,373.88	537,946.00
Amortization of intangible assets	670,960.08	670,960.08
Business entertainment expenses	169,535.59	531,874.40
Business trip expenses	859,809.50	350,285.82
Office expenses	5,607,177.31	15,853,307.34
Conference expenses	54,109.50	2,590.00
Litigation cost	189,602.00	102,548.00
Agents hiring expenses		124,775.00
Consultancy expenses	2,628,595.00	1,263,480.00
Total	114,965,082.74	117,932,578.51

(3) Financial Expenses

Items	Current Year	Prior Year
Interest expense	27,863,967.04	27,082,928.12

Items	Current Year	Prior Year
Less: Interest income	30,634,612.20	30,427,096.19
Exchange loss		
Others	909,924.77	717,995.76
Total	-1,860,720.39	-2,626,172.31

33. Impairment loss on assets

Items	Current Year	Prior Year
I. Losses on bad debts	255,832.57	-91,050.21
II. Losses on decline of inventories		
III. Loss on impairment of available-for-sale financial assets		
IV.Loss on impairment of held-to-maturity investments		
V.Loss on impairment of long-term equity investments		
VI. Loss on impairment of investment properties		
VII. Loss on impairment of property, plant and equipment		
VIII. Loss on impairment of construction supplies		
IX.Loss on impairment of construction-in-progress		
X. Loss on impairment of bearer biological assets		
XI. Loss on impairment of oil and gas assets		
XII. Loss on impairment of intangible assets		
XIII. Loss on impairment of goodwill		
XIV. Loss on other impairments		
Total	255,832.57	-91,050.21

34. Non-operating income

(1) Category of Non-Operating Profit

Items	Current Year	Prior Year	Non-recurring Profits and Losses Recorded in Current Year
Total of gains from disposal of non-current assets		13,821.49	
Including: gains from disposal of property, plant and equipment		13,821.49	
Gains from disposal of intangible assets			
Gains from exchange of non-monetary assets			
Gains from debt restructuring			
Government grants	7,444,240.00	13,294,420.00	7,444,240.00
Inventory profits			

Items	Current Year	Prior Year	Non-recurring Profits and Losses Recorded in Current Year
Donations accepted			
Liquidated damages			
Others	1,626,618.85	1,985,211.22	1,626,618.85
Total	9,070,858.85	15,293,452.71	9,070,858.85

(2)Government grant income

Items	Current Year	Prior Year	Related to Assets/Income
Supports for enterprise		32,720.00	
Special fund of interest subsidy for Village level Financing Construction Project of Public Service & Administration	7,444,240.00	13,261,700.00	7,444,240.00
Total	7,444,240.00	13,294,420.00	7,444,240.00

Notes: The Group's subsidiary Chengdu Small Towns Invest Co., Ltd accrued income of grant on finance discount for municipal fund in transit on Village Public Project in accordance with the Document C.C.N (2015) No. 175 Notice on Releasing Special Fund for Finance Discount of Village Public Service & Social Administration Financing and Construction Projects by Chengdu Finance Bureau on Dec.31,2015.

35. Non-operating Expenses

Items	Current Year	Prior Year	Non-recurring Profits and Losses Recorded in Current Year
Total of losses from disposal of non-current assets	167.50	4,563.90	167.50
Including: losses from disposal of property, plant and equipment	167.50	4,563.90	167.50
Losses from disposal of intangible assets			
Losses from disposal of construction-in-progress			
Others			
Losses from exchange of non-monetary assets			
Losses from debt restructuring			
Donations given	207,900.40	15,234,255.80	207,900.40
Penalties			
Other expenses	460,681.77	905,859.14	460,681.77
Total	668,749.67	16,144,678.84	668,749.67

36. Income Tax Expenses

(1) Lists of Income Tax Expenses

Items	Current Year	Prior Year
Current income tax	147,393,164.21	329,484,908.71
Adjustment of deferred income tax	50,458,562.50	-36,842,169.65
Others		
Total	197,851,726.71	292,642,739.06

(2) Adjusting Process of Accounting Profits and Income Tax

Items	Current Year
Total profit	778,108,590.55
Income tax calculated on legal/applicable rate	194,527,147.64
Effect of different applicable rates for subsidiaries	
Effect of income tax on prior period before adjustment	
Effect of non-taxable income	
Effect of non-deductible cost, expense and loss	3,275,941.67
Effect on deductible loss of unrecognized deferred income tax assets in prior End.	
Effect on deductible temporary difference or deductible loss of unrecognized deferred income tax assets in current End.	48,637.40
Changes of deferred income tax assets/liabilities in Beg. by tax rate adjustment	
Income tax expenses	197,851,726.71

37. Borrowing Expenses

Assets under Capitalization Principle	Current Year Capitalization Ratio	Current Year Capitalization Amount
Starting area infrastructure project of eastern new region	6.77	449,290,607.40
Starting area infrastructure project of southern & eastern new region	6.77	128,492,993.62
Infrastructure Construction Project of Chengdu New Station in Shahebao area, Chengdu	6.77	679,869,145.69
Renovation of West 2nd Ring Road & Two Expressways	6.77	134,961,917.81
Other agent construction projects	6.77	54,722,102.62
Residence agent construction projects	5.60	158,914,401.97
Total		1,606,251,169.11

38. Consolidated Statement of Cash Flows

(1) Adjust Net Profits to Cash Flows of Operating Activities by Indirect Method

Supplementary Info.	Current Year	Prior Year
1.Adjust net profits to cash flows of operating activities		
Net profits	580,256,863.84	867,195,113.43
Add: provision for assets impairment	255,832.57	-91,050.21

Supplementary Info.	Current Year	Prior Year
Depreciation of property, plant and equipment, oil and gas assets loss, depreciation of bearer biological assets	101,834,088.65	98,254,171.81
Amortization of intangible assets	670,960.08	670,960.08
Amortization of long-term prepaid expenses	161,691.64	1,482,657.98
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains expressed with "-")	167.5	13,821.49
Losses from retirement of property, plant and equipment (gains expressed with "-")		
Losses from changes on fair value (gains expressed with "-")		
Financial expenses (gains expressed with "-")	29,951,530.22	27,082,928.12
Losses from investment (gains expressed with "-")		
Decrease of deferred tax assets (increase expressed with "-")	50,458,562.50	25,275,570.59
Increase of deferred tax liabilities (decrease expressed with "-")		
Decrease on inventories (increase expressed with "-")	-4,085,758,538.14	-1,587,961,922.51
Decrease on operational items receivable (increase expressed with "-")	507,185,290.08	-742,963,856.01
Increase on operational items payable (decrease expressed with "-")	1,474,680,472.05	1,129,152,820.37
Others		
Net of cash flows from operating activities	-1,340,303,079.01	-181,888,784.86
2. Significant financing and investing activities not related to cash receipt and payment		
Debt-for-capital swaps		
Convertible bonds due within 1 year		
Fixed assets on finance lease		
3.Net change of cash and cash equivalents		
Closing Balance of cash	12,376,826,981.85	10,892,885,861.16
Less: Opening Balance of cash	10,892,885,861.16	7,645,348,202.28
Add: Closing Balance of cash equivalents		
Less: Opening Balance of cash equivalents		
Net increase of cash and cash equivalents	1,483,941,120.69	3,247,537,658.88

(3) Formation of Cash and Cash Equivalents

Items	Closing Balance	Opening Balance
I. Cash	12,376,826,981.85	10,892,885,861.16

Items	Closing Balance	Opening Balance
Including: Cash on hand	72,434.20	63,422.18
Bank deposits that are available for payment at any time	12,376,704,517.65	10,892,822,438.98
Other monetary funds that are available for payment at any time	50,030.00	
Deposit in central bank that is available for payment		
Inter-bank deposit payment		
Inter-bank offer payment		
II. Cash equivalents		
Including: bond investment due within 3 months		
III. End. balance of cash and cash equivalents	12,376,826,981.85	10,892,885,861.16
Including: the restricted cash and cash equivalents used by parent company or group's subsidiaries		

39. Assets with Restricted Ownership and Ususfruct

Items	End. Book Value	Reason for Restriction
Monetary funds	92,850,851.84	Note (1)
Notes receivable		
Accounts receivable		
Inventories	792,408,917.55	Note (2)
Fixed assets		
Intangible assets		
Construction in progress		
Investment real estate	1,711,126,219.48	Note (3)

Notes: (1) Xing Cheng Company offered pledge guarantee for Chengdu Xing Dong Real Estate Co., Ltd to borrow RMB 152,000,000 fromSiming Sub-branch of Xia Men International Bank Co., Ltd with deposit receipt No. 8003110000000371 of RMB 33,690,000 and deposit receipt No. 8003110000000387 of RMB 36,850,000 ;deposit receipt No. 8003110000000355 in RMB 36,820,000.00; deposit receipt No. 8003110000000363 in RMB 52,640,000.00. RenJu Real Estate has a 3 months restricted capital (mortgage deposit for bank) of which the End. Balance is RMB 22,310,851.84 . (2) Xing Dong Real Estate Co., Ltd obtained mortgage loan from Chengdu Branch of Industrial Bank with inventory in RMB 253,696,968.00 ;RenJu Co., Ltd used land usufruct with End. book value approx. of RMB 539,000,000 (cost of development) as collateral for long-term borrowing of RMB 1.502 billion ; (3) Xing Cheng Company used investment real estate for mortgage loan. A. RMB 0.8 billion from PINGAN Bank with collateral of Floor 1-3 on Podium of Sichuan International Building, No. 206 at Shuncheng Street of Qingyang District; No. 14-18 of Shun Ji Building in Northern Qingyang District. B.

RMB 0.69 billion from China Railway Trust Co., Ltd with collateral of operational property management rental of Ke Chuang Phase II Building A&B. Current year repaid RMB 0.11 billion . C. Newly add loan RMB 0.2 billion from ICBC with collateral of Ming Feng Office Building in # 336 of Jincheng Ave. Gaoxin District. Long-term mortgage loan under this item is RMB 1.69 billion till Dec. 31, 2015. Newly add loan RMB 5.204 billion without decrease on mortgaged houses, among which credit loan is RMB 5.004 billion . D. The mortgage loan from Chengdu Branch of CZBANK involves investment real estate RMB 17,262,246.28

IX. Contingencies

1. Guarantees outside the Group

Guarantees outside the Group are as follows to Dec. 31, 2015:

Guarantees	Lending Bank	Amount of Guarantee	Main Contract Period and Guarantee Period	Notes	Project
Chengdu HuaChuan Road Construction Group Co., Ltd	Gaoxin Sub-branch of ABC	100,000,000.00	2013.03.25-2016.03.24 2 years after the performance period of borrowing contract	Joint liability guaranty	West 2^{nd} Ring Road Construction Unit

2. Guarantees inside the Group

Guarantees inside the Group are as follows to Dec. 31, 2015:

Guarantees	Lending Bank	Amount of Guarantee	Main Contract Period and Guarantee Period	Notes	Projects
Chengdu Xing Dong Real Estate Co., Ltd	Xiamen Siming Sub-branch of Xia Men International Bank Co., Ltd	32,000,000.00	2015.7.7-2016.7.7	Pledge guarantee	Innovation Mountain Industrial Park Project
Chengdu Xing Dong Real Estate Co., Ltd	Xiamen Siming Sub-branch of Xia Men International Bank Co., Ltd	35,000,000.00	2015.12.18-2016.12.18	Pledge guarantee	Innovation Mountain Industrial Park Project
Chengdu RenJu Real Estate Co., Ltd	Chunxi Sub-branch of ICBC	1,079,000,000.00	2013.08.09-2016.12.31 2 years after theperformance period of borrowing contract	Joint liability guaranty	Jinshang Spring Project
Chengdu RenJu Real Estate Co., Ltd	Chunxi Sub-branch of ICBC	800,000,000.00	2013.09.23-2018.09.30 2 years after theperformance period of borrowing contract	Joint liability guaranty	Nan Guang Factory Old Dorm Renovation Project
Chengdu RenJuReal Estate Co., Ltd	AVIC Trust Co., Ltd	100,000,000.00	2015.03.27-2017.03.26 2 years after theperformance period of borrowing contract	Joint liability guaranty	Current fund
Chengdu RenJu Real Estate Co., Ltd	AVIC Trust Co., Ltd	300,000,000.00	2014.8.12-2017.8.12 2 years after theperformance period of borrowing contract	Joint liability guaranty	Current fund
Chengdu RenJu Real Estate Co., Ltd	AVIC Trust Co., Ltd	150,000,000.00	2015.06.26-2018.06.25 2 years after theperformance period of borrowing contract	Joint liability guaranty	Current fund
Total		2,496,000,000.00			

3. The Chengdu Small Town Investment Co., Ltd., a subsidiary of the Group, (hereinafter referred to as "Small Town Investment") sued the defendant Chengdu Municipal Grain & Oil Corporation to Chenghua District People's Court of Chengdu on Apr. 30, 2015.

Claims: 1) Order the defendant to immediately pay to the plaintiff the rent from September 1, 2008 to February 28, which is 2015, RMB 2,046,500.00 in total; 2) Order the defendant pay plaintiff immediately the liquidated damage of overdue rent payment, RMB 755,823.00, transient calculation to April 30, 2015; 3) Order the defendant immediately return all the leased property under the Building Lease Contract to the plaintiff.

The Chenghua District People's Court of Chengdu held an open trial on June 23, 2015. According to the Civil Judgement (2015) on September 9, 2015, CHMCZ No. 2298, judgment is as follows:

1) The defendant, Chengdu Municipal Grain & Oil Corporation, within 10 days of the effective day of this decision, pay to the plaintiff Small Town Investment the rent from September 1, 2008 to February 28, 2015, amounted to RMB 2,046,500.00, and the liquidated damages (calculation of liquidated damages: the unpaid rent as the principal, from the due date until the rent paid date, calculated according to the overdue loan rate, The People's Bank of China);

2) The defendant, Chengdu Municipal Grain & Oil Corporation, within 30 days of the effective day of this decision, return the leased items under the Building Lease Contract to the plaintiff Small Town Investment;

3) Dismiss the plaintiffs Small Town Investment's other claims.

As of the reporting date, the Small Town Investment has not yet received the rent and liquidated damages according to the judgment, the repository assets of the company have not yet been returned.

According to the analysis of Small Town Investment, it is less likely to recover the amount above, so the rental income above is not recognized.

On May 30, 2008, Small Town Investment and Chengdu Grain & Oil Reserves Co., Ltd(hereinafter referred to as Party B)signed the Entrusted Use and Management Agreement of Longtansi Grain Reserves Warehouse, the company provide the state-owned land use right, buildings on the ground, ancillary facilities (referred to as the repository of assets) to Party B to use and manage, locate in 96#, 98# in North Longtansi Road, land use right certificate C.G.Y(2005)No. 1200(updated to C.G.Y (2008) No. 326) and C.G.Y (2005) No. 1203(updated to C.G.Y (2008) No. 327). Water, electricity, gas expenses, property management fees as well as other taxes and fees that generated in the process of Party B using the repository assets, shall borne by Party B and paid in accordance with the relevant provisions under the agreement. The Repository of assets acquired property certificate on November 29 2007, amount recorded in account of the houses and buildings original value is RMB10,903,602.08. As of the reporting date, the assets have not yet been returned to Small Town Investment.

In November 2009, (hereinafter referred to as the Construction Engineering Group) and Xing Cheng Group Company signed the construction contract, Construction Engineering Group was hire to construct the GaoXin School of Chengdu No.7 High School project. The project passed the completion acceptance on August 3, 2010 completion and delivered. During use, the campus had a large area of wall tile fall off, Xing Cheng Group required Construction Engineering Group for rectification work of all external wall tile. The both parties after rectification had disagreement about which party should borne the rectification cost. The case has been hearing and the trial process has not been completed. The two parties are negotiating on a settlement. Court indicate that in view of the wide divergence of the both parties, the case may need to be further identified.

6. In November 2007,Chengdu Rong Li Cultural Development Co., Ltd (hereinafter referred to as Rong Li Company) andXing Cheng Group Company signed theContract on the Paid Use Operating Right of Chengdu Sports Park Project Plot A1 (Ying Yue Tan Park) (hereinafter referred to as "main contract") , agreed upon the investment, construction, operation for the relevant facilities within the range A1 plots by Rong Li Company. Rong Li Company founded the project company, Chengdu Rong Chun Hotel Investment and Management Co., Ltd (hereinafter referred to as Rong Chun Company)in 2010. Three parties signed a "supplemental agreement", confirmed thatRong Chun Company inherits the rights and obligations of Rong Li Company in the "main contract" the company. After adjustment due to government planning, the project cannot be implemented, the three parties on March 24, 2015 signed the "termination agreement", agreed that compensation principle shall in accordance to the "main contract" and "Supplemental Agreement", the amount of compensation shall be determined by audit institutions. The three parties had big differences in the negotiation process, and Rong Li Company and Rong Chun Company sued Xing Cheng Group Company for its in upfront costs in investment in hotel construction and clubs, to Chengdu Arbitration Commission. The case is being heard, not yet closed.

7. In 2009, Xing Cheng Group signed the Buy-back Contract of Affordable Housing (hereinafter referred to as Buy-back Contract) withChengdu Municipal Housing Security Center (hereinafter referred to as Housing Security Center) thatHousing Security Center purchase the affordable housingZi Qi Dong Lai. In September 2013, the two parties signed a "supplemental agreement" to confirm: the total price is RMB98,230,656.00, total non-payment is RMB7,250,083.00, interim payment isRMB 6,922,704.00, RMB327,379.00 remaining to be paid by consensus. Since then the Housing Security Center refused to pay under various reasons,Xing Cheng Group sued Chengdu Arbitration Commission for requesting Housing Security Center to pay the remaining RMB327,379.00. The case is on the trial. When signing the purchase contract, the design company mistakenly labeled balcony as terrace, the completed project is inconsistent with the contract design draw, which is a major design changes. But the Xing Cheng Group did not notice Housing Security Center in accordance with the regulations. The Arbitration Commission indicate that Xing Cheng Group constituted a material breach and it will not support the request of Xing Cheng Group concerning the payment of the balance

due.

X. Events after Balance Sheet Date

The Company is unnecessary to disclose the events after balance sheet date.

XI. Affiliated Parties and Transactions

1. Parent Company Profile

Parent Company Name	Place of Registration	Nature of Business	Registered Capital	Shareholding Ratio of the Company (%)	Voting Rights Ratio of the Company (%)
Chengdu Municipal State-owned Assets Supervision and Administration Commission	Chengdu			100.00	100.00

2. Subsidiaries Profile

See Note VII: Enterprise Merger and Consolidated Financial Statements

3. Joint and Associated Company Profile

The Group doesn't have joint and associated company.

4. Other Affiliated Parties

Affiliated Parties	Relationship with the Group
Chengdu Health Care Industry Development Co., Ltd	Shareholding enterprise
Chengdu Financial City Invest & Development Co., Ltd	Shareholding enterprise
Chengdu Rural Equity Ownership Circulation Guarantee Co., Ltd	Shareholding enterprise

XII. Notes to the Main Items on Financial Statements of Parent Company

1. Accounts Receivable

Items	Closing Balance			
	Book Balance		Provision for Bad Debts	
	Amount	Ratio (%)	Amount	Ratio (%)
Accounts receivable with significant single amount and single accrued bad debts provision				
Accounts receivable with accrued bad debts provision on credit risk characteristics combination	93,330,857.70	100.00	9,515.25	0.01
Accounts receivable with insignificant single amount but single accrued bad debts provision				
Total	93,330,857.70	100.00	9,515.25	0.01

Continued table

Items	Opening Balance			
	Book Balance		Provision for Bad Debts	
	Amount	Ratio (%)	Amount	Ratio (%)
Accounts receivable with significant single amount and single accrued bad debts provision				
Accounts receivable with accrued bad debts provision	361,485,648.99	100.00	25,321.70	0.01

Items	Opening Balance			
	Book Balance		Provision for Bad Debts	
	Amount	Ratio (%)	Amount	Ratio (%)
on credit risk characteristics combination				
Accounts receivable with insignificant single amount but single accrued bad debts provision				
Total	361,485,648.99	100.00	25,321.70	0.01

(1) Accounts Receivable with Accrued Bad Debts Provision on Credit Risk Characteristics Combination

①Accounts Receivable withAccrued Bad Debts Provision by Aging-of-Accounts Method

Aging	Closing Balance			Opening Balance		
	Book Balance		Provision for Bad Debts	Book Balance		Provision for Bad Debts
	Amount	Ratio (%)		Amount	Ratio (%)	
≤1 Year						
1-3 Years (incl. 3 years)						
3-5 Years (incl. 5 years)	47,576.19	100.00	9,515.25	126,608.47	100.00	25,321.70
＞ 5 Years						
Total	47,576.19	100.00	9,515.25	126,608.47	100.00	25,321.70

②Accounts Receivable withAccrued Bad Debts Provision by Other Methods

Combinations	Closing Balance			Opening Balance		
	Book Balance	Accrued Ratio (%)	Provision for Bad Debts	Book Balance	Accrued Ratio (%)	Provision for Bad Debts
Government debts	92,033,455.65			360,109,214.66		
Project settlement	1,249,825.86			1,249,825.86		
Total	93,283,281.51			361,359,040.52		

(2)Accounts Receivable Listed by Top Five End. Balance of Debtees

Debtors	Book Balance
Chengdu Da Zhong Landscape Engineering Co., Ltd	24,062.00
Jinjiang Power Supply Company of Chengdu Power Bureau	365,200.00
House-purchasing Difference Compensation for New Station Project Relocatees	884,625.86
Chengdu University	1,999,975.59
Party School of Chengdu Municipal Party Committee	90,033,452.26
Total	93,307,315.71

2. Other Receivables

Items	Closing Balance			
	Book Balance		Provision for Bad Debts	
	Amount	Ratio (%)	Amount	Ratio (%)
Other receivables with significant single amount and single accrued bad debts provision				
Other receivables with accrued bad debts provision on credit risk characteristics combination	110,838,527.81	100.00	449,609.03	0.41
Other receivables with insignificant single amount but single accrued bad debts provision				
Total	110,838,527.81	100.00	449,609.03	100.00

Continued table

Items	Opening Balance			
	Book Balance		Provision for Bad Debts	
	Amount	Ratio (%)	Amount	Ratio (%)
Other receivables with significant single amount and single accrued bad debts provision				
Other receivables with accrued bad debts provision by credit risk characteristics combination	98,419,092.11	100.00	695,456.84	0.71
Other receivables with insignificant single amount but single accrued bad debts provision				
Total	98,419,092.11	100.00	695,456.84	100.00

①Other Receivables with Accrued Bad Debts Provision by Aging-of-Accounts Method

Aging	Closing Balance			Opening Balance		
	Book Balance		Provision of Bad Debts	Book Balance		Provision of Bad Debts
	Amount	Ratio (%)		Amount	Ratio (%)	
≤1 Year	818,420.97	22.87		132,065.14	2.95	
1-3 Years (incl.3 years)	683,116.90	19.09	34,155.85	1,161,087.67	25.92	58,054.39
3-5 Years (incl.5 years)	2,077,265.88	58.04	415,453.18	3,187,012.25	71.13	637,402.45
＞ 5 Years						
Total	3,578,803.75	100.00	449,609.03	4,480,165.06	100.00	695,456.84

② Other Receivables with Accrued Bad Debts Provision by Other Combination Methods

Combinations	Closing Balance			Opening Balance		
	Book Balance	Ratio (%)	Provision for Bad Debts	Book Balance	Ratio (%)	Provision for Bad Debts
Government debts	5,895,482.44	5.50				
Deposit, petty cash and other project settlement	31,038,647.27	28.94		25,783,302.42	27.45	

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Combinations	Closing Balance			Opening Balance		
	Book Balance	Ratio (%)	Provision for Bad Debts	Book Balance	Ratio (%)	Provision for Bad Debts
Affiliates transactions	70,325,594.35	65.56		68,155,624.63	72.55	
Total	107,259,724.06	100.00		93,938,927.05	100.00	

3. Long-term Equity Investment

(1) Long-term Equity Investment Category

Items	Opening Balance	Current Year's Increase	Current Year's Decrease	Closing Balance
Investment in subsidiary	3,568,157,818.49			3,568,157,818.49
Investment in joint enterprises				
Investment in associated enterprises				
Subtotal				
Less: Long-term equity investment Impairment Provision				
Total	3,568,157,818.49			3,568,157,818.49

(2) Long-term Equity Investment Details

Investees	Accounting Method	Investment Cost	Opening Balance	Changes	Closing Balance
Total	——	3,568,157,818.49	3,568,157,818.49		3,568,157,818.49
Subsidiaries					
Chengdu Xing Cheng Construction Management Co., Ltd	Cost method	10,035,300.00	10,035,300.00		10,035,300.00
Chengdu RenJu Real Estate Industry Co., Ltd	Cost method	638,820,000.00	638,820,000.00		638,820,000.00
Chengdu Small Towns Invest Co., Ltd	Cost method	2,392,412,518.49	2,392,412,518.49		2,392,412,518.49
Chengdu Run Jin Cheng Industry Co., Ltd	Cost method	10,000,000.00	10,000,000.00		10,000,000.00
Chengdu Xing Dong Real Estate Co., Ltd	Cost method	514,340,000.00	514,340,000.00		514,340,000.00
Chengdu Dong Jing Gas Co., Ltd	Cost method	2,550,000.00	2,550,000.00		2,550,000.00

Continued table

Investees	Shareholding Ratio (%)	Voting Rights Ratio (%)	End. Impairment Provision	Current Year's Accrued Impairment Provision	Current Year's Cash Dividend
Total					
Subsidiaries					
Chengdu Xing Cheng Construction Management Co., Ltd	100.00	100.00			
Chengdu RenJu Real Estate Industry Co., Ltd	99.75	99.75			
Chengdu Small Towns Invest Co., Ltd	100.00	100.00			

Investees	Shareholding Ratio (%)	Voting Rights Ratio (%)	End. Impairment Provision	Current Year's Accrued Impairment Provision	Current Year's Cash Dividend
Chengdu Run Jin Cheng Industry Co., Ltd	100.00	100.00			
Chengdu Xing Dong Real Estate Co., Ltd	100.00	100.00			
Chengdu Dong Jing Gas Co., Ltd	51.00	51.00			

4. operating income&operating costs

Items	Current Year		Prior Year	
	Income	Cost	Income	Cost
Subtotal of main business	34,835,800.00	22,868,256.46		
Sales of real estate	34,835,800.00	22,868,256.46		
Subtotal of other business	475,383,520.00	104,374,621.31	463,839,387.73	107,265,011.62
Housing rental	243,623,539.69	104,367,495.31	240,738,175.68	85,821,560.18
Land rental	8,739,952.00		6,590,715.25	
Management expenses and others	223,020,028.31	7,126.00	216,510,496.80	21,443,451.44
Total	510,219,320.00	127,242,877.77	463,839,387.73	107,265,011.62

5. Investment Income

Sources of Investment Income	Current Year	Prior Year
Long-term equity investment income measured by equity method		
Investment income from disposal of long-term equity investment		
Investment income from financial assets that measured at fair value and variation recorded into the current profits and losses in holding period		
Investment income from disposal of financial assets that measured at fair values and variation recorded into the current profits and losses		
Investment income from held-to-maturity investments in the holding period		
Investment income from financial assets available for sale in holding period		
Investment income from disposal of financial assets available for sale		
Profits from residual equity re-measured at fair value after losing control		
Others (received profits of subsidiaries)	83,750,000.00	30,530,000.00
Total	83,750,000.00	30,530,000.00

6. Cash Flows Statement

(1) Information on Adjust Net Profit as Cash Flow of Operational Activities by Indirect Method

Supplementary Material	Current Year	Prior Year
1. Adjust net profit as cash flow of operational activities:		
Net profit	295,280,048.54	213,765,972.53

Supplementary Material	Current Year	Prior Year
Add: Provision for asset impairment	-261,654.26	-168,655.88
Depreciation of fixed assets, oil and gas assets loss, depreciation of bearer biological assets	92,410,887.96	87,565,204.29
Amortization of intangible assets		
Amortization of long-term deferred expense		
Loss from fixed assets, intangible assets and other long-term assets disposal (earnings expressed with "-")		
Loss on retirement of fixed assets (earnings expressed with "-")		
Loss from fair value change (earnings expressed with "-")		
Financial expenses (earnings expressed with"-")		
Investment losses (earnings expressed with "-")	-83,750,000.00	-30,530,000.00
Decrease in deferred income tax assets(increase expressed with "-")	65,413.57	42,163.97
Increase in deferred income tax liabilities (decrease expressed with"-")		
Decrease in inventories (increase expressed with"-")	-2,843,461,551.77	-4,216,443,059.33
Decrease in operational items payables (increase expressed with"-")	230,490,605.77	-782,421,035.08
Increase in operational items payables (decrease expressed with"-")	2,539,603,364.66	5,500,622,525.26
Others		
Net cash flows from operational activities	230,377,114.47	772,433,115.76
2. Major investingand financing activities not involving cash receipt and payment		
Debt-for-capital swaps		
Current portion of convertible bonds		
Fixed assets on finance lease		
3. Net change in cash and cash equivalents		
Closing balance of cash	8,435,603,280.69	7,849,979,296.19
Less: Opening balance of cash	7,849,979,296.19	3,835,444,689.82
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	585,623,984.50	4,014,534,606.37

(2) Formation of Cash and Cash Equivalents

Items	End. Balance	Beg. Balance
I. Cash	8,435,603,280.69	7,849,979,296.19
Including: Cash on hand		
Bank deposits that are available for payment at any time	8,435,603,280.69	7,849,979,296.19
Other monetary funds that are available for payment at any time		

Deposit in central bank that is available for payment		
Inter-bank deposit payment		
Inter-bank offer payment		
II. Cash equivalents		
Including: bond investment due within 3 months		
III. End. balance of cash and cash equivalents	8,435,603,280.69	7,849,979,296.19
Including: the restricted cash and cash equivalents used by parent company or group's subsidiaries		

XIII. Other Contents Need to Be Disclosed Based on Relevant Accounting System

None

XVI. Approval of the Financial Statements

The financial statements have been authorized for issuing on Feb 28, 2016 by the 2016 5th board of director's resolution.

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