# IMPORTANT NOTICE

# NOT FOR DISTRIBUTION INTO THE UNITED STATES

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

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

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

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

**Confirmation of your Representation:**

In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must be purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act. By accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to have represented to the Joint Lead Managers (as defined in the Offering Circular), the Issuer and the Parent Company (as defined in the Offering Circular) (1) that you and any customers you represent are not, and that the electronic mail address that you gave the Issuer and to which this e-mail has been delivered is not, located in the United States and (2) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person. You should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

The materials relating to any offering of securities described in the Offering Circular do not constitute, and may not be used in connection with, an offer or solicitation by or on behalf of any of the Issuer, the Parent Company, the Joint Lead Managers in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licenced broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers are licenced brokers or dealers in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Joint Lead Managers or any person who controls the Joint Lead Managers nor any director, officer, employee nor agent of the Joint Lead Managers or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

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

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

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

# HONGKONG BAORONG DEVELOPMENT LIMITED

## 香港保融發展有限公司

*(incorporated with limited liability in Hong Kong,*
*and a wholly-owned subsidiary of Tianjin Free Trade Zone Investment Holding Group Co., Ltd.)*

## U.S.$500,000,000 3.625 per cent. Notes due 2018

with the benefit of a Keepwell and Liquidity Support Deed and
a Deed of Equity Interest Purchase Undertaking provided by

天保控股
T&B HOLDING

## TIANJIN FREE TRADE ZONE INVESTMENT HOLDING GROUP CO., LTD.

## 天津保税區投資控股集團有限公司

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

## Issue Price of the Notes: 99.536 per cent.

The U.S.$500,000,000 3.625 per cent. Notes due 2018 (the "**Notes**") will be issued by Hongkong Baorong Development Limited (the "**Issuer**"). The Issuer is an indirect, wholly-owned subsidiary of the Tianjin Free Trade Zone Investment Holding Group Co., Ltd. (the "**Company**" or the "**Parent Company**", which term also includes the Company together with its subsidiaries taken as a whole, as the context requires).

The Notes will bear interest from 9 December 2015 at the rate of 3.625 per cent. per annum. Interest on the Notes is payable semi-annually in arrear on 9 June and 9 December in each year, commencing with the first Interest Payment Date (as defined in the Terms and Conditions) falling on 9 June 2016.

The Notes constitute direct, general, unsubordinated, unconditional and (subject to Condition 3(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 *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

The Issuer and the Parent Company will enter into a keepwell and liquidity support deed (the "**Keepwell and Liquidity Support Deed**") with The Bank of New York Mellon, London Branch (the "**Trustee**") as trustee of the Noteholders (as defined below) as further described in the Terms and Conditions and "*Description of the Keepwell and Liquidity Support Deed*" on or about 9 December 2015. The Parent Company and the Trustee will enter into a deed of equity interest purchase undertaking (the "**Deed of Equity Interest Purchase Undertaking**") as further described in "*Offer Structure*" and "*Description of the Deed of Equity Interest Purchase Undertaking*"). **Neither the Keepwell and Liquidity Support Deed nor the Deed of Equity Interest Purchase Undertaking constitutes a direct or indirect guarantee by the Parent Company of the obligations of the Issuer under the Notes or the Trust Deed.**

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations（國家發展改革委關於推進企業發行外債備案登記制管理改革的通知（發改外資 [2015]2044號））(the "**NDRC Circular**") issued by the National Development and Reform Commission of the PRC or its local counterparts ("**NDRC**") on 14 September 2015 which came into effect on the same day, the Company has registered the issuance of the Notes with the NDRC and obtained a certificate from NDRC on 19 November 2015 evidencing such registration and intends to provide the requisite information on the issuance of the Notes to the NDRC within 10 PRC Business Days (as defined in the Terms and Conditions) after the Issue Date.

Unless previously redeemed, or purchased and cancelled as provided herein, the Issuer will redeem each Note at its principal amount on 9 December 2018 (the "**Maturity Date**"). At any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (as defined below) (which notice shall be irrevocable), the Issuer may redeem the Notes 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 satisfies the Trustee that the Issuer has or will become obliged to pay Additional Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of Hong Kong, the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 2 December 2015, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it. At any time following the occurrence of a Change of Control (as defined in the Terms and Conditions), each holder of Notes (each a "**Noteholder**") will have the right, at such Noteholder's option, to require the Issuer to redeem all but not some only of that Noteholder's Notes on the Put Settlement Date (as defined in the Terms and Conditions) at 101 per cent. of their principal amount, together with accrued interest to (but not including) such Put Settlement Date. See "*Terms and Conditions – Redemption and Purchase*".

The Notes will be issued in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

The Notes are expected to be rated "Baa2" and "BBB+" by Moody's Investors Services Limited ("**Moody's**"), and Fitch Ratings Limited ("**Fitch**"), respectively. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Investing in the Notes involves risks. See "*Risk Factors*" beginning on page 22 for a discussion of certain factors to be considered in connection with an investment in the Notes.**

**The Notes 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 Notes and the distribution of this Offering Circular, see "*Subscription and Sale*".**

**The Offering Circular is for distribution to professional investors only.**

Application will be made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for permission to deal in, and for listing of the Notes by way of debt issues to professional investors only and such permission is expected to become effective on 10 December 2015. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular. This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Parent Company. Each of the Issuer and the Parent Company accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Notes will be represented by beneficial interests in a global note certificate (a "**Global Note Certificate**") in registered form, which will be registered in the name of a nominee for, and shall be deposited on or about 9 December 2015 (the "**Closing Date**") with a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). Beneficial interests in the Global Note Certificate will be shown on, and transfer thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Notes will not be issued in exchange for interests in the Global Note Certificate.

### *Joint Global Coordinators*

**DBS Bank Ltd.** | **Bank of China** | **Orient Securities (Hong Kong)** | **Standard Chartered Bank**

### *Joint Lead Managers and Joint Bookrunners*

**DBS Bank Ltd.** | **Bank of China** | **Orient Securities (Hong Kong)** | **Standard Chartered Bank**

**Agricultural Bank of China** | **Wing Lung Bank Limited** | **BOCOM International**

Offering Circular dated 2 December 2015

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## NOTICE TO INVESTORS

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

Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Parent Company. The Issuer and the Parent Company accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Each of the Issuer and the Parent Company, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Parent Company, the Notes, the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase Undertaking which is material in the context of, the issue, offering, sale or distribution of the Notes (including all information which, according to the particular nature of the Issuer, the Parent Company and of the Notes, the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase Undertaking is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Parent Company of the rights attaching to the Notes); (ii) this Offering Circular does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (iii) the statements of intention, opinion, belief or expectation contained in this Offering Circular are, honestly and reasonably made or held and have been reached after considering all relevant circumstances and based on reasonable assumptions; (iv) all reasonable enquiries have been and will be made by the Issuer and the Parent Company to ascertain such facts and to verify the accuracy of all such information and statements; and (v) all descriptions of contracts or other material documents described in this Offering Circular are accurate descriptions in all material respects and fairly summarise the contents of such contracts or documents.

The Issuer and the Parent Company have prepared this Offering Circular solely for use in connection with the proposed offering of the Notes described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of DBS Bank Ltd., Bank of China Limited, Orient Securities (Hong Kong) Limited and Standard Chartered Bank (together, the "**Joint Global Coordinators**"), and ABCI Capital Limited, Agricultural Bank of China Limited Hong Kong Branch, Wing Lung Bank Limited and BOCOM International Securities Limited (together with the Joint Global Coordinators, the "**Joint Bookrunners**" and "**Joint Lead Managers**" and each a "**Joint Bookrunner**" and "**Joint Lead Manager**"), the Issuer, or the Parent Company to subscribe for or purchase any of the Notes. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Parent Company and the Joint Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the European Economic Area, the United Kingdom, Hong Kong, PRC, Singapore, Japan, Taiwan and Macau and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Notes, and distribution of this Offering Circular, see "*Subscription and Sale*". By purchasing the Notes, investors represent and agree to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, Notes. Distribution of this Offering Circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Parent Company or the Notes 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 Parent Company, the Joint Lead Managers, the Trustee or the Agents (as defined in the Terms and Conditions) or their respective directors, officers, affiliates or advisers. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Notes shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Parent Company or any of them since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Parent Company, the Joint Lead Managers, the Trustee or the Agents to subscribe for or purchase the Notes and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers or advisers has independently verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted, by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers or advisers, as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Notes. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents or any of the respective affiliates, directors, officers or advisers. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Parent Company, the Joint Lead Managers, the Trustee or the Agents or any of the respective affiliates, directors, officers or advisers that any recipient of this Offering Circular should purchase the Notes. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or on any person affiliated with the Joint Lead Managers, the Trustee or the Agents 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 Parent Company and the merits and risks involved in investing in the Notes. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Notes.

The Parent Company is assigned a rating of "Baa1" and "BBB+" by Moody's and Fitch, respectively. It is expected that the Notes will, when issued, be assigned a rating of "Baa2" and "BBB+" by Moody's and Fitch, respectively. A rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of prepayment and may be subject to revision, qualification, suspension or withdrawal at any time by the assigning rating organisation. A revision, qualification, suspension or withdrawal of any rating assigned to the Notes may adversely affect the market price of the Notes.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers or advisers accepts any responsibility for the contents of this Offering Circular 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 Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers or advisers or on their behalf in connection with the Issuer, the Parent Company, the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase Undertaking, or the issue and offering of the Notes. Each of the Joint Lead Managers, the Trustee and the Agents and their respective affiliates, directors, officers or advisers accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers or advisers undertakes to review the results of operations, financial condition or affairs of the Issuer or the Parent Company during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents.

**IN CONNECTION WITH THIS OFFERING, ANY OF THE JOINT LEAD MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS STABILISING MANAGER (THE "STABILISING MANAGER") OR ANY PERSON(S) ACTING ON BEHALF OF THE STABILISING MANAGER MAY, SUBJECT TO ALL APPLICABLE LAWS, OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE(S) OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD.**

Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisers as needed to make its investment decision and determine whether it is legally able to purchase the Notes under applicable laws or regulations.

**Industry and Market Data**

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

**Presentation of Financial Information**

The Parent Company prepares its consolidated financial statements in accordance with Accounting Standards for Business Enterprises (the "**PRC GAAP**"). The Parent Company's audited consolidated financial information as of and for the years ended 31 December 2012, 2013 and 2014 have been extracted from the consolidated financial statements of the Parent Company as of and for the years ended 31 December 2013 and 2014 audited by Zhongxingcai Guanghua Certified Public Accountants

(LLP) ("**Zhongxingcai Guanghua**"), the independent auditor of the Parent Company, included elsewhere in this Offering Circular, together with the auditor's report in respect of such financial years. The Parent Company's unaudited consolidated interim financial information as of and for the six months ended 30 June 2014 and 2015 have been extracted from the unaudited but reviewed interim financial statements of the Parent Company as of and for the six months ended 30 June 2015 reviewed by Zhongxingcai Guanghua, and together with the auditor's review report included elsewhere in this Offering Circular. Such unaudited consolidated interim financial statements have not been audited by Zhongxingcai Guanghua in respect of that period. Consequently, such unaudited consolidated interim financial statements should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. The Joint Lead Managers do not make any representation or warranty, express or implied, regarding the sufficiency of such unaudited consolidated interim financial statements for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Parent Company's financial condition, results of operations and results. Such unaudited consolidated interim financial statements should not be taken as an indication of the expected financial condition, results of operations and results of the Parent Company for the full financial year.

The Issuer prepares its financial statements in accordance with the International Financial Reporting Standards ("**IFRS**"). The Issuer's audited financial information as of 30 September 2015 and for the period from 30 April 2015 (date of incorporation of the Issuer) to 30 September 2015 has been extracted from the financial statements of the Issuer for the period from 30 April 2015 (date of incorporation of the Issuer) to 30 September 2015 audited by Crowe Horwath (HK) CPA Limited, the independent auditor of the Issuer, included elsewhere in this Offering Circular together with the auditor's report in respect of such financial period.

## CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

All non-company specific statistics and data relating to the Parent Company's industry or the economies of pertinent jurisdictions, such as the PRC, have been extracted or derived from publicly available information and various government sources. The Issuer and the Parent Company believe that the sources of this information are appropriate for such information and the Issuer has taken reasonable care in extracting and reproducing such information. Each of the Issuer and the Parent Company has no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, such information has not been independently verified by the Issuer, the Parent Company, the Joint Lead Managers, the Trustee or the Agents or by their respective affiliates, officers, employees, directors, advisors and agents and none of the Issuer, the Parent Company, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, officers, employees, directors, advisors and agents makes any representation as to the correctness, accuracy or completeness of such information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon.

This Offering Circular contains a translation of certain Renminbi amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise specified, where financial information in relation to the Parent Company has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of CNY6.3835 to U.S.$1.00 (the noon buying rate in New York City on 20 November 2015 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York). Further information regarding exchange rate is set forth in "*Exchange Rate*" in this Offering Circular. No representation is made that the Renminbi amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate or at all.

In this Offering Circular, 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.

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the "**Parent Company**" are to Tianjin Free Trade Zone Investment Holding Group Co., Ltd., and as the context requires, together with its subsidiaries taken as a whole, 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), all references to the "**United States**" and "**U.S.**" are to the United States of America, 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 "**CNY**" are to the lawful currency of the PRC and all references to "**USD**", "**U.S.$**" and "**U.S. dollars**" are to the lawful currency of the United States of America. 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.

## FORWARD-LOOKING STATEMENTS

The Issuer and the Parent Company have made certain forward-looking statements in this Offering Circular. All statements other than statements of historical facts contained in this Offering Circular constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms, such as "anticipate", "target", "believe", "can", "would", "could", "estimate", "expect", "aim", "intend", "may", "plan", "will" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include but are not limited to statements as to the business strategy, revenue, profitability, planned projects and other matters as they relate to the Issuer and/or the Parent Company discussed in this Offering Circular regarding matters that are not historical facts. These forward-looking statements and any other projections contained in this Offering Circular (whether made by the Issuer, the Parent Company or by any third party) involve known and unknown risks, including those disclosed under "*Risk Factors*", uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer or the Parent Company 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 of the date of this Offering Circular. Each of the Issuer and the Parent Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this Offering Circular to reflect any change in the Parent Company's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statement was based.

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

- fluctuations in prices of and demand for products and services the Parent Company provides;
- the continued availability of capital and financing;
- interest rates and foreign exchange rates, taxes and duties;
- ability of the Parent Company to control its costs;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Parent Company's business;
- general economic and business conditions and competitive environment in the PRC and elsewhere;
- the Parent Company's ability to finance and complete new projects on schedule and ability to manage its project development;
- various business opportunities that the Parent Company may pursue;
- interruptions in product production and delivery, natural disasters, industrial action, terrorist attacks and other events beyond the Parent Company's control; and
- other factors, including those discussed in "*Risk Factors*".

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

## SUMMARY

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

### THE ISSUER

#### Overview

The Issuer is a limited liability company. It was incorporated in Hong Kong on 30 April 2015 under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). Its registered office is Suite 3304, 33/F Blk 2 Nina Tower, 8 Yeung Uk Road, Tsuen Wan, Hong Kong. The Issuer is an indirect wholly-owned subsidiary of the Parent Company.

#### Business Activity

According to the Issuer's Articles of Association, the Issuer is entitled to engage in any business transactions or activities and conduct any trade which is not prohibited under Hong Kong law. The main purpose of the Issuer is to issue the Notes as one of the subsidiaries of the Parent Company. The Issuer has no material business, indebtedness or employees as at the date of this Offering Circular. The Parent Company anticipates that the Issuer will be the sole offshore financing platform of the Parent Company. The Parent Company may inject assets or further capital into the Issuer depending on the Parent Company's overall development and prevailing market conditions.

### THE PARENT COMPANY

#### Overview

The Parent Company is a state-owned enterprise wholly owned by the Tianjin Port Free Trade Zone State-owned Asset Supervision and Administration Commission (天津港保稅區國有資產管理局) ("**Tianjin Port Free Trade Zone SASAC**"). Established in 2008, it provides regional services to three development zones within the city of Tianjin, including the Tianjin Port Free Trade Zone (天津港保稅區), the Tianjin Airport Economic Area (天津空港經濟區), and the Tianjin Airport International Logistics Zone (天津空港國際物流區) (collectively known as the "**Tianjin Port FTZ**"). Tianjin Port FTZ operates under tax-free and paperwork-free policies, and is the largest free trade zone in Northern China.

In addition to public-related services, such as the development of infrastructure and public utilities, including energy and electricity, the Parent Company also undertakes various projects within the Tianjin Port FTZ including logistics, trade business, leasing and real estate development. It is also a major investor in the Airbus A320 series aircraft assembly line project in Tianjin, the first and only Airbus assembly line outside of Europe. In addition, the Parent Company is the largest shareholder with 19.45% shareholding in the Bank of Tianjin. The business of the Parent Company is strongly supported by the PRC government, as a result of which it is uniquely positioned in the market to take advantage of the business opportunities presented by the development of the Tianjin Port FTZ.

As of 31 December 2012, 2013 and 2014 and 30 June 2015, the Parent Company had total assets of CNY80.8 billion, CNY91.8 billion, CNY99.9 billion and CNY110.0 billion, respectively. For the years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2014 and 2015, the Parent Company recorded gross revenues of CNY7.3 billion, CNY7.9 billion, CNY9.1 billion, CNY5.1 billion and CNY3.6 billion, respectively, and net profits of CNY857.3 million, CNY946.7 million, CNY962.3 million, CNY566.8 million and CNY894.9 million, respectively.

**Competitive Strengths**

The Issuer believes that the Parent Company possesses the following competitive strengths:

- Tianjin Port FTZ's strategic location and strong economic growth;
- Sole company in the Tianjin Port FTZ engaged in investment, financing, development and construction;
- Strong governmental support;
- Strong performance in industrial production resulting in the cluster effect;
- Diversified business portfolio;
- Strong financial profile with access to multiple sources of capital; and
- Experienced and stable management team.

**Strategies**

In view of and in line with the twelfth "Five Year Plan" of the PRC government, the Parent Company aims to facilitate the continued development of the Tianjin Port FTZ and its neighbouring area through investment and innovation. The Parent Company intends to:

- Continue building on and expanding its aircraft assembly and related business;
- Further improve and exploit synergies between the Parent Company's different business segments;
- Expand other modern logistics businesses; and
- Further develop city infrastructure, finance and investment and real estate businesses.

## SELECTED FINANCIAL INFORMATION OF THE PARENT COMPANY

*The following table sets forth the Parent Company's selected financial information as of the dates and for the periods indicated.*

*The selected consolidated income statements for the years ended 31 December 2012, 2013 and 2014 and the selected consolidated balance sheet as of 31 December 2012, 2013 and 2014, as set out below, have been derived from the Parent Company's audited consolidated financial statements for the year ended 31 December 2013 and 2014, which have been audited by Zhongxingcai Guanghua, the independent auditor of the Parent Company, and are included elsewhere in this Offering Circular.*

*The selected consolidated income statements for the six months ended 30 June 2014 and 2015 and the selected consolidated balance sheet as of 30 June 2015, as set forth below, have been derived from the Parent Company's unaudited consolidated interim financial statements for the six months ended 30 June 2015, which have been reviewed by Zhongxingcai Guanghua in accordance with the regulation of Review Guidelines For Chinese Registered Accountants No. 2101 – Review of Financial Statements and are included elsewhere in this Offering Circular. The unaudited consolidated interim financial statements of the Parent Company as of and for the six months ended 30 June 2015 should not be taken as an indication of the expected financial condition or results of operations of the Parent Company for the full financial year ending 31 December 2015.*

*The Parent Company's consolidated financial statements and information are prepared and presented in accordance with PRC GAAP. There are certain differences between PRC GAAP and the IFRS. Prospective investors should seek advice from their financial and tax advisors if they have doubts about the differences. Prospective investors should read the selected financial below in conjunction with the Parent Company's published audited consolidated financial statements and unaudited consolidated interim financial statements and the related notes included elsewhere in this Offering Circular. Historical results are not necessarily indicative of results that may be achieved in any future period.*

## Consolidated Income Statements of the Parent Company

| Item | For the Year ended 31 December 2012 | 2013 | 2014 | For the Six Months ended 30 June 2014 | 2015 |
|---|---|---|---|---|---|
| | | (audited) CNY (in thousands) | | (unaudited) CNY (in thousands) | |
| Operating income | 7,314,535 | 7,899,067 | 9,104,247 | 5,055,769 | 3,558,639 |
| Less: Operating cost | 5,721,490 | 6,724,789 | 7,516,590 | 4,244,263 | 2,973,325 |
| Operating tax and surcharge | 216,680 | 204,058 | 338,742 | 158,344 | 91,491 |
| Sales expense | 211,421 | 189,828 | 219,080 | 87,224 | 75,631 |
| Administrative expense | 405,582 | 373,835 | 406,948 | 201,623 | 203,044 |
| Financial expenses | 1,584,561 | 1,077,036 | 1,132,622 | 692,684 | 756,832 |
| Asset impairment loss | 35,726 | 26,834 | 614,626 | 88,576 | 64,699 |
| Add: Investment gain/(loss) | 848,257 | 648,611 | 1,108,233 | 603,107 | 1,179,890 |
| **Operational profit/(loss)** | (12,668) | (48,702) | (16,128) | 186,162 | 573,508 |
| Add: Non-operating income | 1,191,346 | 1,307,338 | 1,536,975 | 537,841 | 567,810 |
| Including: Income from disposal of non-current assets | – | 1,525 | 14,679 | – | 123,144 |
| Less: Non-operating expenses | 75,693 | 37,347 | 204,210 | 13,702 | 35,167 |
| Incl: Loss from disposal of non-current assets | 67,171 | 3,391 | 32,883 | 344 | 21,136 |
| **Total profit/(loss)** | 1,102,985 | 1,221,289 | 1,316,638 | 710,301 | 1,106,151 |
| Less: Income tax expenses | 245,733 | 274,626 | 354,317 | 143,509 | 211,289 |
| **Net profit** | 857,252 | 946,663 | 962,320 | 566,793 | 894,862 |
| **Total comprehensive income** | 125,470 | 961,476 | 1,172,479 | 566,793 | 701,420 |

## Consolidated Balance Sheet of the Parent Company

| | As at 31 December 2012 | 2013 | 2014 | As at 30 June 2015 |
|---|---|---|---|---|
| | | (audited) CNY (in thousands) | | (unaudited) CNY (in thousands) |
| Current asset: | | | | |
| Monetary fund | 10,117,360 | 9,772,505 | 12,959,495 | 19,760,216 |
| Trading financial assets | 68,000 | – | – | – |
| Bill receivable | 5,600 | 7,997 | 8,076 | 6,802 |
| Account receivable | 825,293 | 1,024,572 | 1,107,275 | 1,614,429 |
| Prepayments | 1,164,259 | 980,623 | 1,483,557 | 753,693 |
| Interest receivable | 55,473 | 11,864 | 27,131 | 21,976 |
| Dividend receivable | – | – | 4,602 | 4,602 |
| Other account receivable | 6,319,303 | 8,342,394 | 10,243,690 | 11,595,190 |
| Inventories | 13,052,512 | 13,237,451 | 12,350,373 | 12,762,609 |
| Non-current asset due in 1 year | 150,000 | 1,071,470 | 1,635,083 | 2,527,032 |
| Other current asset | – | 498,840 | 820,805 | 4,128,000 |
| **Total of current assets** | 31,757,799 | 34,947,717 | 40,640,087 | 53,174,549 |
| Non-current assets: | | | | |
| Loans and advances issued | 525,445 | 1,068,737 | 1,146,224 | 698,027 |
| Financial asset available for sale | 305,658 | 1,863,441 | 2,242,532 | 1,630,219 |
| Held-to-maturity investment | 1,916,800 | 6,522,810 | 4,959,590 | 3,398,776 |
| Long-term receivable | 3,358,926 | 3,627,819 | 4,550,199 | 16,118,943 |
| Long term equity investment | 7,179,105 | 6,609,679 | 7,855,828 | 8,214,100 |
| Investment Property | 1,058,224 | 1,010,819 | 1,511,976 | 1,523,415 |
| Fixed assets | 3,461,311 | 3,344,532 | 3,594,691 | 3,344,066 |
| Construction in progress | 21,119,731 | 22,727,941 | 23,387,410 | 11,892,408 |
| Engineering material | 10,044 | 13,110 | 11,528 | 11,483 |
| Fixed asset disposal | (15) | 10,782 | 10,094 | 9,625 |
| Intangible assets | 9,901,131 | 9,825,010 | 9,769,177 | 9,799,883 |

| | As at 31 December | | | As at 30 June |
|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2015 |
| | | (audited) CNY (in thousands) | | (unaudited) CNY (in thousands) |
| Goodwill | 39,407 | 39,407 | 39,407 | 39,407 |
| Long-term expenses to be amortised | 37,632 | 18,497 | 12,571 | 9,772 |
| Differed income tax asset | 85,173 | 137,481 | 206,230 | 199,989 |
| **Total of non-current assets** | 48,998,574 | 56,820,066 | 59,297,457 | 56,890,114 |
| **Total of assets** | 80,756,374 | 91,767,783 | 99,937,544 | 110,064,663 |
| Current liabilities: | | | | |
| Short-term loans | 9,911,875 | 9,715,061 | 13,910,092 | 8,042,997 |
| Financial liabilities measured at fair value with variations accounted into current Deposit received and due to banks and other financial institutions | 1,165,130 | – | 32,856 | 142,251 |
| Bill payable | 543,705 | 528,323 | 711,500 | 509,168 |
| Account payable | 2,957,301 | 2,608,548 | 1,508,913 | 1,089,265 |
| Payment receivable in advance | 1,385,164 | 1,524,439 | 1,520,973 | 1,115,144 |
| Wage payable | 27,310 | 27,974 | 32,782 | 23,905 |
| Tax payable | (33,055) | 17,268 | 61,173 | 35,009 |
| Interest payable | 231,471 | 249,238 | 257,767 | 201,517 |
| Dividend payable | 858 | 858 | 858 | 858 |
| Other account payable | 752,340 | 686,005 | 1,168,626 | 1,516,823 |
| Liabilities held for sales | | | | |
| Non-current liability due in 1 year | 2,451,400 | 677,610 | 1,416,280 | 34,889,223 |
| Other current liability | 636,928 | 149,039 | 96,924 | 113,998 |
| Total of current liability | 20,030,427 | 16,184,362 | 20,718,746 | 47,680,159 |
| Non-current liabilities: | | | | |
| Long-term loan | 14,466,789 | 16,673,280 | 17,252,769 | 20,075,920 |
| Bond payable | 18,310,036 | 29,226,712 | 29,222,804 | 5,218,740 |
| Long-term payable | 39,501 | 37,938 | 151,189 | 1,881,080 |
| Special payable | 796,049 | 771,127 | 511,973 | 514,592 |
| Deferred income | – | 144,668 | 201,856 | 141,033 |
| Deferred income tax liability | 12,347 | 44,555 | 137,278 | 137,278 |
| Other non-current liabilities | 1,700 | | | |
| **Total non-current liabilities** | 33,626,423 | 46,898,280 | 47,477,869 | 27,968,642 |
| **Total of liability** | 53,656,850 | 63,082,642 | 68,196,615 | 75,648,801 |
| Owners' equity | | | | |
| Share capital | 13,750,000 | 16,051,000 | 17,471,000 | 17,471,000 |
| Other equity instruments | – | – | – | 2,000,000 |
| Capital reserves | 11,045,723 | 10,308,374 | 10,784,943 | 10,784,943 |
| Other comprehensive income/(expense) | – | (536) | 209,623 | 16,180 |
| Surplus reserves | 77,778 | 177,778 | 311,111 | 311,111 |
| Undistributed profit | 759,552 | 614,579 | (49,617) | 760,780 |
| Total of owner's equity belong to the parent company | 25,633,053 | 27,151,195 | 28,727,059 | 31,344,015 |
| Minority shareholders' equity | 1,466,470 | 1,533,946 | 3,013,870 | 3,071,847 |
| **Total of owners' equity** | 27,099,523 | 28,685,140 | 31,740,929 | 34,415,862 |
| **Total of liabilities and owners' equity** | 80,756,374 | 91,767,783 | 99,937,544 | 110,064,663 |

## Other Financial and Operating Data

| | For the Year ended 31 December | | | For the Six Months ended 30 June | |
|---|---|---|---|---|---|
| | 2012 | 2013 | 2014 | 2014 | 2015 |
| | | | (CNY in million*) | | |
| **EBITDA**[(1)] . . . . . . . . . . . . . . . . . . | 2,528.1 | 2,648.9 | 3,477.1 | 1,599.0 | 2,105.2 |
| **EBITDA/interest expense** . . . . . . . . | 2.4 | 2.3 | 2.8 | 2.1 | 2.7 |
| **Total debt**[(2)]**/Total Capitalisation**[(3)] . | 62.5% | 66.2% | 66.1% | | 66.5% |
| **Net debt**[(4)]**/Total Capitalisation** . . . . | 48.5% | 54.8% | 52.2% | | 47.2% |

* *Except for ratios*

(1) EBITDA consists of profit before tax plus interest expenses included in finance costs, impairment, depreciation, amortisation of intangible assets and amortisation of long-term pre-paid expenses. EBITDA is not a standard measure under PRC GAAP. 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 constructed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Parent Company's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities.

(2) Total debt consists of short-term loans and borrowings plus non-current liabilities due within one year plus long-term loans and borrowings plus bonds payable.

(3) Total Capitalisation consists of total debt plus total owners' equity.

(4) Net debt consists of total debt less cash and cash equivalents.

## Recent Developments

On 30 October 2015, the Parent Company published its quarterly accounts (the "**Quarterly Accounts**") for the nine months ended 30 September 2015 in accordance with applicable PRC regulations. The Quarterly Accounts contain certain unaudited and unreviewed consolidated financial information of the Parent Company for the third quarter prepared in accordance with the PRC GAAP.

In the Quarterly Accounts, the Parent Company reported a significant decrease in operating income and operational profit, and an increase in net profit in the first nine months of 2015 as compared to the same period in 2014. The Parent Company also reported an increase of long term loan as of 30 September 2015 as compared to 1 January 2015.

*The summary consolidated financial information as of and for the nine months ended 30 September 2014 and 2015 set forth in the Quarterly Accounts has been prepared and presented in accordance with PRC GAAP and has not been audited or reviewed by Zhongxingcai Guanghua, the Parent Company's auditor, or other independent auditors. Consequently, such consolidated quarterly financial information, which does not form part of this Offering Circular, should not be relied upon by investors in any way, in particular to provide the same quality of information associated with information that has been subject to an audit or review. Potential investors must exercise extensive caution when using such information to evaluate the Parent Company's financial condition, results of operations and results (financial or otherwise). See "Risk Factors – The Quarterly Accounts has not been reviewed or audited by the auditor of the Parent Company."* Such consolidated quarterly financial information as of and for the nine months ended 30 September 2014 should not be taken as an indication of the expected financial condition, results of operations and results of the Parent Company for the full financial year ending 31 December 2015.

## SELECTED FINANCIAL INFORMATION OF THE ISSUER

*The following table sets forth the Issuer's selected financial information as of the date and for the period indicated.*

The Issuer prepares its financial statements in accordance with HKFRS. The Issuer's audited financial information as of 30 September 2015 and for the period from 30 April 2015 (date of incorporation of the Issuer) to 30 September 2015 has been extracted from the financial statements of the Issuer for the period from 30 April 2015 (date of incorporation of the Issuer) to 30 September 2015 audited by Crowe Horwath (HK) CPA Limited, the independent auditor of the Issuer, included elsewhere in this Offering Circular together with the auditor's report in respect of such financial period.

### Income Statement of the Issuer

| Item | For the Five months ended 30 September 2015 |
|---|---|
| | *(USD)* |
| **TURNOVER** | – |
| **ADMINISTRATIVE EXPENSES** | (7,755) |
| **LOSS BEFORE TAXATION** | (7,755) |
| **INCOME TAX** | – |
| **LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD** | (7,755) |
| **ATTRIBUTABLE TO:** | |
| **OWNER OF THE COMPANY** | (7,755) |

### Balance Sheet of the Issuer

| | As at 30 September 2015 |
|---|---|
| | *(USD)* |
| **CURRENT ASSETS** | |
| Amount due from the immediate holding company | 50,000,000 |
| **CURRENT LIABILITIES** | |
| Accrual | (2,581) |
| Amount due to an intermediate holding company | (5,174) |
| | (7,755) |
| **NET ASSETS** | 49,992,245 |
| **CAPITAL AND RESERVES** | |
| Share capital | 50,000,000 |
| Accumulated loss | (7,755) |
| **TOTAL EQUITY ATTRIBUTABLE TO OWNER OF THE COMPANY** | 49,992,245 |

## OFFER STRUCTURE

*The following is a description of the structure of the offering, which should be read in conjunction with the sections titled "Risk Factors", "Terms and Conditions", "Description of the Keepwell and Liquidity Support Deed" and "Description of the Deed of Equity Interest Purchase Undertaking". Unless otherwise defined herein, defined terms used in this section shall have the meanings given to them in the Terms and Conditions of the Notes, the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase Undertaking, as the context may require.*

### THE NOTES

The Notes will be issued by the Issuer. The Notes will constitute direct, general, unsubordinated, unconditional and (subject to Condition 3(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 *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

The Issuer is incorporated in Hong Kong and is an indirect, wholly-owned subsidiary of the Parent Company.

### THE KEEPWELL AND LIQUIDITY SUPPORT DEED

The Parent Company will execute the Keepwell and Liquidity Support Deed (as further described in the section entitled "*Description of the Keepwell and Liquidity Support Deed*") in favour of the Issuer and the Trustee on the Issue Date.

#### Ownership of the Issuer

Pursuant to the Keepwell and Liquidity Support Deed, the Parent Company will undertake that it shall:

- directly or indirectly own and hold all the outstanding shares of the Issuer and will not, and shall procure that none of its Subsidiaries will, directly or indirectly pledge, grant a security interest, or in any way encumber or otherwise dispose of any such shares, unless required to dispose of any or all such shares pursuant to law or regulation or a court decree or order of any government authority which, in the opinion of a legal adviser to the Parent Company, may not be successfully challenged;

- procure that the Issuer will not issue any equity interest, capital stock or shares other than ordinary shares to any wholly-owned Subsidiary of the Parent Company; and

- procure that the Issuer shall as soon as practicable provide the Trustee with a copy of any written legal opinion mentioned above, to the extent available. The Trustee shall be entitled to rely on any such legal opinion provided as conclusive evidence of the satisfaction of the aforementioned condition.

The Parent Company will also undertake with the Issuer and the Trustee that it shall maintain the Issuer as the sole offshore financing platform of the Group (as defined in the Keepwell and Liquidity Support Deed).

**Maintenance of Consolidated Net Worth; Liquidity**

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

- procure the Issuer to have a Consolidated Net Worth of at all times at least U.S.$1.00 (or its equivalent in other currencies);
- procure the Issuer to have sufficient liquidity to make timely payment of any amounts payable by it under the Notes in accordance with the Conditions, the Trust Deed and/or the Agency Agreement;
- procure the Issuer to remain solvent and a going concern at all times under the laws of its jurisdiction of incorporation or applicable accounting standards of Hong Kong; and
- maintain at all times (A) its Consolidated Net Worth at not less than RMB15 billion and (B) the ratio of its Consolidated Total Liabilities to its Consolidated Total Assets at not more than 75:100.

**Relevant Indebtedness**

Pursuant to the Keepwell and Liquidity Support Deed, the Parent Company will undertake to the Trustee that so long as any Note remains outstanding:

(i) it shall not, and shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or guarantee of Relevant Indebtedness without at the same time or prior thereto (x) securing the Notes equally and rateably therewith or (y) providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders;

(ii) it shall not create or have outstanding any guarantee or indemnity in respect of any Relevant Indebtedness without at the same time or prior thereto (x) providing an unsubordinated guarantee or indemnity in respect of the Notes or (y) offering to exchange the Notes for securities issued or guaranteed by the Parent Company with terms substantially identical to those of the Notes as certified by an Independent Investment Bank; and

(iii) it shall not create or have outstanding any Relevant Indebtedness without at the same time or prior thereto (x) providing an unsubordinated guarantee or indemnity in respect of the Notes or (y) offering to exchange the Notes for securities issued or guaranteed by the Parent Company with terms substantially identical to those of the Notes as certified by an Independent Investment Bank:

Provided that, in respect of the items (ii) and (iii):

(A) if Regulatory Approvals are required in order to effect the action set out in one but not both of (x) and (y) in both items above, then the Parent Company shall either (1) effect the action which does not require Regulatory Approvals or (2) obtain all Regulatory Approvals required in order to effect the action requiring Regulatory Approvals and then effect such action; and

(B) if Regulatory Approvals are required in order to effect the action set out in both (x) and (y) in both items above, then the Parent Company shall be required to use its reasonable endeavours to obtain all such Regulatory Approvals but if, having used such reasonable endeavours, it is unable to obtain such Regulatory Approvals, then the Parent Company shall be permitted to create, incur, assume, permit to exist or have outstanding any Relevant Indebtedness without complying with the above restrictions.

For the purposes of the Keepwell and Liquidity Support Deed,

"**Consolidated Net Worth**" means, in respect of each of the Issuer and the Company, the excess of their respective Consolidated Total Assets over their Consolidated Total Liabilities and

"**Relevant Indebtedness**" means any indebtedness incurred outside the PRC which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange, over-the-counter or other securities market and has a maturity of one year or more from its date of incurrence or issuance (which for the avoidance of doubt does not include bilateral loans, syndicated loans or club deal loans).

**Triggering Events**

Under the Keepwell and Liquidity Support Deed, each of the Issuer and the Parent Company will undertake to notify the Trustee as soon as practicable in writing (and include sufficient details of such event) upon the occurrence of any of the following events (each, a "**Triggering Event**"):

- the Consolidated Net Worth of the Parent Company is less than RMB15 billion or the ratio of the Parent Company's Consolidated Total Liabilities to its Consolidated Total Assets is more than 75:100 (each a, "**Financial Ratio Failure**"); or

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

- an Event of Default; or

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

**Irrevocable Cross-Border RMB Standby Facility, Liquidity Support and Parent Investment**

***Liquidity Notice***

No later than the KWD Business Day falling 30 KWD Business Days before each Interest Payment Date (the "**Liquidity Notice Date**"), the Issuer shall send to each of the Parent Company and the Trustee a written notice (the "**Liquidity Notice**") certifying, as at the date of the Liquidity Notice, (a) that it has sufficient liquidity to meet its payment obligations under the Notes in accordance with the Terms and Conditions and the Trust Deed as they may fall due (together with evidence of available funding outside the PRC) on the immediately following Interest Payment Date and (b) that no Event of Default or Potential Event of Default has occurred.

***Trigger Notice***

Notwithstanding and without prejudice to the other provisions in the Keepwell and Liquidity Support Deed, the Trustee will undertake to provide a written notice (the "**Trigger Notice**") to the Parent Company in accordance with the Trust Deed:

- if the Trustee does not receive the Liquidity Notice from the Issuer within five KWD Business Days after the relevant Liquidity Notice Date, in accordance with the Keepwell and Liquidity Support Deed,

- upon being notified in writing by the Issuer and/or the Parent Company that a Triggering Event has occurred pursuant to the Keepwell and Liquidity Support Deed, or

- if any Triggering Event has occurred and if so requested in writing by Noteholders of at least 25 per cent. of the aggregate principal amount of the Notes then outstanding (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction).

Upon the receipt of the Trigger Notice and in accordance with the Keepwell and Liquidity Support Deed, the Parent Company undertakes to:

- as soon as practicable, grant to the Issuer a cross-border standby facility in RMB which upon conversion will be not less than the Relevant Amount;

- provide the liquidity support to the Issuer; and

- invest in the Issuer, and/or any Subsidiary(ies) of the Parent Company incorporated outside the PRC ("**Offshore Subsidiar(ies)**"),

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

**Irrevocable Cross-border RMB Standby Facility**

Pursuant to the Keepwell and Liquidity Support Deed and notwithstanding and without prejudice to the other provisions in the Keepwell and Liquidity Support Deed, in the event that the Trustee has provided a Trigger Notice to the Parent Company, the Parent Company will agree to:

- as soon as practicable, establish and grant to the Issuer a cross-border standby facility (the "**Standby Facility**") pursuant to which the Parent Company will remit an amount in RMB which upon conversion will be not less than the Relevant Amount (the "**Remittance Amount**");

- as soon as practicable open with a PRC commercial bank (the "**Settlement Bank**") a special RMB account for the transfer and remittance of the Remittance Amount to the Issuer; and

- remit the Remittance Amount to a specified account of the Issuer in Hong Kong through the special RMB account (i) in the case of a Financial Ratio Failure, at least two KWD Business Days prior to the immediately following Interest Payment Date or (ii) in the case of a Liquidity Notice Failure Event or an Event of Default, as soon as practicable.

Each of the Parent Company and the Issuer will agree and acknowledge that the terms of the Standby Facility shall be at arm's length (or more favourable to the Issuer) and shall not require any security from the Issuer.

**Liquidity Support**

Pursuant to the Keepwell and Liquidity Support Deed and notwithstanding and without prejudice to the other provisions in the Keepwell and Liquidity Support Deed, in the event that the Trustee has provided a Trigger Notice to the Parent Company, the Parent Company will undertake to promptly make available to the Issuer sufficient funds to meet its payment obligations under the Notes in accordance with the Terms and Conditions of the Notes and the Trust Deed as they may fall due.

**Parent Investment**

Pursuant to the Keepwell and Liquidity Support Deed and notwithstanding and without prejudice to the other provisions in the Keepwell and Liquidity Support Deed, in the event that the Trustee has provided a Trigger Notice to the Parent Company, the Parent Company will undertake to:

- invest, or procure a PRC incorporated Subsidiary of the Parent Company (an "**Onshore Subsidiary**") to invest, by way of equity investment or shareholders' loan or a combination thereof in, the Issuer and/or any other Offshore Subsidiaries (the "**Parent Investment**");

- within 12 KWD Business Days after the date of the Trigger Notice, determine and notify the Trustee in writing which Offshore Subsidiar(ies) (the "**Relevant Investee(s)**") will be the subject of the Parent Investment and procure the Relevant Investee(s) to on-lend such Investment Amount (as defined below) to the Issuer;

- within 12 KWD Business Days after the date of the Trigger Notice, determine the aggregate amount, being an amount in cash in Renminbi, euros, Hong Kong dollars or U.S. dollars (where the Parent Company is entitled to determine the currency subject to the Regulatory Approvals) of the Parent Investment (the "**Investment Amount**") which shall, in any event, upon conversion or otherwise, be no less than the Relevant Amount;

- promptly and in any event, no later than 15 KWD Business Days after the date of the Trigger Notice, execute or procure the relevant Onshore Subsidiar(ies) to execute the relevant investment agreement(s) with the Relevant Investee(s) and, file the same with the relevant Approval Authorities for approval of the Parent Investment;

- promptly and in any event, no later than five KWD Business Days after receipt of all necessary approvals from the relevant Approval Authorities, submit all application documents required by applicable laws and regulations of the PRC to competent banks for approvals and/or registrations with SAFE or PBOC (as the case may be) for the Parent Investment, the payment of the Investment Amount and the remittance of the Investment Amount (if applicable) outside the PRC; and

- procure the remittance of the Investment Amount on or prior to the tenth KWD Business Day after the date of receipt of the approvals and/or registrations from SAFE or PBOC (as the case may be) whereupon the Parent Company shall pay or procure the relevant Onshore Subsidiary to pay to, or to the order of, each Relevant Investee the Investment Amount in immediately available funds in Renminbi, euros, Hong Kong dollars or U.S. dollars (where the Parent Company is entitled to determine the currency subject to the Regulatory Approvals), as the case may be. Such payment shall be made by remittance of the Investment Amount to a specified account of the Issuer in Hong Kong as may be designated by such Relevant Investee.

**Financial Information**

Pursuant to the Keepwell and Liquidity Support Deed and so long as any Note remains outstanding:

- the Issuer will undertake to provide to the Trustee a Compliance Certificate (on which the Trustee may rely as to such compliance) within 14 days from a request by the Trustee and at the time of provision of the Issuer Audited Financial Reports and the Issuer will undertake to provide to the Trustee (A) two copies of the Issuer Audited Financial Reports within 180 days of the end of each Relevant Period, prepared in accordance with IFRS or HKFRS (audited by Crowe Horwath (HK) CPA Limited or a nationally recognised firm of independent accountants of good repute); and (B) two copies of the Issuer Semi-Annual Unaudited Financial Reports within 90 days of the end of each Relevant Period, prepared on a basis consistent with the Issuer Audited Financial Reports; and

- the Parent Company will undertake to provide to the Trustee a Compliance Certificate (on which the Trustee may rely as to such compliance) within 14 days from a request by the Trustee and at the time of provision of the Parent Company Audited Financial Reports and the Parent Company will undertake to provide to the Trustee (A) two copies of the Parent Company Audited Financial Reports within 180 days of the end of each Relevant Period, prepared in accordance with PRC GAAP (audited by a nationally recognised firm of independent accountants, which is in the candidate list of qualified firms of accountants published by the Tianjin Port Free Trade Zone State-owned Asset Supervision and Administration Commission（天津港保税區國有資產管理局）from time to time ("**Tianjin SASAC Qualified Auditor**")); and (B) two copies of the Parent Company Semi-Annual Unaudited Financial Reports within 120 days of the end of each Relevant Period, prepared on a basis consistent with the Parent Company Audited Financial Reports,

and if such statements, in each case, shall be in the Chinese language, together with an English translation of the same translated by (x) Zhongxingcai Guanghua Certified Public Accountants (LLP) or a Tianjin SASAC Qualified Auditor or (y) a professional translation service provider and checked by Zhongxingcai Guanghua Certified Public Accountants (LLP) or a Tianjin SASAC Qualified Auditor, together with a certificate signed by an authorised signatory of the Issuer or the Parent Company certifying that such translation is complete and accurate.

**Other Covenants**

For so long as any Note is outstanding, the Parent Company will further undertake:

- not to amend its articles of association in a manner that is, directly or indirectly, materially adverse to Noteholders;

- not to, and to procure that the Issuer will not, amend or agree to any amendment to the articles of association of the Issuer to the extent that any such amendments may cause material adverse effect to the Issuer's operational sustainability or the Issuer's ability to make timely payment of any amounts payable under the Notes in accordance with the Terms and Conditions, the Trust Deed and its other indebtedness;

- to cause the Issuer to remain in full compliance with the Terms and Conditions, Trust Deed and all applicable rules and regulations in Hong Kong with respect to the Notes;

- to promptly take any and all action necessary to comply with its obligations under the Keepwell and Liquidity Support Deed;
- to cause the Issuer to take all action necessary in a timely manner to comply with its obligations under the Keepwell and Liquidity Support Deed;
- to procure that the Issuer will cause the recipient of the proceeds of the issue of the Notes (the "**Proceeds of the Notes**") to pay the interest and principal in respect of the relevant intercompany loan on time;
- to the extent a Subsidiary of the Parent Company lends or assigns any of the Proceeds of the Notes it receives from the Issuer, to cause such Subsidiary to lend or assign such Proceeds of the Notes only to other Subsidiaries of the Parent Company;
- to ensure that the Issuer has sufficient funds to meet its obligations with respect to any and all fees, expenses and similar obligations of the Issuer, including but not limited to fees and expenses with respect to the corporate formation and administration of the Issuer; and
- that it will not, and will procure that the Issuer will not, commence any action for the winding up, liquidation or dissolution of the Issuer.

The Keepwell and Liquidity Support Deed will not, and nothing therein contained and nothing done pursuant thereto by the Parent Company will be deemed to constitute, or shall be construed as, or shall be deemed an evidence of, a guarantee by, or any similar legally binding obligation of, the Parent Company of the payment of any obligation, indebtedness or liability, of any kind or character whatsoever, of the Issuer under the laws of any jurisdiction.

Accordingly, pursuant to the terms of the Keepwell and Liquidity Support Deed, the Parent Company will only be obliged to make sufficient funds available to the Issuer, rather than assume the payment obligation as in the case of a guarantee.

## THE DEED OF EQUITY INTEREST PURCHASE UNDERTAKING

The Parent Company will execute the Deed of Equity Interest Purchase Undertaking (as further described in the section entitled "*Description of the Deed of Equity Interest Purchase Undertaking*") in favour of the Trustee on the Issue Date. While the Keepwell and Liquidity Support Deed contains a general obligation requiring the Parent Company to ensure that the Issuer has sufficient liquidity to make timely payment of any amounts payable by them under or in respect of the Notes, the Deed of Equity Interest Purchase Undertaking provides specified means by which the Parent Company could assist the Issuer in meeting their respective obligations under the Notes and the Trust Deed upon the occurrence of an Event of Default.

**Obligation to Acquire Equity Interest**

Upon the receipt of a written Purchase Notice (as defined in the Deed of Equity Interest Purchase Undertaking) given by the Trustee in accordance with the Trust Deed following the occurrence of an Event of Default, the Parent Company will agree to, subject to and conditional upon obtaining the Parent Company's shareholder approval (as the case maybe) and all Regulatory Approvals, and compliance with all relevant laws and regulations purchase or procure a PRC incorporated Subsidiary ("**Onshore Subsidiary**") of the Parent Company (the "**Purchaser**") to purchase (the "**Purchase**"):

(i) the Equity Interest held directly by the Issuer and/or any other Offshore Subsidiary, as designated by the Parent Company and notified in writing to the Trustee within 10 Business Days (as defined in the Deed of Equity Interest Purchase Undertaking) after the date of the Purchase Notice; and

(ii) in the absence of such designation and notification to the Trustee as provided in paragraph (i) above, the Equity Interest held directly by all Offshore Subsidiaries,

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

**Determination of Purchase Price**

Within 15 Business Days after the date of the Purchase Notice, the Parent Company shall determine (a) the aggregate purchase price of the Equity Interest(s) being the subject of the Purchase (the "**Purchase Price**") in accordance with any applicable PRC laws and regulations and requirements thereunder effective at the time of determination; and (b) the other applicable terms relating to the Purchase, **provided that** the Purchase Price shall be no less than the aggregate of the following amounts:

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

(ii) an amount equal to the interest payable in respect of one interest period (being U.S.$9,062,500), plus

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

The Parent Company shall, and shall procure each relevant Purchaser and Relevant Transferor (each as defined in the Deed of Equity Interest Purchase Undertaking) to, do any other things and take any further actions as may be necessary or desirable to: (i) procure the completion of the Purchase within 120 days from the date of the Purchase Notice; and (ii) procure the remittance of the Purchase Price to or to the order of the Relevant Transferor(s) in accordance with the Deed of Equity Interest Purchase Undertaking.

The obligations of the Parent Company under the Deed of Equity Interest Purchase Undertaking will be suspended if each of the Parent Company and the Issuer receives a notice in writing from the Trustee stating that all of the payment obligations of the Issuer in respect of any principal, premium, interest and default interest under the Notes have been satisfied in full and that all amounts due and payable to the Trustee under the Trust Deed have been satisfied in full as at the date of that notice, or that the Event of Default resulting in the service of the Purchase Notice has been waived by the Trustee acting on the instructions of the Noteholders by an Extraordinary Resolution.

The Deed of Equity Interest Purchase Undertaking will not, and nothing herein contained and nothing done pursuant hereto by the Parent Company shall be deemed to constitute, or shall be construed as, or shall be deemed an evidence of, a guarantee by, or any similar legally binding obligation of, the Parent Company of the payment of any obligation, indebtedness or liability, of any kind or character whatsoever, of the Issuer under the laws of any jurisdiction.

## THE ISSUE

*The following summary contains some basic information about the Notes and is qualified in its entirety by the remainder of this Offering Circular. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in the Terms and Conditions and the "Summary of Provisions Relating to the Notes while in Global Form" shall have the same meanings in this summary. For a complete description of the terms of the Notes, see "Terms and Conditions" in this Offering Circular.*

*The offering of the Notes contemplated hereby will be made pursuant to the Subscription Agreement.*

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| Issuer . . . . . . . . . . . . . . | Hongkong Baorong Development Limited (香港保融發展有限公司). |
| Parent Company . . . . . . . | Tianjin Free Trade Zone Investment Holding Group Co., Ltd. (天津保稅區投資控股集團有限公司). |
| Notes. . . . . . . . . . . . . . . | U.S.$500,000,000 3.625 per cent. Notes due 2018. |
| Issue Price . . . . . . . . . . . | 99.536 per cent. |
| Form and Denomination . . | The Notes will be issued in registered form in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. |
| Interest . . . . . . . . . . . . . | The Notes will bear interest from 9 December 2015 at the rate of 3.625 per cent. per annum, payable semi-annually in arrear on 9 June and 9 December in each year. |
| Issue Date . . . . . . . . . . . | 9 December 2015. |
| Maturity Date . . . . . . . . . | 9 December 2018. |
| Status of the Notes . . . . . | The Notes will constitute direct, general, unsubordinated, unconditional and (subject to Condition 3(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 *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. |
| Negative pledge . . . . . . . | The Notes will contain a negative pledge provision as further described in Condition 3(a) (*Negative Pledge*) of the Terms and Conditions. |
| Redemption at Maturity . . | Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their respective principal amounts on their Maturity Date. |

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| Taxation. . . . . . . . . . . . . | All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Hong Kong or the PRC or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law.<br><br>Where such withholding or deduction is made by the Issuer by or within the PRC at the rate of up to and including 10 per cent. (the "**Applicable Rate**"), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by the Noteholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.<br><br>If the Issuer is required to make (i) such deduction or withholding by or within the PRC, in excess of the Applicable Rate; or (ii) any deduction or withholding by or within Hong Kong (collectively, the "**Additional Amounts**"), the Issuer shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in the circumstances set out in Condition 7 (*Taxation*) of the Terms and Conditions. |
| Redemption for Taxation Reasons . . . . . | The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with unpaid interest accrued to (but not including) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:<br><br>(A) the Issuer has or will become obliged to pay Additional Amounts as a result of any change in, or amendment to, the laws or regulations of Hong Kong, the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 2 December 2015; and<br><br>(B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,<br><br>*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 Amounts if a payment in respect of the Notes were then due. |

Redemption for Change of Control . . . .

At any time following the occurrence of a Change of Control, each Noteholder will have the right, at such Noteholder's option, to require the Issuer to redeem all but not some only of that Noteholder's Notes on the Put Settlement Date at 101 per cent. of their principal amount, together with accrued interest to (but not including) such Put Settlement Date.

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

(i) the Parent Company ceases to own or hold, directly or indirectly, 100 per cent. of the issued share capital of the Issuer;

(ii) the Controlling Person ceases to own or hold, directly or indirectly, 100 per cent. of the issued share capital of the Parent Company or its successor entity; or

(iii) the Parent Company consolidates with, merges into or sells or transfers all or substantially all of the Parent Company's assets to any Person or Persons, acting together, unless (i) the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring any control over the Parent Company or the successor entity, or (ii) such Person or Person(s) are wholly-owned by the Controlling Person(s);

"**Controlling Person**" means the Tianjin Port Free Trade Zone State-owned Asset Supervision and Administration Commission (天津港保稅區國有資產管理局) or any other Person wholly controlled by the State Council of the PRC; and

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

Events of Default . . . . . .

Upon the occurrence of certain events as described in Condition 8 (*Events of Default*) of the Terms and Conditions, 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 then outstanding Notes or if so directed by an Extraordinary Resolution of the Noteholders, shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality.

Cross-default . . . . . . . . .

The Notes will contain a cross-default provision as further described in Condition 8(c) (*Cross-default of Issuer, Company or Company's Subsidiary*) of the Terms and Conditions.

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| Clearing Systems. . . . . . . | The Notes will be represented by beneficial interests in a Global Note Certificate in registered form, which will be registered in the name of a nominee of, and shall be deposited with, a common depository for Euroclear and Clearstream. Beneficial interests in the Global Note Certificate will be shown on and transfers thereof will be effected only through records maintained by Euroclear and Clearstream. Except in the limited circumstances described in the Global Note Certificate, owners of interests in Notes represented by a Global Note Certificate will not be entitled to receive individual Note Certificates in respect of their individual holdings of Notes. The Notes are not issued in bearer form. |
| Clearance and Settlement . | The Notes have been accepted for clearance by Euroclear and Clearstream under the following codes:<br><br>ISIN: XS1327049703.<br><br>Common Code: 132704970. |
| Governing Law . . . . . . . . | English law. |
| Trustee and Principal Paying Agent. . . . . . . . | The Bank of New York Mellon, London Branch. |
| Registrar and Transfer Agent. . . . . . . | The Bank of New York Mellon (Luxembourg) S.A. |
| Listing. . . . . . . . . . . . . . | Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Notes on the Hong Kong Stock Exchange by way of debt issues to professional investors (as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) only and such permission is expected to become effective on or about 10 December 2015. |
| Ratings . . . . . . . . . . . . . | The Notes are expected to be rated "Baa2" by Moody's and "BBB+" by Fitch and the Parent Company has been rated "Baa1" by Moody's and "BBB+" by Fitch. Security ratings are not recommendations to buy, sell or hold the Notes. Ratings are subject to revision or withdrawal at any time by the rating agencies. |
| Further Issues . . . . . . . . . | The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest and the timing for reporting to the NDRC) so as to form a single series with the Notes, as the case may be, as further described in Condition 14 (*Further Issues*) of the Terms and Conditions. |
| Use of Proceeds . . . . . . . | See "*Use of Proceeds*". |

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| Keepwell and Liquidity Support Deed. . . . . . . . | The Issuer and the Parent Company will enter into the Keepwell and Liquidity Support Deed with the Trustee as further described in "*Offer Structure*" and "*Description of the Keepwell and Liquidity Support Deed*". |
| Deed of Equity Interest Purchase Undertaking . . | The Parent Company will enter into the Deed of Equity Interest Purchase Undertaking with the Trustee as further described in "*Offer Structure*" and "*Description of the Deed of Equity Interest Purchase Undertaking*". |

# RISK FACTORS

*Prior to making an investment decision, prospective investors should carefully consider the following risk factors, along with the other matters set out in this Offering Circular. PRC laws and regulations may differ from the laws and regulations in other countries. Additional risks not described below or not currently known to the Issuer and the Parent Company or that it currently deems immaterial may also adversely affect the Parent Company's business, financial condition or results of operations or the value of the Notes. The Issuer and the Parent Company believe that the risk factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer and the Parent Company to pay interest, principal or other amounts on or in connection with any Notes may occur for reasons which may not be considered as significant risks by the Issuer and the Parent Company based on information currently available to it or which it may not currently be able to anticipate. All of these factors are contingencies which may or may not occur and the Issuer or the Parent Company is not in a position to express a view on the likelihood of any such contingency occurring.*

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

*This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The Parent Company'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 Offering Circular.*

## RISKS RELATING TO THE PARENT COMPANY'S BUSINESSES

**The Parent Company's business, prospects, financial condition and results of operations could be adversely affected by slowdowns in the Chinese economy.**

The Parent Company primarily engages in (i) modern logistics; (ii) city infrastructure; (iii) financial services and investments; and (iv) real estate in the PRC and the Parent Company's revenue is substantially derived from its operating activities in the PRC, particularly Tianjin. Therefore, the performance of the Chinese economy affects, to a significant degree, the Parent Company's business, prospects, financial condition and results of operations.

On 13 November 2013, after the closure of the Third Plenum of the 18th Chinese Communist Party Congress, the new government issued a comprehensive reform document detailing extensive new social and economic policies with the primary aim to restructure and rebalance the economy to a more sustainable model by focusing more on domestic consumption away from investment and export fuelled growth. On 5 March 2015, at the National People's Congress in Beijing, Premier Li Keqiang in his annual policy report announced the lowering of the growth target for China in 2015 to 7.0 per cent. from 7.5 per cent. in 2014, acknowledging that China's economic development had entered a new normal as it deals simultaneously with the economic slowdown and implementation of structural adjustments as it reforms its growth model. Premier Li also advocated a proactive fiscal policy and prudent monetary policy and placed an emphasis on wide-ranging reforms in a continuation of the goals set out in the November 2013 reform document. In addition, Premier Li announced that the government would spend approximately CNY477.6 billion (U.S.$77.6 billion) on new major projects covering clean energy, oil, natural gas supply; energy-saving, environmental protection and ecological conservation; major railway; highway transport projects in the central and western regions of China; and urbanisation projects. As the PRC government has stated that its top priority is to pursue a range of reforms, the new leadership is expected to implement new economic and social policies which may have a material impact to the Parent Company's businesses and industries.

In recent years, as a result of recurring liquidity tightening in the banking system, alternative lending and borrowing outside of traditional banking practices, generally known as "shadow banking", has grown to become an integral and significant aspect of the Chinese economy. Such alternative lending is loosely regulated and has led to an increase in China's debt levels leading to concern over rising bad debts and financial problems. As some of the funds obtained from shadow banking are being used for investments in speculative and risky products, should a widespread default on such investments occur, this could harm the growth prospects of the Chinese economy. In 2014, there were reports of a number of shadow banking defaults in the PRC resulting in increased scrutiny and oversight by regulators who have proposed draft rules to control the industry. Even if the PRC government increases regulation over such alternative lending and borrowing, there is no assurance that such regulations will be successful, or that they would not have an adverse impact on the overall loan markets and liquidity in the PRC, which will negatively impact the Chinese economy. Any adverse impact on the Chinese economy may have a material adverse impact on the business, financial condition, results of operations and prospects of the Parent Company.

**The Parent Company's business is heavily dependent on the PRC government's policies relating to the Tianjin Port FTZ.**

The Parent Company's business, which is targeted at and concentrated in the Tianjin Port FTZ, is closely intertwined with the development of the area. In particular, the PRC government's policies regarding the Tianjin Port FTZ have given rise to unique business opportunities for the Parent Company.

Key factors affecting the development of the Tianjin Port FTZ include the PRC central government's policies and priority relating to the development of different regions across the country, and the economic conditions in the PRC generally and in Tianjin. While the PRC economy has demonstrated rapid growth in the past 30 years, a slowdown in the growth of China's GDP since the second half of 2013 has raised a concern that the historic rapid growth of the PRC economy may not be sustainable. According to the National Statistics Bureau of the PRC, growth of China's GDP for the second quarter of 2015 slowed down to 7.0 per cent. on a year-on-year basis compared to the growth rate of 7.5 per cent. for the second quarter in 2014. Continued deterioration in China's overall economic conditions may materially and adversely affect the PRC government's development plan for the Tianjin Port FTZ.

Any changes in such policies may have a material adverse impact on the business, financial condition, results of operations and prospects of the Parent Company.

In addition, there can be no assurance that the industries in which the Parent Company operates would continue to develop at the same pace or at all. As of the six months ended 30 June 2015, the modern logistics business of the Parent Company accounted for 68.6% of the Parent Company's total revenue. If the logistics industry and the aviation industry in which the Parent Company has invested substantial amounts, does not continue to develop, at all or at the expected rate, the business and revenue of the Parent Company's business may be adversely affected.

**The Parent Company's business, financial condition and results of operations are heavily dependent on the level of economic activity in Tianjin.**

The Parent Company's businesses and assets are highly concentrated in Tianjin. Accordingly, the Parent Company's business, financial condition and results of operations have been and will continue to be heavily dependent on the level of economic activity in Tianjin. Tianjin has undergone a prolonged period of rapid economic development and, in particular, Tianjin has been one of the fastest growing cities in the PRC. According to the Statistics Bureau of Tianjin Municipal, Tianjin's GDP increased from CNY1,444.2 billion in 2013 to CNY1,572.2 billion in 2014, representing a compound annual growth rate of 15.5 per cent. Fast economic growth in Tianjin has not only boosted its urbanisation by attracting investments and talents outside of the city, but also has increased government income and investments in local infrastructure. According to the Statistics Bureau of Tianjin Municipal, investments in fixed assets increased from CNY1,012.1 billion in 2013 to CNY1,165.4 billion in 2014, representing a compound annual growth rate of 15.1 per cent. These developments have greatly benefited the Parent Company and allowed it to grow at a rapid pace during this time. However, there can be no assurance that the level of economic activity in Tianjin will continue to grow at the pace that it has achieved in the past, or at all. On 12 August 2015, a series of explosions that killed over one hundred people and injured hundreds of others occurred at a container storage station at the Port of Tianjin. Chinese state media reported that blast was from unknown hazardous materials in shipping containers at a plant warehouse and toxic materials including sulphur dioxide, carbon monoxide and nitrogen oxides were detected in the vicinity of the origin of the explosion. As of 2 September 2015, the official casualty report was 159 deaths, 14 missing, and 797 non-fatal injuries. It is unclear how the economic development in Tianjin will be affected by the accident or a perceivable slowdown in the growth of the PRC economy and there is no assurance that the policies and measures issued by the central or local governments in China will be effective to stimulate the recovery of its economy. A slowdown in the economic development in Tianjin may affect the urbanisation plan of the Tianjin government, decrease the demand for the Parent Company's businesses and adversely affect the Parent Company's business, financial condition, results of operations and prospects.

**The Parent Company is involved in multiple businesses through a large number of portfolio companies, and this business structure exposes the Parent Company to challenges not faced by companies with a single or small number of businesses.**

The Parent Company is a holding company and has a large number of portfolio companies operating in multiple industries. As at 30 June 2015, the Parent Company had 10 directly owned subsidiaries whose financial statements were consolidated into the Parent Company's financial statements in accordance with PRC GAAP and some of these subsidiaries in turn operated or invested in a large number of subsidiaries and associated companies. Through these subsidiaries and associated companies, the Parent Company is involved in four segments of business covering a wide range of industries: (i) modern logistics; (ii) city infrastructure; (iii) financial services and investments; and (iv) real estate. As such, the Parent Company is exposed to risks associated with multiple businesses, including:

- the Parent Company is exposed to business, market and regulatory risks relating to different industries and markets, and may from time to time expand its businesses to new industries and markets in which it has limited operating experience. It may need to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it can succeed in its businesses.

- due to the large number of the Parent Company's portfolio companies, the successful operation of the Parent Company requires an effective management system. As the Parent Company continues to grow its businesses, the Parent Company's operations may become more complex which would increase the difficulty of implementing its management system.

- the Parent Company provides direct funding, borrowing guarantees and other support to certain of its portfolio companies. For instance, the Parent Company provides shareholder loans to, or acts as a guarantor for the borrowings of, certain portfolio companies. If a portfolio company defaults on any borrowings lent or guaranteed by the Parent Company, the Parent Company will not receive the repayment as planned or the relevant lender may exercise its right under the guarantee to demand repayment from the Parent Company. The occurrence of either of these types of events may result in a funding shortage at the Parent Company level and adversely affect the Parent Company's ability to provide financial support to its other portfolio companies. If the Parent Company's financial or non-financial support ceases or diminishes for any reason, the operations of the relevant portfolio companies may be materially and adversely affected, which in turn may have a material and adverse impact on the Parent Company's business, results of operations and financial condition.

**The Parent Company receives strong support from the PRC government, such as in the form of government subsidies. There is no assurance that the Parent Company will continue to receive the same degree of support, or at all, in the future. If the Parent Company ceases to enjoy government subsidies, the loss of which, or a reduction in which, could reduce the Parent Company's profits.**

The Parent Company is a state-owned enterprise, wholly-owned by Tianjin Port Free Trade Zone SASAC, and under the direct supervision of State-owned Assets Supervision and Administration Commission of Tianjjn Municipal People's Government (天津市人民政府國有資產監督管理委員會). Since its establishment, it has been receiving support from the PRC government, including fund allocation, capital and asset injection, beneficial tax treatment, and certain preferential treatment. These supports come in various forms, including government subsidies and capital injections. For the years ended 31 December 2012, 2013 and 2014, and the 6 months ended 30 June 2015, the Parent Company received subsidies of CNY1.2 billion, CNY1.3 billion, CNY1.4 billion and CNY439.1 million, respectively, from the government. However, there can be no assurance that the Parent Company will continue to receive the same government support, subsidies and assistance or enjoy the same preferential treatments, and there is no assurance that the current government policy that is favourable to the Parent Company will not change in the future. Any loss or reduction in government subsidies or other form of government support could have an adverse effect on the Parent Company's results of operations, prospects and financial position.

**The Parent Company operates businesses in certain highly regulated industries, the non-compliance of which would materially and adversely affect the Parent Company's financial condition and results of operations.**

Certain business operations of the Parent Company are subject to extensive regulations in the PRC. To maintain the current operations and to commence a new business, the Parent Company needs to obtain and maintain necessary government authorisations, including permits, licenses and certificates. For instance, the Parent Company's financial services business is subject to extensive regulation and supervision by national, provincial and local government authorities with regard to the daily operations, capital structure, pricing and provisioning policy of the Parent Company's portfolio companies in this segment. These laws, regulations, rules, policies and measures applicable to the Parent Company's financial services business are issued by different central, provincial and local government authorities. Government authorities also have broad discretion in implementing and enforcing applicable laws and regulations. As a result, there are significant uncertainties in the interpretation and implementation of these laws, regulations, rules, policies and measures which may increase the Parent Company's compliance burden and may potentially restrain the Parent Company's ability and flexibility in conducting financial services business, including the expansion into new markets.

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

**The Parent Company has experienced negative cash flows from operating activities.**

The Parent Company recorded negative cash flows of CNY1.2 billion for the year ended 31 December 2012 and CNY3.0 billion for the year ended 31 December 2013. While the Parent Company believes that its current resources, with or without the net proceeds from the Offering, are sufficient to meet its working capital requirements for at least 12 months, there can be no assurance that it will not face negative operating cash flows in future, which could have a material adverse effect on its business, financial condition and results of operations.

**The Parent Company may experience lengthy settlement delays and difficulty in collecting receivables from customers which would negatively impact the Parent Company's liquidity, financial condition and results of operations.**

As of 31 December 2012, 2013 and 2014, and the six months ended 30 June 2015, the Parent Company's other account receivables were CNY6.3 billion, CNY8.3 billion, CNY10.2 billion and CNY11.6 billion, representing 7.8%, 9.1%, 10.3% and 10.5% of total assets for the period, respectively. The Parent Company may experience lengthy settlement delays in collecting on these receivables and there can be no assurance that these payment obligations can be made on time or in full or at all. Any inability on the part of our debtors to settle amounts owed to us on time may have a material adverse effect on our business, financial condition and results of operations.

**The complexity of its operations exposes the Parent Company to operational, regulatory and other risks of various industries and jurisdiction, and the Parent Company's risk management and internal control systems may be ineffective or inadequate.**

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

**The Parent Company's business requires significant capital expenditures and the Parent Company has incurred substantial level of indebtedness in the past.**

Some of the Parent Company's businesses, especially its modern logistics business, require substantial capital investment. For the years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2015, the Parent Company's capital expenditure was CNY3.3 billion, CNY3.3 billion, CNY1.7 billion and CNY0.7 billion, respectively. As a result, the Parent Company has incurred a substantial level of indebtedness. As of 31 December 2012, 2013 and 2014 and 30 June 2015, the Parent Company had a debt to asset ratio of 66.4%, 68.7%, 68.2% and 68.7%, respectively.

The Parent Company will require additional financing to fund capital expenditures, to support the future growth of its businesses and/or to refinance existing debt obligations.

The Parent Company generally formulates and updates its capital expenditure and investment plans on an annual basis, taking into account various factors. The Parent Company's capital expenditure plans, however, are subject to a number of factors, some of which are beyond its control, including its ability to generate sufficient cash flows from its operations and the availability and terms of external financing. If the Parent Company is unable to obtain acceptable financing to fund necessary capital expenditures in the future, the results of its operations and its financial condition could be adversely affected.

The Parent Company incurred substantial capital expenditures for ongoing projects, such as construction and maintenance of municipal roads and bridges, land development projects and aircraft manufacturing infrastructure. These ongoing projects are subject to delays and cost overruns inherent in the infrastructure construction and operation business. To date, no material events of this nature have materially and adversely affected the operation of any of the Parent Company's core businesses. There is no assurance that such an event would not happen in the future.

Furthermore, the Parent Company may also incur substantial indebtedness in the future, including the issuance of debt securities or entering into banking or other loan arrangements. The substantial level of indebtedness and incurrence of further indebtedness could have important consequences to the Parent Company's business, including:

- limiting the Parent Company's ability to satisfy its debt obligations;
- increasing cost of additional financing;
- increasing the Parent Company's vulnerability to general adverse economic and industry conditions;
- impairing the Parent Company's ability to obtain additional financing in the future for capital expenditure or general corporate purposes;
- adding to the Parent Company's interest exposure as a proportion of its costs of doing business;
- requiring the Parent Company to dedicate a substantial portion of its cash flow from operations to the payment of its indebtedness, which would reduce the funds available for its operations;
- limiting the Parent Company's flexibility in planning for, or reacting to, changes in its businesses and the industry in which it operates, any changing circumstances, new opportunities or unforeseen contingencies; and
- placing the Parent Company at a competitive disadvantage compared to its competitors that have less debt.

There is further no assurance that the Parent Company can maintain the same level of indebtedness or secure credit facilities at all or on the same economic terms.

**The Parent Company may not have access to external financing or such access on acceptable terms, and its growth prospects and future profitability may be adversely affected as a result.**

Some of the Parent Company's businesses require substantial capital investment. The Parent Company has historically required and expects that in the future it will continue to require substantial external financing to fund its capital expenditures through various channels, such as bank and other borrowings, equity financing and debt issuances, etc. The Parent Company'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's confidence in the Parent Company and success of the Parent Company's businesses;

- the Parent Company'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 Parent Company'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 made available or, if available, that such financing will be obtained on terms favourable to the Parent Company. If the Parent Company is unable to obtain financing on a timely basis and at a reasonable cost, it may not be able to undertake new projects or implement them as planned. This would restrict the Parent Company's ability to grow and, over time, may reduce the quality and reliability of the service the Parent Company provides and adversely affect the Parent Company's business, results of operations and financial condition.

**The Parent Company engages in public interest projects which may not be commercially viable and the Parent Company may not be able to achieve commercially viable, or any, financial returns.**

The Parent Company is wholly-owned by Tianjin Port Free Trade Zone SASAC. As a state-owned enterprise, it engages and participates in projects which are motivated by public interests and social welfare development. Such projects may not be commercially viable and the Parent Company may not be able to recover its investment or achieve financial returns in a commercially desirable terms, or at all. The Parent Company has previously received capital injections, cash or other assets from the government, and may receive additional financial support for government-sponsored projects. However, such financial support may not always be available due to the government's liquidity, budgeting priorities and other considerations. In addition, such financial support may not be sufficient to cover the Parent Company's investment. Furthermore, the Parent Company has limited resources, and engagement in such projects may reduce its ability to participate in other profit-generating projects. There can be no assurance that the Parent Company's business, financial condition and results of operations will not be adversely affected as a result.

**The Parent Company's business may be affected by factors beyond the parent company's control.**

Certain of the Parent Company's businesses may be affected by factors beyond its control, including shortages of equipment, materials or labour, work stoppages, labour disputes, weather interference, natural disasters, accidents, and unforeseen mechanical, technical, engineering, design, environmental or geological problems, any of which could give rise to delays or cost overruns in the Parent Company's businesses or operations. The extent of any impact on the Parent Company's business or operations and the timeframes over which such impact may occur are subject to high degree of uncertainty.

**Unsatisfactory performance of or defects in the Parent Company's products may materially and adversely affect the parent Company's financial condition and results of operations.**

If the Parent Company's products and services, such as its aircraft assembly business, fail to meet the relevant quality standards and technical requirements, or if significant product defects are discovered, or technical defaults or malfunctions occur, or the performance of the Parent Company's products falls below the requisite technical standards, the Parent Company may be exposed to reputational damage and damage to its credibility, and might have to incur expenses in replacing the unsatisfactory goods. Any of these might have a material adverse effect on the Parent Company's business, financial condition and result of operations.

Problems with the quality or performance of the products the Parent Company assembles also expose it to potential product liability claims. The Parent Company cannot predict whether such product liability claims will be brought, or the impact of any resulting negative publicity on its business. Any product liability claims or regulatory action related to the quality or performance of its products could be costly and time-consuming to defend. The successful assertion of product liability claims against the Parent Company could result in potentially significant damages and require it to make significant payouts.

Moreover, any product liability claim, with or without merit, could result in significant negative publicity and materially and adversely affect the Parent Company's products' marketability and its reputation. Additionally, a material design or manufacturing failure or defect in its products or other safety issues could warrant a product recall by it and result in increased product liability claims. If the authorities in the jurisdictions where it sells its products decide that these products failed to comply with applicable quality and safety requirements, the Parent Company could also be subject to regulatory actions.

**The Parent Company does not have any control over the timing or frequency of the sale of land use rights for the Parent Company's primary land development projects. As a result, the Parent Company's revenue and results of operations may fluctuate significantly from period to period.**

The Parent Company does not determine the timing or frequency of the sale of land use rights as this is determined by the relevant government authority in its sole discretion. As a result, the Parent Company's results of operations for any period may not be directly comparable with other periods and therefore may not be a useful indicator of the Parent Company's business performance going forward. Suspensions or delays in sales of land use rights, as a result of government policies or decisions, macroeconomic conditions or otherwise, will also have a material adverse impact on the Parent Company's business, financial condition and results of operations.

**Certain lands held by the subsidiaries of the Parent Company are allocated for approved purposes and shall not be transferred, mortgaged or leased without prior approval of competent governments.**

Pursuant to the Land Administration Law of the People's Republic of China（中華人民共和國土地管理法）amended on 28 August 2004, there are two methods of obtaining construction land: (1) granting and (2) allocation. Granted land is usually obtained through auction, tendering, listing or by agreement, and land user shall pay the land-use fees. In addition, the following land could be allocated without paying any land-use fees after obtaining prior approval of competent governments: (i) land used by government institutions and military; (ii) land used for urban infrastructure and public utilities; (iii) land used for energy, transportation, water conservancy facilities and other infrastructure projects supported by the state; (iv) land used for other purposes stipulated by the PRC laws and regulations.

Pursuant to the Interim Regulations of the People's Republic of China Concerning the Assignment and Transfer of Urban State-owned Land Use Right（中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例）promulgated and being effective on 19 May 1990 and the Interim Provisional Rules on Administration of Allocated Land Use Right（劃撥土地使用權管理暫行辦法）promulgated and being effective on 8 March 1992, allocated land shall not be transferred, mortgaged or leased without prior approval of competent governments and payment of land-use fees.

Certain lands held by the subsidiaries of the Parent Company are allocated for the use of highway, public utility and public infrastructure and those allocated lands shall not be transferred, mortgaged or leased without prior approval of competent governments and payment of land-use fees.

**The PRC government may adopt various restrictive measures regarding construction plans and development timeframes for land granted to property developers which may affect the Parent Company's property development.**

PRC laws and regulations contain restrictions regarding construction plans and development timeframes for land granted to property developers. On 3 January 2008, the State Council issued the Notice on Promoting the Saving and Intensive Use of Land (國務院關於促進節約集約用地的通知). This notice strictly enforces the policies for dealing with idle land. If a piece of land has been idle for two years or more, it must be taken back free of charge and reassigned for other uses; if the land does not meet the statutory conditions for recovery, it must be dealt with timely and fully utilised by changing its use, replacement by parity value, temporary use or incorporation into government reserves. If a piece of land has been idle for more than one year but less than two years, the idle land surcharge must be collected at 20% of the land grant premium. If the land premium has not been completely paid off in accordance with the contract, no land certificate may be granted. Furthermore, it is prohibited to grant the land certificate by dividing the land based on the proportion of the paid land grant fee. In August 2009, the Ministry of Land and Resources of the PRC ("**MLR**") issued a Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (關於嚴格建設用地管理促進批而未用土地利用的通知) which reiterated the applicable rules on idle land management. In September 2010, the MLR and the MOHURD jointly issued the Notice On Further Strengthening the Administration and Control of Real Estate Land and Construction (關於進一步加強房地產用地和建設管理調控的通知), which provides that a property developer and its controlling shareholders will be prohibited from participating in land bidding before certain illegal behaviours in which it engages, such as land idle for more than one year on its own reasons, have been completely rectified.

According to the Measures on Disposing Idle Land (閒置土地處置辦法) promulgated by the Ministry of Land and Resources of the PRC and effective as at 28 April 1999, as amended in June 2012 and effective in July 2012, with regard to the land for a property project which is obtained by grant and is within the scope of city planning, if the construction work has not commenced within one year of the commencement date as specified in the land use rights grant contract, or the construction and development has been started but the area of land that is under construction and development is less than one-third of the total area of land that should have been under construction and development, or the invested amount is less than 25% of the total investment, and the construction and development of which has been suspended for more than one year, a surcharge on idle land equivalent to 20% of the land grant fee may be levied. If the construction work has not been commenced within two years, the land can be confiscated without any compensation, unless the delay is caused by force majeure, or the acts of government or acts of other relevant departments under the government, or by delay in essential preliminary work.

The Emergency Notice on Further Tightening the Administration on Real Estate Land Use and Reinforcing the Results of Real Estate Market Control (關於進一步嚴格房地產用地管理鞏固房地產市場調控成果的緊急通知) (the "**Emergency Notice**") promulgated on 19 July 2012, further emphasised the strict enforcement of current regulations on land grants. The Emergency Notice further requires that the Measures on Disposing Idle Land shall be strictly implemented, and the land administration authority shall dispose of idle land on a case-by-case basis and publish related information on the website designated by the Ministry of Land and Resources of the PRC. With regard to land users who have committed acts such as failing to make payments for land grants, leaving land idle, hoarding land, land speculation, developing land in excess of its actual development capacity, or failing to fulfill the land use contract, they may be prohibited by the land authority from participating in land auctions for a certain period of time. On 26 February 2013, the General Office of the State Council issued the Notice on the Continuous Effective Regulation of the Real Estate Market (國務院辦公廳關於繼續做好房地產市場調控工作的通知), which provides that land developers that commit violations such as holding idle land, speculative land trading, being reluctant to sell housing and forcing up the price, shall be prohibited from participating in land bidding, acquiring loans from commercial banks, obtaining relevant approvals from the China Securities Regulatory Commission ("**CSRC**") for public listings, refinancing and major assets restructuring and relevant approvals from the banking regulatory authorities for trust financing.

The various restrictive regulations applicable to property developers on idle land resulted in some companies having their land forfeited and idle land fees or penalties being imposed. The rule adversely impacts upon the Parent Company's commercial property development projects in the future, so far as it limits the flexibility in terms of the timing of development. There is no assurance that the PRC government will not adopt additional or even tighter enforcement measures for forfeiture of idle land or impose any fees or penalties for idle land, which may further potentially adversely affect the Parent Company's flexibility in determining the pace of the Parent Company's commercial property development projects. If the Parent Company is required to forfeit land, it will not be able to continue its property development on the forfeited land or recover the costs incurred for the initial acquisition of the forfeited land or recover development costs incurred up to the date of forfeiture.

**In the event that the total gross floor area (GFA) of any of the Parent Company's property developments were to exceed the original authorised area, the excess GFA would be subject to governmental approval and payment of additional land premium.**

When the PRC government grants land use rights for a piece of land, it specifies in the land grant contract the permitted use of the land and the total GFA that the developer may develop on the land. The actual GFA constructed, however, might have exceeded the total GFA authorised in the land grant contract, due to factors such as subsequent planning and design adjustments. The amount of GFA in excess of the authorised amount is subject to approval when the relevant authorities inspect the properties after their completion and the developer may be required to pay an additional land premium and a penalty in respect of this excess GFA. If the Parent Company fails to obtain the completion certificate due to such excess GFA, the Parent Company will not be allowed to deliver the relevant properties or recognise the revenue from the relevant pre-sold properties and may also be subject to liabilities under the pre-sale contracts. The Parent Company cannot assure investors that the total constructed GFA of the Parent Company's existing projects under development or any future property developments will not exceed the relevant authorised GFA upon completion or that the Parent Company will be able to pay the additional land premium and the penalty and obtain the completion certificate on a timely basis.

**The Parent Company's city infrastructure business is subject to various operational risks which may adversely affect the Parent Company's operations.**

Under its city infrastructure business segment, the Parent Company provides property management and operation services to the properties that it has built. The Parent Company's results relating to its city infrastructure business are affected by its ability to manage costs (including increases in labour costs), which could be adversely impacted by increases in energy, healthcare, insurance and other operating expenses, resulting in lower operating margins.

**The Parent Company's business operations are heavily influenced by governmental decisions and actions at various levels over which the Parent Company has no control.**

The Parent Company collaborates with the PRC government and its affiliates, in particular the local government in Tianjin, especially in its infrastructure construction and operation projects and civil projects. Many aspects of the Parent Company's business are heavily influenced by government decisions and actions at various levels. For example, the New Area Government determines the appropriate budget set for each construction project and the tender procedures for contractors to secure such project work. The Parent Company has no control over the decision-making process of the relevant governmental authorities, and certain decisions they make or actions they take may not be in line with the Parent Company's business or financial interests. Depending on the decisions and actions taken by the governmental authorities, the Parent Company's business and results of operations could fluctuate significantly from year to year and may be materially and adversely impacted.

**Retention of existing senior management and other key personnel is critical to the Parent Company's business operations and financial performance.**

The Parent Company's future success depends heavily upon the continuing services of the members of the Parent Company's senior management team. If one or more of the Parent Company's senior executives or other key personnel are unable or unwilling to continue in their present position, the Parent Company may not be able to replace them easily or at all, and its business may be disrupted and its financial condition and results of operations may be materially and adversely affected. As competition in China for quality, experienced senior management and key personnel is intense, and the pool of qualified candidates is very limited, the Parent Company may not be able to retain the services of its senior executives or key personnel, or attract and retain quality senior executives or key personnel in the future. In addition, if any member of its senior management team or key personnel joins a competitor or carries on a competing business, the Parent Company may lose customers and other key staff members.

**The Parent Company may cease to enjoy preferential tax treatment, tax exemptions and government grants, the loss of which, or a reduction in which, could reduce the Parent Company's profits.**

The Parent Company currently is entitled to certain preferential corporate tax treatment in relation to infrastructure construction and operations business. It also receives significant subsidies from the Tianjin Port FTZ Administrative Committee to operate its city infrastructure business. However, there is no assurance that the preferential corporate tax treatment will not be withdrawn or revoked by the PRC government or become inapplicable before the expiry of the current exemption term. If the Parent Company ceases to enjoy such preferential tax benefits or if the scope of the preferential treatment is scaled back, the Parent Company's financial conditions and results of operations may be adversely affected.

**The Parent Company is subject to joint venture risks.**

Certain of the Parent Company's operations are conducted through jointly controlled entities and associated companies. Co-operation and agreement among the Parent Company's joint venture partners on its existing or any future projects are important factors for the smooth operation and financial success of such projects. The Parent Company's joint venture partners may (i) have economic or business interests or goals that are inconsistent with those of the Parent Company; (ii) be unable or unwilling to fulfill their obligations under the relevant joint venture or other agreements; or (iii) experience financial or other difficulties. Further, the Parent Company may not be able to control the decision-making process of the joint ventures as, in some cases, it does not have majority control of the joint venture. The Parent Company does, however, through contractual provisions or representatives appointed by it, typically have the ability to influence certain material decisions. Although the Parent Company has not to date experienced any significant problems with its partners, no assurance can be given that disputes among its partners will not arise in the future that could adversely affect such projects.

**The Parent Company may not successfully implement its growth strategy.**

In connection with the implementation of its business growth strategy, the Parent Company's strategy will, to some extent, depend on the identification and successful tendering of mandates of attractive projects, obtaining required approvals from relevant regulatory authorities in the PRC and the availability and cost of financing. The Parent Company's ability to continue to develop its business will depend on it being able to identify favourable opportunities, to reach agreements with potential joint venture partners on commercial and technical terms satisfactory to the Parent Company, to enter into binding contracts with such parties, and to obtain sufficient project financing to fund the projects. While the Parent Company is experienced in conducting such negotiations, the success of negotiations with respect to any particular project cannot be assured. Each project will also require certain government consents and approvals as part of the development process. There can be no assurance as to the timing and completion of any particular investment or joint venture arrangement or as to the availability of attractive investment opportunities.

There can also be no assurance that the Parent Company's future projects will provide terms that are equivalent to or as favourable as the Parent Company's existing projects. Failure to develop new projects will adversely affect the Parent Company's growth prospects.

**The Parent Company's operations are subject to various environmental regulations.**

The Parent Company's businesses are subject to a variety of laws and regulations promulgated by the national and local governments of the PRC. These laws and regulations govern the level of fees payable to governmental entities providing environmental services and prescribe the standards for the use, storage, discharge and disposal of waste gases, chemical by-products of, and water used in, its manufacturing processes. Ongoing international negotiations or national policy frameworks which seek to reduce greenhouse gases may also result in introduction of regulations that are applicable to the Parent Company. Environmental claims or the failure to comply with any present or future regulations could result in the assessment of damages or imposition of fines against the Parent Company, suspension of production or a cessation of operations. For example, a wholly-owned subsidiary of the Parent Company, Tianjin T&B Thermal Power Co., Ltd.(天津天保熱電有限公司), has been listed in the List of Key Monitoring Companies of Releasing Waste Gases(廢氣重點監控企業名單)in 2014 and the Spot Check List of Coal Heating Companies with Feed Coal Over-containing Total Sulfur or Ash(燃煤供熱單位爐前煤煤質抽查超標名單)in November 2014. As of the date of the Offering Circular, Tianjin T&B Thermal Power Co., Ltd.(天津天保熱電有限公司)was fined by Tianjin Airport Economic Area Environmental Protection Bureau(天津空港經濟區環境保護局)in a total amount of RMB 21,275,500. New regulations could require the Parent Company to acquire costly equipment or to incur other significant expenses. Any failure by the Parent Company to control the use of, or adequately restrict the discharge of, hazardous substances could subject it to future liabilities. In light of recent events, there is no assurance that the government would not introduce regulations to further regulate the discharge of hazardous substances, which could affect the Parent Company's operations. See "– The Parent Company's business, financial condition and results of operation are heavily dependent on the level of economic activity in Tianjin".

**The Parent Company operates in highly competitive industries.**

Many of the Parent Company's activities are carried on in highly competitive industries. The Parent Company competes with both local and international companies in capturing new business opportunities in the PRC. Some of these companies have significant financial resources, marketing and other capabilities. There can be no assurance that the Parent Company will be able to continue to compete with such competitors.

**If the Parent Company fails to maintain an effective quality control system, its product quality and thus business may be materially and adversely affected.**

The performance and safety of the Parent Company's products are critical to its reputation and success. Accordingly, it has established and maintained stringent quality assurance standards and inspection procedures, including quality control of the components purchased from external suppliers. It has obtained ISO 9001 certification for its business processes. The effectiveness of the Parent Company's quality control system is determined by various factors, including the design of the system, implementation of quality standards, quality of training programmes and the mechanisms to ensure employees' adherence to quality control policies and guidelines, and the ability to monitor and manage supplier quality systems. If the Parent Company fails to maintain an effective quality control system, it may produce defective products that expose it to product liability and warranty claims. As a result, its reputation and relationships with existing customers may be undermined, and its business may be materially and adversely affected.

**The Parent Company may not have sufficient insurance coverage for the risks associated with the operation of its business.**

The Parent Company's operations involve certain risks for which full insurance coverage is either not available or not available on commercially reasonable terms. In addition, the severity and frequency of various events, such as accidents and other mishaps, business interruptions, environmental damage, personal injuries and fatalities, or damage to the Parent Company's facilities, property and equipment caused by inclement weather, human error, pollution, labour disputes and acts of God, as well as risks relating to the Parent Company's provision of services or products to customers, may result in losses or expose it to liabilities in excess of its insurance coverage or significantly impair its reputation. There cannot be assurance that the Parent Company's insurance coverage will be sufficient to cover the loss arising from any or all such events or that the Parent Company will be able to renew existing insurance coverage on commercially reasonable terms, if at all.

Should an incident occur in relation to which the Parent Company has no insurance coverage or inadequate insurance coverage, it could lose the capital invested in, and anticipated future revenues relating to, any property that is damaged or destroyed or business that is adversely affected and, in certain cases, the Parent Company may remain liable for financial obligations related to the impacted property or business. Similarly, in the event that any assessments are made against the Parent Company in excess of any related insurance coverage that it may maintain, the Parent Company's assets could be subject to attachment, confiscation or restraint under various judicial procedures. Any of these occurrences could have a material adverse effect on the Parent Company's business, financial condition and results of operations.

**The Parent Company faces litigation risks in the course of its business.**

The Parent Company's business is subject to the risk of litigation by customers, suppliers, intellectual property rights holders, government agencies and others through private actions, administrative proceedings, regulatory actions or other litigation. The outcome of litigation can be difficult to assess or quantify. Plaintiffs in such lawsuits may seek recovery of large or indeterminate amounts, and the magnitude of potential losses relating to such lawsuits may remain unknown for substantial periods of time. The cost of defending future litigation may be significant and could negatively affect the Parent Company's operating results if changes to its business operations are required. There could also be negative publicity associated with litigation regardless of whether the allegations are valid or whether the Parent Company is ultimately found liable. As a result, any significant litigation could adversely affect the Parent Company's business, financial condition, results of operations or liquidity.

**The Quarterly Accounts have not been reviewed or audited by the auditor of the Parent Company.**

The Quarterly Accounts have not been prepared and presented in accordance with PRC GAAP and has not been audited or reviewed by Zhongxingcai Guanghua, the Parent Company's auditor. Consequently, such consolidated quarterly financial information, which does not form part of this Offering Circular, should not be relied upon by investors in any way, in particular to provide the same quality of information associated with information that has been subject to an audit or review.

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

The Parent Company's business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics and other acts of God which are beyond the Parent Company's control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC are under the threat of earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, human swine flu (also known as

Influenza A (H1N1)), H7N9 or Middle East Respiratory Syndrome (MERS). A recurrence of SARS or an outbreak of any other epidemics in the PRC, such as the H5N1, MERS or the H7N9 avian flu may materially impact the Parent Company's related businesses, which in turn may adversely affect its financial condition and results of operations.

## RISKS RELATING TO THE PRC

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

### PRC regulations on the administration of fiscal debts of local governments will have a material impact on the Parent Company's business model and sources of financing.

In September 2014, the State Council of the PRC released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (關於加強地方政府性債務管理的意見) ("**Circular 43**"). In accordance with Circular 43, financing platform companies shall no longer function as a financing vehicle of the local government or incur new government debts. New public interest projects of a local government that are not for profit earning, such as infrastructure construction and primary land development, should not be financed by the investment vehicles of the local government in the form of corporate bond issuances. Instead, local governments should finance the development of such public interest projects by issuance of government bonds. Public interest projects that are profit earning, such as the construction of a non-toll free highway, may be developed either by private investors independently or by a special purpose company jointly set up by the local government and private investors. Such private investors and special purpose companies shall invest in accordance with market-oriented principles and development of the projects may be financed by bank loans, corporate bonds, project revenue bonds and asset-backed securitisation. Furthermore, private investors and the special purpose companies shall bear the obligation to repay their debts and the local government shall not be liable for any of the private investors' or the special purpose companies' debts. There are a few stray cases where certain debts of the local financing platforms were classified as non-government debts since the release of Circular 43. However, whether the factual basis for such individual cases are comparable or relevant to other local governments' financing platforms or not is unclear, and different local governments' interpretation and application of Circular 43 may vary from one another. It is unclear what impact Circular 43 has on the existing government debts of the local financing platforms in the PRC.

In addition, on 23 October 2014, the Ministry of Finance promulgated the Methods to Clear up and Clarify the Existing Fiscal Debt of Local Governments and Integrate it into Budgetary Management (地方政府存量債務納入預算管理清理甄別辦法) ("**Circular 351**") based on Circular 43. Circular 351 further requires local governments to clear up the existing debts of the financing platforms of the local governments ("**Financial Platform**") and classify such existing fiscal debts of the local governments into government debts and non-government debts.

The Parent Company confirmed that, (i) the Parent Company is not a Financial Platform, (ii) Tianjin T&B Holdings Co., Ltd. and Tianjin Port FTZ Investment Co., Ltd. are Financial Platforms and (iii) although Tianjin Tianbao Real Estate Co., Ltd. is not a Financial Platform, it does hold fiscal debts of the local government. In addition, as of 30 June 2013, included in the existing debts of the Parent Company is CNY7.4 billion of borrowings that shall be paid with the funds of the local government, CNY1.2 billion of borrowings guaranteed by the local government and CNY0.8 billion of other fiscal debts. Since 30 June 2013, there have been no new fiscal debts of the local government borrowed by the Parent Company. As of 30 June 2015, the total amount of the Parent Company's existing debts to be paid with the funds of the local government was CNY4.1 billion and the total amount of existing debt guaranteed by the local government was CNY0.4 billion. Tianjin Binhai New Area completed clarification of the fiscal debts of the local government before 1 January 2015 and Tianjin Finance Bureau has submitted the clarification results to the Ministry of Finance. As of the date of this Offering Circular, the Ministry of Finance has not issued the final results or any relevant approval documents.

The PRC government has released several additional regulations and rules relating to the financing vehicles of local governments in China. See "*PRC Regulations – Regulations on Fiscal Debts of Local Government*". As Circular 43 and related legislations are relatively new, the implementation and interpretation of the legislation by the PRC central government and different local governments may vary from one to the other. It is uncertain how they will be implemented and how it will affect the Parent Company's business and financial performance in the future.

**PRC economic, political and social conditions, as well as government policies, could affect the Parent Company's business.**

The economy of the PRC differs from the economies of most developed countries in many respects, including, but not limited to:

- political structure;
- level of government involvement;
- level of development;
- growth rate;
- foreign exchange;
- control of foreign exchange; and
- allocation of resources.

While the PRC economy has grown significantly in the past 30 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also negatively affect the Parent Company's operations. For example, the Parent Company's financial condition and results of operations may be adversely affected by the PRC government's control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to the Parent Company. The PRC economy has been transitioning from a planned economy to a market-oriented economy. For the past three decades, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the PRC economy. Although the Parent Company believes these reforms will have a positive effect on the Parent Company's overall and long-term development, it cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies could have any adverse effect on the Parent Company's current or future business, results of operations or financial condition.

**It may be difficult to enforce any judgments obtained from non-PRC courts against the Parent Company or its directors and senior management who reside in the PRC.**

Substantially all of the Parent Company's assets are located within the PRC. In addition, most of the Parent Company's directors and senior management reside within China, and assets of the directors and senior management may also be located within China. As a result, it may not be possible to effect service of process outside China upon most of the Parent Company's directors 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 investors to enforce any judgments obtained from non-PRC courts against the Parent Company or any of their respective directors or senior management in the PRC.

**Uncertainty with respect to the PRC legal system, lack of uniform interpretation and effective enforcement may cause significant uncertainties to the Parent Company's operations.**

As a significant part of the Parent Company's businesses are conducted, and a substantial part of the Parent Company's assets are located, in the PRC, its 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, the PRC has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their 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. As a result, the Parent Company may not be aware of its violation of these policies and rules until sometime after the violation. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management attention.

For example, the NDRC issued the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知, the "**NDRC Circular**") on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issues outside the PRC with the NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 working days after the completion of the issue of the securities. The NDRC Circular is silent on the legal consequences of non-compliance with the pre-issue registration requirement. In the worst case scenario, it might become unlawful for the Issuer to perform or comply with any of its obligations under the Notes and the Notes might be subject to enforcement as provided in Condition 8 (Events of Default). Potential investors of the Notes are advised to exercise due caution when making their investment decisions. Similarly, there is no clarity on the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular. The Parent Company has undertaken to notify the NDRC of the particulars of the issue of the Notes within the prescribed period under the NDRC Circular.

## RISKS RELATING TO THE NOTES

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

The Issuer has no material assets or business activities. Accordingly, the Issuer incurred a loss of U.S.$7,755 for the five months ended 30 September 2015, as a result of administrative expenses. The Parent Company anticipates that the Issuer will be the sole offshore financing platform of the Parent Company. Upon the issue of the Notes, the Issuer will on-lend the net proceeds from the issue of the Notes to the Parent Company or any subsidiary of the Parent Company. Accordingly, the Issuer's ability to make payments under the Notes will depend on its receipt of distributions of dividends from its own subsidiaries and timely remittance of funds from the Parent Company or any subsidiary of the Parent

Company. In the event that the subsidiaries of the Parent Company do not make any payments due under such on-lent loans as a result of restrictions in loans or other agreements, lack of available cash flow or other factors, the Issuer's ability to make payments under the Notes may be adversely affected.

**The Notes are unsecured obligations.**

As the Notes are unsecured obligations of the Issuer, the repayment of the Notes 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 Notes.

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

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

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- understand thoroughly the terms of the Notes 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.

**An active trading market for the Notes may not develop.**

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

**Investors in the Notes may be subject to foreign exchange risks.**

The USD Notes are denominated and payable in US dollars. An investor who measures investment returns by reference to a currency other than US dollars would be subject to foreign exchange risks by virtue of an investment in the Notes, due to, among other things, economic, political and other factors over which none of the Issuer or the Company has any control. Depreciation of the US dollars against such currency could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss when the return on the Notes 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 Notes.

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

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

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

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Notes is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issues in other countries, including the PRC. Since the global financial crisis in 2008 and 2009, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

**The Issuer may be unable to redeem the Notes.**

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

**The Notes will be structurally subordinated to the existing and future indebtedness and other liabilities 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 Notes will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Issuer's existing and future subsidiaries, whether or not secured. The Notes 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 are separate legal entities that have no obligation to pay any amounts due under the Notes 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 Notes will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any of the Issuer's subsidiaries, other than the Issuer, and any subsidiaries that the Issuer may in the future acquire or establish.

The Notes are the Issuer's unsecured obligations and will (i) rank equally in right of payment with all the Issuer's other present and future unsubordinated and unsecured indebtedness; (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. 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 Notes, these assets will be available to pay obligations on the Notes only after all other debt secured by these assets has been repaid in full. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the Notes then outstanding would remain unpaid.

**The insolvency laws of Hong Kong, the PRC and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Notes are familiar.**

Since the Issuer is incorporated under the laws of Hong Kong and the Parent Company is incorporated under the laws of the PRC, any insolvency proceedings relating to the Issuer and the Parent Company even if brought in other jurisdictions, would likely involve Hong Kong insolvency law and PRC insolvency law, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Notes are familiar.

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

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

**A change in English law which governs the Notes may adversely affect holders of the Notes.**

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 Notes.

**Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts and the holders of the Notes 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（關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排）, judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of 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 in respect of a dispute governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Notes will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holder's ability to initiate a claim outside of Hong Kong will be limited.

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

The consolidated financial statements of the Parent Company included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment.

Each investor should consult its own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

**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 Notes, and decisions may be made on behalf of all holders of the Notes that may be adverse to the interests of the individual holders of the Notes.**

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

The Terms and Conditions also provide that the Trustee may, without the consent of the holders of the Notes, agree to any modification of the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking, 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 Notes and to any modification of the Notes, the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking, or the Agency Agreement which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the holders of the Notes, authorise or waive any proposed breach or breach of the Notes, the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking or the 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 Notes will not be materially prejudiced thereby.

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

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

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

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

While the Notes are represented by the Global Note Certificate the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream for distribution to their account holders. A holder of a beneficial interest in a Global Note

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

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

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

Under the New Enterprise Income Tax Law and its implementation rules, any gains realised on the transfer of the Notes by holders who are deemed under the New Enterprise Income Tax Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the New Enterprise Income Tax Law, a "**non-resident enterprise**" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. In addition, there is uncertainty as to whether gains realised on the transfer of the Notes by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Notes minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to an arrangement between Mainland China and Hong Kong for the avoidance of double taxation, Noteholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Notes.

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

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

No assurances are made by the Issuer as to whether or not payments on the Notes may be made without withholding taxes or deductions applying from the Issue Date on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the PRC or any subdivision or authority therein or thereof having power to tax. Although pursuant to the Terms and Conditions the Issuer is required to gross up payments on account of any such withholding taxes or deductions, the Issuer also has the right to redeem the Notes at any time in the event it has or will become obliged to pay additional tax amounts on account of any existing or future withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or by or within the PRC in excess of 10 per cent., or any political subdivision or any authority therein or thereof having power to tax as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the PRC or any political subdivision or any authority therein or thereof having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 2 December 2015.

**The Issuer may issue additional Notes in the future.**

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

**The Issuer may be treated as a PRC resident enterprise for PRC tax purposes and certain withholding taxes may be applicable.**

Under the new Enterprise Income Tax Law (the "**EIT Law**") and the implementation rules which both took effect on 1 January 2008, enterprises established outside the PRC whose "de facto management bodies" are located in China are considered "resident enterprises" for PRC tax purposes.

The implementation rules define the term "de facto management body" as a management body that exercises full and substantial control and management over the business, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation specified certain criteria for the determination of the "de facto management bodies" for foreign enterprises that are controlled by PRC enterprises.

Most of its directors and senior management are currently based inside China and it may keep its books of account inside China. The above elements may be relevant for the tax authorities to determine whether the Issuer is a PRC resident enterprise for tax purposes. However, there is no clear standard published by the tax authorities for making such a determination.

Although it is unclear under PRC tax law whether the Issuer has a "de facto management body" located in China for PRC tax purposes, the Issuer and the Company take the position that the Issuer is not a PRC resident enterprise for tax purposes. The Issuer and the Company cannot assure investors that the tax authorities will agree with their position. If the Issuer is deemed to be a PRC resident enterprise for EIT purposes, the Issuer would be subject to the PRC enterprise income tax at the rate of 25 per cent. on its worldwide taxable income. Furthermore, the Issuer may be obligated to withhold PRC income tax of up to 7 per cent. on payments of interest and certain other amounts on the Notes to investors that are Hong Kong resident enterprises or 10 per cent. on payments of interest and other amounts on the Notes to investors that are not Hong Kong resident enterprises, provided that there are no tax treaties between China and those countries which exempt or reduce such withholding tax, because the interest and other amounts may be regarded as being derived from sources within the PRC. In addition, if the Issuer fails to do so, it may be subject to fines and other penalties. Similarly, any gain realised by such non-resident enterprise investors from the transfer of the Notes may be regarded as being derived from sources within the PRC and may accordingly be subject to a 10 per cent. PRC withholding tax.

Furthermore, if the Issuer is treated as a PRC "resident enterprise", the gain any investor may realise from the transfer of the Notes may be treated as income derived from sources within the PRC and may be subject to PRC tax (including withholding tax in the case of interest). If the Issuer is required under the EIT Law to withhold PRC income tax from interest payments made to the Issuer's foreign holders who are "non-resident enterprises", the Issuer will be required to pay such additional amounts as will result in receipt by a holder of the Notes of such amounts as would have been received by the holder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Notes, and could have a material adverse effect on its ability to pay interest on, and repay the principal amount of, the Notes, as well as its profitability and cash flow. In addition, if holders are required to pay PRC income tax on the transfer of the Notes, the value of their investment in the Notes may be materially and adversely affected. It is unclear whether, if the Issuer is considered a PRC "resident enterprise", holders of the Notes might be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

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

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

**Ratings of the Notes may be lowered, suspended or withdrawn; changes in such credit ratings may adversely affect value of the Notes.**

The Notes are expected to be assigned a rating of "Baa2" by Moody's and "BBB+" by Fitch. One or more independent credit rating agencies may assign credit ratings to an issue of the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. There can be no assurance that the ratings assigned to any Notes will remain in effect for any given period or that the ratings will not be lowered, suspended or withdrawn by the rating agencies in the future if, in their judgement, the circumstances so warrant. The Parent Company has no obligation to inform holders of the Notes of any such suspension, revision, downgrade or withdrawal. A suspension, downgrade or withdrawal of the ratings of any Notes at any time may adversely affect the market price of the Notes.

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

**Neither the Keepwell and Liquidity Support Deed nor the Deed of Equity Interest Purchase Undertaking from the Parent Company is a guarantee of the payment obligations of the Issuer under the Notes.**

The Parent Company will enter into the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase Undertaking in connection with the issuance of the Notes. See "*Offer Structure*", "*Description of the Keepwell and Liquidity Support Deed*" and "*Description of the Deed of Equity Interest Purchase Undertaking*". Upon a breach of the Keepwell and Liquidity Support Deed or the Deed of Equity Interest Purchase Undertaking, the Trustee may take action against the Parent Company to enforce the provisions of the Keepwell and Liquidity Support Deed or the Deed of Equity Interest Purchase Undertaking. However, none of the Keepwell and Liquidity Support Deed, the Deed of Equity

Interest Purchase Undertaking nor any actions taken by the Parent Company under the Keepwell and Liquidity Support Deed or the Deed of Equity Interest Purchase Undertaking can be deemed as a guarantee by the Parent Company for the payment obligations of the Issuer under the Notes. Accordingly, pursuant to the terms of the Keepwell and Liquidity Support Deed, the Parent Company will only be obliged to make sufficient funds available to the Issuer, or in the case of the Deed of Equity Interest Purchase Undertaking, undertake certain specific actions rather than assume the payment obligation under the Notes as in the case of a guarantee. Furthermore, even if the Parent Company intends to perform its obligations under the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase Undertaking, depending on the manner in which the Parent Company arranges for sufficient funds to meet the payment obligations of the Issuer under the Notes, such performance may be subject to obtaining prior consent or approvals from relevant PRC governmental authorities, including NDRC, MOFCOM, PBOC or SAFE. Although the Parent Company is required to use its reasonable endeavours to obtain any required consents and approvals in order to fulfill its obligations under the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase Undertaking, there is no assurance that such consents or approvals will be obtained in a timely manner or at all.

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

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

The Parent Company intends to assist the Issuer to meet its obligations under the Notes by entering into the Deed of Equity Interest Purchase Undertaking. Under the Deed of Equity Interest Purchase Undertaking, the Parent Company agrees to, subject to and conditional upon obtaining the Parent Company's shareholder approval (as the case may be) and all Regulatory Approvals and compliance with all relevant laws and regulations, purchase or procure an Onshore Subsidiary of the Parent Company to purchase, upon receipt of a written purchase notice provided by the Trustee following an Event of Default, from any of the Issuer and/or any other subsidiary of the Parent Company incorporated outside the PRC as designated by the Parent Company or in the absence of a designation, all the subsidiaries of the Parent Company incorporated outside the PRC (each, a "**Relevant Transferor**") the equity interest held by it of indirectly held subsidiaries of the Parent Company at a purchase price not lower than the amount sufficient to enable the Issuer to discharge in full its obligations under the Notes and/or the Trust Deed.

Performance by the Parent Company of its undertakings under the Deed of Equity Interest Purchase Undertaking is subject to the approval of or registration with (as the case may be):

- SASAC or its competent local counterpart;
- MOFCOM or its competent local counterpart;
- NDRC or its competent local counterpart;
- AIC or its competent local counterpart;

- the relevant PRC tax authorities;
- SAFE or its competent local counterpart; and
- other approvals, registration and/or filings required under the applicable PRC laws, regulations or policies.

As the approval process is beyond the control of the Parent Company (particularly in the situation where the Deed of Equity Interest Purchase Undertaking is triggered by the winding-up of the Parent Company), there can be no assurance that the Parent Company will successfully obtain any of the requisite approvals or registrations in time, or at all, or that the PRC government's relevant policies or regulations will not change in the future. In the event that the Parent Company fails to obtain the requisite approvals or registrations, the Issuer may still have insufficient funds to discharge its outstanding payment obligations to the holders of the Notes. Further, in the event of an insolvency of a relevant transferor, any sale proceeds received by that relevant transferor may be subject to the insolvency claims of third parties.

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

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

- in the event that such financial agreements contain non-disposal or other restrictive covenants that would prevent the sale of an equity interest by a Relevant Transferor(s), the Parent Company and its subsidiaries would need to obtain the consent from the third party creditor before the Relevant Transferor is able to proceed with the sale of such equity interest; and
- in the event that certain equity interests have been secured in favour of third party creditors, the Parent Company and its subsidiaries would need to arrange for these security interests to be released before the Relevant Transferor is able to proceed with the sale of such equity interests.

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

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

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

**The Issuer has limited assets which can be sold to the Parent Company pursuant to the Deed of Equity Interest Purchase Undertaking.**

Under the terms of the Deed of Equity Interest Purchase Undertaking, the Parent Company agrees to purchase or procure an onshore subsidiary of the Parent Company to purchase from a Relevant Transferor the equity interest of indirectly held subsidiaries of the Parent Company held by it upon the occurrence of an event of default under the Notes.

As of the date of this Offering Circular, the Issuer, as well as the Company's offshore subsidiaries, have very limited assets that can be sold to the Parent Company in the event that the obligation to purchase under the Deed of Equity Interest Purchase Undertaking becomes triggered.

In addition, the acquisition of such assets will be subject to regulatory and other approvals of or registrations with MOFCOM, NDRC, PBOC or SAFE. See "*Risk Factors – Performance by the Parent Company of its undertakings under the Deed of Equity Interest Purchase Undertaking is subject to approvals of the PRC governmental authorities and certain limitations*". There is no assurance that such approvals can be obtained in a timely manner, or at all. In the event that such approvals cannot be obtained and there are no other future equity interests that the Parent Company can purchase, the Deed of Equity Interest Purchase Undertaking may not be effective in enabling the Parent Company to assist the Issuer with its obligations under the Notes and the Trust Deed.

# CAPITALISATION AND INDEBTEDNESS

## Capitalisation and Indebtedness of the Parent Company

The following table sets forth the unaudited consolidated capitalisation and indebtedness of the Parent Company as at 30 June 2015 and as adjusted to give effect to the issuance of the Notes (before deducting the fees and commissions and other estimated transaction expenses payable). This following table should be read in conjunction with "*Use of Proceeds*", "*Selected Financial Information of the Parent Company*" and the Parent Company's financial statements and related notes included elsewhere in this Offering Circular.

| | As at 30 June 2015 | |
|---|---|---|
| | **Actual** | **As adjusted** |
| | *CNY* **(unaudited)** | *CNY* **(unaudited)** |
| | *(in thousands)* | |
| Short-term interest-bearing borrowing[1] | 42,932,220 | 42,932,220 |
| Long-term interest-bearing borrowing | 20,075,920 | 20,075,920 |
| Bonds payable | 5,218,740 | 5,218,740 |
| Notes to be issued[2] | – | 3,191,750 |
| **Total debt** | 68,226,880 | 71,418,630 |
| **Total owners' equity[3]** | 34,415,862 | 34,415,862 |
| **Total capitalisation** | 102,642,742 | 105,834,492 |

*Notes:*

(1) Short-term interest-bearing borrowing includes the current portion of non-current liabilities within one year.

(2) Refers to the aggregate principal amount of the Notes before deducting the commissions and estimated offering expenses. This amount has been translated into Renminbi for convenience purposes at a rate of U.S.$1.00 to CNY6.3835.

(3) Total owners' equity includes paid-in capital (share capital), capital reserve, surplus reserve, undistributed profit and minority shareholders' equity.

Other than as disclosed above and in "*Selected Financial Information of the Parent Company – Recent Developments*", there has been no material adverse change in the capitalisation and indebtedness of the Parent Company since 30 June 2015.

## Capitalisation and Indebtedness of the Issuer

The following table sets forth the unaudited consolidated capitalisation and indebtedness of the Issuer as at 30 September 2015 and as adjusted to give effect to the issuance of the Notes (before deducting the fees and commissions and other estimated transaction expenses payable). This following table should be read in conjunction with "*Use of Proceeds*", "*Selected Financial Information of the Parent Company*" and the Issuer's financial statements and related notes included elsewhere in this Offering Circular.

| | As at 30 September 2015 | |
|---|---|---|
| | **Actual** | **As adjusted** |
| | *USD* **(audited)** | *USD* **(unaudited)** |
| | *(in thousands)* | |
| Interest-bearing borrowing | – | – |
| Notes to be issued[1] | – | 500,000 |
| **Total Debt** | – | 500,000 |
| **Total owners' equity[2]** | 49,992 | 49,992 |
| **Total capitalisation** | 49,992 | 549,992 |

*Notes:*

(1) Refers to the aggregate principal amount of the Notes before deducting the commissions and estimated offering expenses.

(2) Total owners' equity includes share capital and accumulated loss.

Other than as disclosed above, there has been no material adverse change in the capitalisation and indebtedness of the Issuer since 30 September 2015.

## USE OF PROCEEDS

The Issuer estimates that the net proceeds from this Offering, after deducting commissions and other estimated expenses payable in connection with the Offering, will be approximately U.S.$493.8 million. The Issuer intends to use the net proceeds from the Offering to support major projects, construction and development plans in the PRC, and for working capital and general corporate purposes.

## TERMS AND CONDITIONS

*The following other than the words in italics is the text of the terms and conditions of the Notes which will appear on the reverse of each of the individual certificates evidencing the Notes:*

The U.S.$500,000,000 3.625 per cent. Notes due 2018 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 14 (*Further issues*) and forming a single series therewith) of Hongkong Baorong Development Limited (香港保融發展有限公司) (the "**Issuer**") was authorised by written resolutions of the board of directors of the Issuer dated 23 November 2015. The Notes are constituted by, are subject to, and have the benefit of, a trust deed dated on or about 9 December 2015 (as amended, restated, replaced or supplemented from time to time, the "**Trust Deed**") between the Issuer, Tianjin Free Trade Zone Investment Holding Group Co., Ltd. (天津保稅區投資控股集團有限公司) (the "**Company**") and The Bank of New York Mellon, London Branch as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) and are the subject of an agency agreement dated on or about 9 December 2015 (as amended, restated, replaced or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Company, The Bank of New York Mellon (Luxembourg) S.A. as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes) and the transfer agent (the "**Transfer Agent**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes), The Bank of New York Mellon, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), the paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the Trustee. References herein to the "**Agents**" are to the Registrar, the Principal Paying Agent, the Transfer Agent and the Paying Agents and any reference to an "**Agent**" is to any one of them.

The Notes have the benefit of (i) a keepwell and liquidity support deed dated on or about 9 December 2015 (as amended, restated, replaced or supplemented from time to time, the "**Keepwell and Liquidity Support Deed**") between the Issuer, the Company and the Trustee; and (ii) a deed of equity interest purchase undertaking dated on or about 9 December 2015 (as amended, restated, replaced or supplemented from time to time, the "**Deed of Equity Interest Purchase Undertaking**") between the Company and the Trustee.

Certain provisions of these Conditions are summaries of the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase Undertaking and subject to their detailed provisions. The Noteholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase Undertaking applicable to them. Copies of the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed and the Deed of Equity Interest Purchase Undertaking are available for inspection by Noteholders during normal business hours at the registered office for the time being of the Trustee, being at the date hereof One Canada Square, London E14 5AL, United Kingdom and at the Specified Offices (as defined in the Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below.

### 1. Form, Denomination and Status

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

(b) *Status of the Notes*: The Notes constitute direct, general, unsubordinated, unconditional and (subject to Condition 3(a) (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

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

2. **Register, Title and Transfers**

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

(b) *Title*: The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

(c) *Transfers*: Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Denominations. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor.

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

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

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

(f) *Closed periods*: Noteholders may not require transfers to be registered (i) during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes; or (ii) after the exercise of the put option in Condition 5(c) (*Redemption for Change of Control*).

(g) *Regulations concerning transfers and registration*: All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be made available for inspection by the Registrar to any Noteholder who requests in writing a copy of such regulations.

3. **Covenants**

(a) *Negative pledge*: So long as any Note remains outstanding (as defined in the Trust Deed):

(i) the Issuer shall not, and shall procure that none of its Subsidiaries shall, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or guarantee of Relevant Indebtedness without at the same time or prior thereto (x) securing the Notes equally and rateably therewith or (y) providing such other security for the Notes (as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders).

(ii) (A) the Company shall not, and shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or guarantee of Relevant Indebtedness without at the same time or prior thereto (x) securing the Notes equally and rateably therewith or (y) providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders;

(B) the Company shall not create or have outstanding any guarantee or indemnity in respect of any Relevant Indebtedness without at the same time or prior thereto (x) providing an unsubordinated guarantee or indemnity in respect of the Notes or (y) offering to exchange the Notes for securities issued or guaranteed by the Company with terms substantially identical to those of the Notes as certified by an Independent Investment Bank; and

(C) the Company shall not create or have outstanding any Relevant Indebtedness without at the same time or prior thereto (x) providing an unsubordinated guarantee or indemnity in respect of the Notes or (y) offering to exchange the Notes for securities issued or guaranteed by the Company with terms substantially identical to those of the Notes as certified by an Independent Investment Bank:

(I) if Regulatory Approvals are required in order to effect the action set out in one but not both of Condition 3(a)(ii)(B)(x) and Condition 3(a)(ii)(B)(y) or Condition 3(a)(ii)(C)(x) and Condition 3(a)(ii)(C)(y) (as the case may be), then the Company shall either (1) effect the action which does not require Regulatory Approvals or (2) obtain all Regulatory Approvals required in order to effect the action requiring Regulatory Approvals and then effect such action; and

(II) if Regulatory Approvals are required in order to effect the action set out in both Condition 3(a)(ii)(B)(x) and Condition 3(a)(ii)(B)(y) or Condition 3(a)(ii)(C)(x) and Condition 3(a)(ii)(C)(y) (as the case may be), then the Company shall be required to use its reasonable endeavours to obtain all such Regulatory Approvals but if, having used such reasonable endeavours, it is unable to obtain such Regulatory Approvals, then the Company shall be permitted to create, incur, assume, permit to exist or have outstanding any Relevant Indebtedness under Condition 3(a)(ii)(B) or Condition 3(a)(ii)(C) (as the case may be) without complying with Condition 3(a)(ii)(B)(x) or Condition 3(a)(ii)(B)(y) or (as the case may be) Condition 3(a)(ii)(C)(x) or Condition 3(a)(ii)(C)(y);

For the purposes of Condition 3(a)(ii)(B) and Condition 3(a)(ii)(C), (i) a certificate signed by an authorised signatory of the Company as to the fact that the Company has used reasonable endeavours to fulfil its obligations (including obtaining any requisite Regulatory Approvals) in Condition 3(a)(ii)(B) or Condition 3(a)(ii)(C) but having used such endeavours, it has not been able to fulfil such obligations and setting forth a statement of facts showing such endeavours, together with any evidence or records of communication, filings and/or submissions supporting such endeavours and (ii) an opinion of a PRC counsel of recognised national standing, in form and substance satisfactory to the Trustee, stating the applicable Regulatory Approvals and requirements under PRC laws to be obtained in connection with the Company's obligations under Condition 3(a)(ii)(B) or Condition 3(a)(ii)(C) and, where applicable, setting out the legal analysis as to why these cannot be obtained or is not achievable under the applicable PRC laws and regulations despite reasonable endeavours of the Company, shall be *prima facie* evidence of that fact, and the Trustee shall not be obligated to call for further evidence and shall be satisfied that the Company has used reasonable endeavours to fulfil its obligations (including obtaining any requisite Regulatory Approvals) as required by Condition 3(a)(ii)(B) or Condition 3(a)(ii)(C). The Trustee will not be responsible or liable to any person for any loss occasioned by acting on or relying on such a certificate or opinion.

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

(i) the Issuer shall provide to the Trustee a Compliance Certificate (on which the Trustee may rely as to such compliance) within 14 days from a request by the Trustee and at the time of provision of the Issuer Audited Financial Reports and (ii) the Issuer shall provide to the Trustee (A) two copies of the Issuer Audited Financial Reports within 180 days of the end of each Relevant Period, prepared in accordance with IFRS or HKFRS (audited by Crowe Horwath (HK) CPA Limited or a nationally recognised firm of independent accountants of good repute); and (B) two copies of the Issuer Semi-Annual Unaudited Financial Reports within 90 days of the end of each Relevant Period, prepared on a basis consistent with the Issuer Audited Financial Reports; and

(ii) the Company shall provide to the Trustee a Compliance Certificate (on which the Trustee may rely as to such compliance) within 14 days from a request by the Trustee and at the time of provision of the Company Audited Financial Reports and (ii) the Company shall provide to the Trustee (A) two copies of the Company Audited Financial Reports within 180 days of the end of each Relevant Period, prepared in accordance with PRC GAAP (audited by a nationally recognised firm of independent accountants, which is in the candidate list of qualified firms of accountants published by the Tianjin Port Free Trade Zone State-owned Asset Supervision and Administration Commission (天津港保税區國有資產管理局) from time to time ("**Tianjin SASAC Qualified Auditor**")); and (B) two copies of the Company Semi-Annual Unaudited Financial Reports within 120 days of the end of each Relevant Period, prepared on a basis consistent with the Company Audited Financial Reports,

and if such statements, in each case, shall be in the Chinese language, together with an English translation of the same translated by (x) Zhongxingcai Guanghua Certified Public Accountants (LLP) or a Tianjin SASAC Qualified Auditor or (y) a professional translation service provider and checked by Zhongxingcai Guanghua Certified Public Accountants (LLP) or a Tianjin SASAC Qualified Auditor, together with a certificate signed by an authorised signatory of the Issuer or the Company certifying that such translation is complete and accurate.

(c) *Financial Covenants*: So long as any Note remains outstanding, (i) the Issuer undertakes that it shall, and the Company has undertaken in the Keepwell and Liquidity Support Deed to procure that the Issuer shall, at all times maintain its Consolidated Net Worth at not less than U.S.$1.00 (or its equivalent in other currencies); and (ii) the Company has undertaken in the Keepwell and Liquidity Support Deed that it shall at all times maintain (A) its Consolidated Net Worth at not less than RMB15 billion and (B) the ratio of its Consolidated Total Liabilities to its Consolidated Total Assets at not more than 75:100.

The financial covenants set out in this Condition 3(c) shall be tested by reference to the Company Audited Financial Reports, the Issuer Audited Financial Reports, or, as the case may be, the Company Semi-Annual Unaudited Financial Reports or the Issuer Semi-Annual Unaudited Financial Reports as at the end of each Relevant Period. The Trustee is under no obligation to monitor compliance by the Issuer or the Company with this Condition 3(c) and shall not be responsible or liable to any Noteholder or any other person for not doing so.

(d) *Notification to NDRC*: The Company undertakes to file or cause to be filed with the NDRC the requisite information and documents within 10 PRC Business Days after the Issue Date (as defined below) in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015] 2044號)) issued by the NDRC and which came into effect on 14 September 2015, and any implementation rules as issued by the NDRC from time to time (the "**NDRC Post-issue Filing**").

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

(e) *Issuer Activities*: So long as any Note remains outstanding:

(i) the Issuer shall, and the Company has undertaken in the Keepwell and Liquidity Support Deed to procure that the Issuer shall be the sole offshore financing platform of the Group, on-lend the proceeds of the issue of the Notes (the "**Proceeds of the Notes**") to the Company or any member of the Group) and cause the recipient of the Proceeds of the Notes to pay the interest and principal in respect of the relevant intercompany loan on time;

(ii) the Issuer shall not issue any equity interest, capital stock or shares other than ordinary shares to any wholly-owned Subsidiary of the Company and the Company has undertaken in the Keepwell and Liquidity Support Deed at all times to maintain, directly or indirectly, ownership of all of the outstanding shares of the Issuer; and

(iii) the Company has undertaken to not, and to procure that none of its Subsidiaries shall, directly or indirectly pledge, grant a security interest, or in any way encumber or otherwise dispose of any shares of the Issuer, unless required to dispose of any or all the shares of the Issuer pursuant to law or regulation or a court decree or order of any government authority which, in the opinion of a legal adviser to the Company, may not be successfully challenged.

(f) *Irrevocable Cross-border RMB Standby Facility, Liquidity Support and Parent Investment*: The Trustee shall provide a written notice to the Company (with a copy to the Issuer) (the "**Trigger Notice**") in accordance with the Trust Deed (i) if the Trustee does not receive the Liquidity Notice from the Issuer within five KWD Business Days after the relevant Liquidity Notice Date in accordance with the terms of the Keepwell and Liquidity Support Deed, (ii) upon being notified in writing by the Issuer and/or the Company that a Triggering Event has occurred in accordance with the terms of the Keepwell and Liquidity Support Deed, or (iii) if any Triggering Event has occurred and if so requested in writing by Noteholders holding at least 25 per cent. of the aggregate principal amount of the Notes then outstanding (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction). Upon the receipt of the Trigger Notice, the Company has undertaken in the Keepwell and Liquidity Support Deed:

(i) (a) to as soon as practicable grant to the Issuer a cross-border standby facility in an amount in RMB which upon conversion will be sufficient to satisfy the payment obligations as provided in the Keepwell and Liquidity Support Deed, (b) to as soon as practicable open with a PRC commercial bank a special RMB account for the transfer and remittance of such amount to the Issuer and (c) to remit such amount to a specified account of the Issuer in Hong Kong through the special RMB account;

(ii) to provide the liquidity support to the Issuer (the "**Liquidity Support**") in accordance with the provisions regarding the Liquidity Support in the Keepwell and Liquidity Support Deed; and

(iii) to invest in the Issuer and/or any Offshore Subsidiar(ies) (as defined in the Keepwell and Liquidity Support Deed) (the "**Parent Investment**") in accordance with the provisions regarding the Parent Investment in the Keepwell and Liquidity Support Deed, in each case, subject to it having obtained the Company's shareholder approval and all relevant Regulatory Approvals (as defined in the Keepwell and Liquidity Support Deed) (which the Company has undertaken in the Keepwell and Liquidity Support Deed to use its reasonable endeavours to obtain).

(g) *Deed of Equity Interest Purchase Undertaking*: Upon the occurrence of an Event of Default (as defined under Condition 8 (*Events of Default*)), the Trustee shall give to the Company (with a copy to the Issuer) a Purchase Notice in writing in accordance with the Trust Deed notifying the Company of its obligations to purchase certain equity interests under the Deed of Equity Interest Purchase Undertaking. Upon the completion of any Purchase (as defined in the Deed of Equity Interest Purchase Undertaking) made in accordance with the Deed of Equity Interest Purchase Undertaking, the Company undertakes to (x) in the event that a Relevant Transferor is not the Issuer, procure such Relevant Transferor to promptly on-lend or distribute in full the relevant portion of the Purchase Price (as defined in the Deed of Equity Interest Purchase Undertaking), being an amount no less than the Shortfall Amount, to the Issuer prior to any other use, disposal or transfer of the proceeds received and (y) promptly do all such things (including entering into and executing any agreements or arrangements required) and take all actions necessary for the Purchase Price received by the Issuer from the Company or, as the case may be, the relevant Purchaser or pursuant to any on-loan or distribution to be applied solely towards the payment in full of the Issuer's obligations, as the case may be, under the Notes and the Trust Deed (including without limitation the payment of the principal amount of the Notes then outstanding as at the date of payment and any interest due and unpaid and/or accrued but unpaid on the Notes up to but excluding the date of payment) prior to any other use, disposal or transfer of the proceeds received.

The Trustee is under no obligation to monitor compliance by either of the Issuer or the Company with this Condition 3 (*Covenants*) and shall not be responsible or liable to any Noteholder or any other person for not doing so.

In these Conditions:

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

"**Consolidated Net Worth**" means, in respect of each of the Issuer and the Company, the excess of their respective Consolidated Total Assets over their Consolidated Total Liabilities;

"**Consolidated Total Assets**" means, in respect of the Issuer, the total assets of the Issuer and its consolidated Subsidiaries, total assets to be determined in accordance with IFRS or HKFRS, as applicable, consistently applied; and in respect of the Company, the total assets of the Company and its consolidated Subsidiaries, total assets to be determined in accordance with PRC GAAP consistently applied;

"**Consolidated Total Liabilities**" means, in respect of the Issuer, the total liabilities of the Issuer and its consolidated Subsidiaries, total liabilities to be determined in accordance with IFRS or HKFRS, as applicable, consistently applied; and in respect of the Company, the total liabilities of the Company and its consolidated Subsidiaries, total liabilities to be determined in accordance with PRC GAAP consistently applied;

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

"**Company Semi-Annual Unaudited Financial Reports**" means the semi-annual unaudited and unreviewed consolidated balance sheet, income statement, cash flow statement and statement of changes in equity of the Company and its consolidated Subsidiaries, together with any statements, reports (including any auditors' reports) and notes attached to any of them (if any);

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

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

(ii) each of the Company and the Issuer (as the case may be) has complied with all its obligations under the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Notes;

"**Group**" means the Company and its Subsidiaries;

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

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

"**IFRS**" means the International Financial Reporting Standards;

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

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

"**Issuer Semi-Annual Unaudited Financial Reports**" means the semi-annual unaudited and unreviewed consolidated balance sheet, income statement, cash flow statement and statement of changes in equity of the Issuer and its consolidated Subsidiaries, together with any statements, reports (including any auditors' reports) and notes attached to any of them (if any);

"**KWD Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business (including dealings in foreign exchange) in Beijing, London and Hong Kong;

"**Liquidity Notice**" means the notice given by the Issuer to each of the Company and the Trustee in accordance with the Keepwell and Liquidity Support Deed;

"**Liquidity Notice Date**" means the KWD Business Day falling 30 KWD Business Days before each Interest Payment Date;

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

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

"**Potential Event of Default**" means an event or circumstance which could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 8 (*Events of Default*) become an Event of Default;

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

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

"**PRC GAAP**" means the Accounting Standards for Business Enterprises issued by the PRC Ministry of Finance on 15 February 2006 and other relevant regulations issued thereafter;

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

"**Relevant Indebtedness**" means any indebtedness incurred outside the PRC which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange, over-the-counter or other securities market and has a maturity of one year or more from its date of incurrence or issuance (which for the avoidance of doubt does not include bilateral loans, syndicated loans or club deal loans);

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

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

(i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove the majority of the members of the governing body of the second Person or otherwise; or

(ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person; and

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

(i) the Consolidated Net Worth of the Issuer falls below U.S.$1.00 (or its equivalent in any other currency) (a "**Financial Ratio Failure**"); or

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

(iii) an Event of Default; or

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

## 4. Interest

The Notes bear interest from 9 December 2015 (the "**Issue Date**") at the rate of 3.625 per cent. per annum (the "**Rate of Interest**"), payable in arrear on 9 June and 9 December in each year (each, an "**Interest Payment Date**"), subject as provided in Condition 6 (*Payments*).

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

The amount of interest payable on each Interest Payment Date shall be U.S.$18.125 in respect of each Note of U.S.$1,000 denomination. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the Authorised Denomination of such Note divided by the Calculation Amount, where:

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

"**Calculation Period**" means the relevant period for which interest is to be calculated from (and including) the first day in such period to (but excluding) the last day in such period;

"**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case $D_1$ will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and $D_1$ is greater than 29, in which case $D_2$ will be 30"; and

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

5. **Redemption and Purchase**

(a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 9 December 2018 (the "**Maturity Date**"), subject as provided in Condition 6 (*Payments*).

(b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with unpaid interest accrued to (but not including) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

(i) the Issuer has or will become obliged to pay Additional Amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Hong Kong, the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 2 December 2015; and

(ii) 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 Amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee:

(A) a certificate signed by any one authorised signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent set out in (i) and (ii) above to the right of the Issuer so to redeem have occurred; 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 Amounts as a result of such change or amendment.

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

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

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

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes subject to the Put Exercise Notices delivered as aforesaid.

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

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

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

(a) the Company ceases to own or hold, directly or indirectly, 100 per cent. of the issued share capital of the Issuer;

(b) the Controlling Person ceases to own or hold, directly or indirectly, 100 per cent. of the issued share capital of the Company or its successor entity; or

(c) the Company consolidates with, merges into or sells or transfers all or substantially all of the Company's assets to any Person or Persons, acting together, unless (i) the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring any control over the Company or the successor entity, or (ii) such Person or Person(s) are wholly-owned by the Controlling Person(s);

"**Controlling Person**" means the Tianjin Port Free Trade Zone State-owned Asset Supervision and Administration Commission（天津港保税區國有資產管理局）or any other Person wholly controlled by the State Council of the PRC;

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

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

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

(g) *Notices of redemption*: If there is more than one notice of redemption given in respect of any Note (which shall include any notice given by the Issuer pursuant to Condition 5(b) and any Put Exercise Notice given by a Noteholder pursuant to Condition 5(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail.

6. **Payments**

(a) *Principal*: Payments of principal shall be made by transfer to a U.S. dollar account maintained by the payee and (in the case of redemption) upon surrender (or, in the case of partial payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(b) *Interest*: Payments of interest shall be made by transfer to a U.S. dollar account maintained by the payee and (in the case of interest payable on redemption) upon surrender (or, in the case of partial payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

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

(c) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) *Payments on business days*: Payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of partial payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this paragraph, "**business day**" means any day on which banks are open for general business (including dealings in foreign currencies) in New York City, London and Hong Kong and, in the case of surrender (or, in the case of partial payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).

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

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

7. **Taxation**

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

Where such withholding or deduction is made by the Issuer by or within the PRC at the rate of up to and including 10 per cent. (the "**Applicable Rate**"), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by the Noteholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

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

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

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

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

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

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

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

If the Issuer becomes subject at any time to any taxing jurisdiction other than Hong Kong or the PRC respectively, references in these Conditions to Hong Kong or the PRC shall be construed as references to Hong Kong, the PRC and/or such other jurisdiction.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 7 (*Taxation*) or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer, the Company or the Noteholders or any other person to pay such tax, duty, charges, withholding or other payment.

8. **Events of Default**

If any of the following events occurs, then 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 then outstanding Notes or if so directed by an Extraordinary Resolution of the Noteholders, shall, subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction, give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality:

(a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof and such failure to pay principal continues for a period of seven days or there has been a failure to pay any amount of interest in respect of the Notes on the due date for payment thereof and such failure to pay interest continues for a period of 14 days; or

(b) *Breach of other obligations*: the Issuer or the Company defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the Keepwell and Liquidity Support Deed (other than where it gives rise to a redemption pursuant to Condition 5(c) (*Redemption for Change of Control*)), the Deed of Equity Interest Purchase Undertaking or the Trust Deed and such default (i) is incapable of remedy or (ii) being a default which is capable of remedy remains unremedied for 45 days after the Trustee has given written notice thereof to the Issuer or (as the case may be) the Company; or

(c) *Cross-default of Issuer, Company or Company's Subsidiary*:

(i) any other indebtedness of the Issuer, the Company or any of the Company's Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

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

(iii) the Issuer, the Company or any of the Company's Subsidiaries fails to pay when due any amount payable by it under any guarantee of any indebtedness;

provided that the amount of indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any guarantee referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds RMB200,000,000 (or its equivalent in any other currency or currencies); or

(d) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of any amount is rendered against the Issuer, the Company or any of the Company's Principal Subsidiaries and continue(s) unsatisfied and unstayed for a period of 45 days after the date(s) thereof or, if later, the date therein specified for payment; or

(e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any part of the undertaking, assets and revenues of the Issuer, the Company or any of the Company's Principal Subsidiaries, as the case may be and such action is not discharged within 45 days after the date thereof; or

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

(g) *Winding-up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Company or any of the Company's Principal Subsidiaries except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Noteholders; or (ii) in the case of a Company's Principal Subsidiary where all the undertaking and assets of the Company's Principal Subsidiary are transferred to or otherwise vested in the Issuer, the Company or another of the Company's Principal Subsidiaries or (iii) a disposal of a Company's Principal Subsidiary on an arm's length basis where the assets (whether in cash or otherwise) resulting from such disposal is vested in Issuer, the Company or any of the Company's Principal Subsidiaries; or

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

(i) *Failure to take action etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Company lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes, the Trust Deed, the Keepwell and Liquidity Support Deed (other than with regard to the performance and compliance with the obligations thereunder), the Deed of Equity Interest Purchase Undertaking (other than with regard to the performance and compliance with the obligations thereunder) and the Agency Agreement, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Note Certificates, the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Agency Agreement admissible in evidence in the courts of Hong Kong; or

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

(k) *Keepwell and Liquidity Support Deed and Deed of Equity Interest Purchase Undertaking*: the Keepwell and Liquidity Support Deed or the Deed of Equity Interest Purchase Undertaking is not, or is claimed by the Company not to be, in full force and effect, or the Keepwell and Liquidity Support Deed or the Deed of Equity Interest Purchase Undertaking is modified, amended or terminated other than strictly in accordance with their respective terms; or

(l) *Analogous Events*: any event occurs which under the laws of Hong Kong or the PRC has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (h) (*Government Intervention*) above.

In these Conditions:

"**Principal Subsidiary**" in respect of the Company means any Subsidiary:

(a) whose total revenue (consolidated in the case of a Subsidiary which has Subsidiaries) as shown by its latest audited income statement is at least 3 per cent. of the consolidated total revenue as shown by the latest published audited income statement of the Company and its consolidated Subsidiaries; or

(b) whose net profit (consolidated in the case of a Subsidiary which itself has Subsidiaries, excluding intra-group items) as shown by its latest audited income statement, is at least 3 per cent. of the consolidated net profit as shown by the latest published audited consolidated income statement of the Company and its consolidated Subsidiaries; or

(c) whose net assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) as shown by its latest audited balance sheet, are at least 3 per cent. of the consolidated net assets of the Company and its consolidated Subsidiaries as shown by the latest published audited consolidated balance sheet of the Company and its consolidated Subsidiaries, including the investment of the Company and its consolidated Subsidiaries in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of such Person and of associated companies and after adjustment for minority interests;

(d) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that 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 cease to be a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate) of the Company 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, *provided* that, in relation to paragraphs (a), (b) and (c) above:

(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 Company relate, the reference to the then latest consolidated audited accounts of the Company and its Subsidiaries for the purposes of the calculation above shall, until consolidated audited accounts of the Company 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 Company and its Subsidiaries 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 Company or any Subsidiary which itself has Subsidiaries, no consolidated accounts are prepared and audited, total revenue, net profit or net assets of the Company and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by or on behalf the Company;

(iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total revenue, net profit or net 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 or on behalf of the Company; and

(iv) if the accounts of any subsidiary (not being a Subsidiary referred to in provision (i) above) are not consolidated with those of the Company, 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 Company).

The Trustee shall not be responsible for monitoring or ascertaining whether or not an Event of Default or a Change of Control has occurred or exists and, unless and until it shall have received express written notice to the contrary, it will be entitled to assume that no such event or circumstance exists or has occurred (without any liability to any person for so doing).

9. **Prescription**

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

10. **Replacement of Note Certificates**

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

11. **Trustee and Agents**

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

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

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

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

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

12. **Meetings of Noteholders; Modification and Waiver**

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

In addition, a resolution in writing signed by or on behalf of Noteholders holding not less than 90 per cent. of the aggregate principal amount of the Notes then outstanding who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution of the Noteholders. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders or by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the Noteholders.

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

Any such authorisation, waiver or modification shall be notified to the Noteholders by the Issuer as soon as practicable thereafter.

(c) *Directions from Noteholders*: Notwithstanding anything to the contrary in these Conditions or the Trust Deed, whenever the Trustee is required or entitled by the terms of these Conditions, the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed or the Deed of Equity Interest Purchase Undertaking to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Noteholders by way of an Extraordinary Resolution of the Noteholders and shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions.

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

13. **Enforcement**

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

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

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

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

14. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest and the timing for reporting to the NDRC) so as to form a single series with the Notes. The Issuer may from time to time create and issue other series of notes having the benefit of the Trust Deed.

15. **Notices**

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

*Until such time as any individual certificates are issued and so long as the Global Note Certificate is held in its entirety on behalf of Euroclear and Clearstream any notice to the Noteholders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.*

16. **Governing Law and Jurisdiction**

(a) *Governing law*: The Notes, the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Agency Agreement and any non-contractual obligations arising out of or in connection with the Notes, the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Agency Agreement are governed by 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 Notes, the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Agency Agreement, and accordingly any legal action or proceedings arising out of or in connection with the Notes, the Trust Deed, the Keepwell and Liquidity Support Deed, the

Deed of Equity Interest Purchase Undertaking and the Agency Agreement may be brought in the courts of Hong Kong. Pursuant to the Trust Deed, each of the Issuer and the Company has irrevocably submitted to the jurisdiction of the courts of Hong Kong.

(c) *Agent for Service of Process*: The Company irrevocably appoints the Issuer (currently at c/o Suite 3304, 33/F, Block 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, Hong Kong) as its authorised agent for service of process in Hong Kong and the Issuer hereby accepts such appointment. Service upon the Issuer shall be deemed valid service upon the Company, whether or not the process is forwarded to or received by the Company. If for any reason the Issuer shall cease to have an office in Hong Kong for service of process, the Company shall promptly appoint a new agent for service of process in Hong Kong and deliver to the Trustee a copy of the new agent's acceptance of that appointment within 30 days of such agent ceasing to be its agent for service of process.

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

## DESCRIPTION OF THE KEEPWELL AND LIQUIDITY SUPPORT DEED

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

**Ownership of the Issuer**

Pursuant to the Keepwell and Liquidity Support Deed, the Parent Company will undertake that it shall:

- directly or indirectly own and hold all the outstanding shares of the Issuer and will not, and shall procure that none of its Subsidiaries will, directly or indirectly pledge, grant a security interest, or in any way encumber or otherwise dispose of any such shares, unless required to dispose of any or all such shares pursuant to law or regulation or a court decree or order of any government authority which, in the opinion of a legal adviser to the Parent Company, may not be successfully challenged;

- procure that the Issuer will not issue any equity interest, capital stock or shares other than ordinary shares to any wholly-owned Subsidiary of the Parent Company; and

- procure that the Issuer shall as soon as practicable provide the Trustee with a copy of any written legal opinion mentioned above, to the extent available. The Trustee shall be entitled to rely on any such legal opinion provided as conclusive evidence of the satisfaction of the aforementioned condition.

The Parent Company will also undertake with the Issuer and the Trustee that it shall maintain the Issuer as the sole offshore financing platform of the Group (as defined in the Keepwell and Liquidity Support Deed).

**Maintenance of Consolidated Net Worth; Liquidity**

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

- procure the Issuer to have a Consolidated Net Worth of at all times at least U.S.$1.00 (or its equivalent currencies);

- procure the Issuer to have sufficient liquidity to make timely payment of any amounts payable by it under the Notes in accordance with the Conditions, the Trust Deed and/or the Agency Agreement;

- procure the Issuer to remain solvent and a going concern at all times under the laws of its jurisdiction of incorporation or applicable accounting standards of Hong Kong; and

- maintain at all times (A) its Consolidated Net Worth at not less than RMB15 billion and (B) the ratio of its Consolidated Total Liabilities to its Consolidated Total Assets at not more than 75:100.

**Relevant Indebtedness**

Pursuant to the Keepwell and Liquidity Support Deed, the Parent Company will undertake to the Trustee that so long as any Note remains outstanding:

(i) it shall not, and shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or guarantee of Relevant

Indebtedness without at the same time or prior thereto (x) securing the Notes equally and rateably therewith or (y) providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders;

(ii) it shall not create or have outstanding any guarantee or indemnity in respect of any Relevant Indebtedness without at the same time or prior thereto (x) providing an unsubordinated guarantee or indemnity in respect of the Notes or (y) offering to exchange the Notes for securities issued or guaranteed by the Parent Company with terms substantially identical to those of the Notes as certified by an Independent Investment Bank; and

(iii) it shall not create or have outstanding any Relevant Indebtedness without at the same time or prior thereto (x) providing an unsubordinated guarantee or indemnity in respect of the Notes or (y) offering to exchange the Notes for securities issued or guaranteed by the Parent Company with terms substantially identical to those of the Notes as certified by an Independent Investment Bank:

Provided that, in respect of the items (ii) and (iii):

(A) if Regulatory Approvals are required in order to effect the action set out in one but not both of (x) and (y) in both items above, then the Parent Company shall either (1) effect the action which does not require Regulatory Approvals or (2) obtain all Regulatory Approvals required in order to effect the action requiring Regulatory Approvals and then effect such action; and

(B) if Regulatory Approvals are required in order to effect the action set out in both (x) and (y) in both items above, then the Parent Company shall be required to use its reasonable endeavours to obtain all such Regulatory Approvals but if, having used such reasonable endeavours, it is unable to obtain such Regulatory Approvals, then the Parent Company shall be permitted to create, incur, assume, permit to exist or have outstanding any Relevant Indebtedness without complying with the above restrictions.

For the purposes of the Keepwell and Liquidity Support Deed,

"**Consolidated Net Worth**" means, in respect of each of the Issuer and the Company, the excess of their respective Consolidated Total Assets over their Consolidated Total Liabilities and

"**Relevant Indebtedness**" means any indebtedness incurred outside the PRC which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange, over-the-counter or other securities market and has a maturity of one year or more from its date of incurrence or issuance (which for the avoidance of doubt does not include bilateral loans, syndicated loans or club deal loans).

**Triggering Events**

Under the Keepwell and Liquidity Support Deed, each of the Issuer and the Parent Company will undertake to notify the Trustee as soon as practicable in writing (and include sufficient details or of such event) upon the occurrence of any of the following events (each, a "**Triggering Event**"):

- the Consolidated Net Worth of the Parent Company is less than RMB15 billion or the ratio of the Parent Company's Consolidated Total Liabilities to its Consolidated Total Assets is more than 75:100 (each a, "**Financial Ratio Failure**"); or
- the Issuer fails to provide a Liquidity Notice in accordance with and by the time and to the persons specified in the Keepwell and Liquidity Support Deed (a "**Liquidity Notice Failure Event**");
- an Event of Default; or

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

**Irrevocable Cross-Border RMB Standby Facility, Liquidity Support and Parent Investment**

***Liquidity Notice***

No later than the KWD Business Day falling 30 KWD Business Days before each Interest Payment Date (the "**Liquidity Notice Date**"), the Issuer shall send to each of the Parent Company and the Trustee a written notice (the "**Liquidity Notice**") certifying, as at the date of the Liquidity Notice, (a) that it has sufficient liquidity to meet its payment obligations under the Notes in accordance with the Conditions and the Trust Deed as they may fall due (together with evidence of available funding outside the PRC) on the immediately following Interest Payment Date and (b) that no Event of Default or Potential Event of Default has occurred.

***Trigger Notice***

Notwithstanding and without prejudice to the other provisions in the Keepwell and Liquidity Support Deed, the Trustee will undertake to provide a written notice (the "**Trigger Notice**") to the Parent Company in accordance with the Trust Deed:

- if the Trustee does not receive the Liquidity Notice from the Issuer within five KWD Business Days after the relevant Liquidity Notice Date, in accordance with the Keepwell and Liquidity Support Deed,

- upon being notified in writing by the Issuer and/or the Parent Company that a Triggering Event has occurred pursuant to the Keepwell and Liquidity Support Deed, or

- if any Triggering Event has occurred and if so requested in writing by Noteholders of at least 25 per cent. of the aggregate principal amount of the Notes then outstanding (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction).

Upon the receipt of the Trigger Notice and in accordance with the Keepwell and Liquidity Support Deed, the Parent Company undertakes to:

- as soon as practicable, grant to the Issuer a cross-border standby facility in an amount in RMB which upon conversion will be not less than the Relevant Amount;

- provide the liquidity support to the Issuer; and

- invest in the Issuer, and/or any Subsidiary(ies) of the Parent Company incorporated outside the PRC ("**Offshore Subsidiar(ies)**"),

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

**Irrevocable Cross-border RMB Standby Facility**

Pursuant to the Keepwell and Liquidity Support Deed and notwithstanding and without prejudice to the other provisions in the Keepwell and Liquidity Support Deed, in the event that the Trustee has provided a Trigger Notice to the Parent Company, the Parent Company will agree to:

- as soon as practicable, establish and grant to the Issuer a cross-border standby facility (the "**Standby Facility**") pursuant to which the Parent Company will remit an amount in RMB which upon conversion will be not less than the Relevant Amount (the "**Remittance Amount**");

- as soon as practicable open with a PRC commercial bank (the "**Settlement Bank**") a special RMB account for the transfer and remittance of the Remittance Amount to the Issuer; and

- remit the Remittance Amount to a specified account of the Issuer in Hong Kong through the special RMB account (i) in the case of a Financial Ratio Failure, at least two KWD Business Days prior to the immediately following Interest Payment Date or (ii) in the case of a Liquidity Notice Failure Event or an Event of Default, as soon as practicable.

Each of the Parent Company and the Issuer will agree and acknowledge that the terms of the Standby Facility shall be at arm's length (or more favourable to the Issuer) and shall not require any security from the Issuer.

**Liquidity Support**

Pursuant to the Keepwell and Liquidity Support Deed and notwithstanding and without prejudice to the other provisions in the Keepwell and Liquidity Support Deed, in the event that the Trustee has provided a Trigger Notice to the Parent Company, the Parent Company will undertake to promptly make available to the Issuer sufficient funds to meet its payment obligations under the Notes in accordance with the Terms and Conditions of the Notes and the Trust Deed as they may fall due.

**Parent Investment**

Pursuant to the Keepwell and Liquidity Support Deed and notwithstanding and without prejudice to the other provisions in the Keepwell and Liquidity Support Deed, in the event that the Trustee has provided a Trigger Notice to the Parent Company, the Parent Company will undertake to:

- invest, or procure a PRC incorporated Subsidiary of the Parent Company (an "**Onshore Subsidiary**") to invest, by way of equity investment or shareholders' loan or a combination thereof in, the Issuer and/or any other Offshore Subsidiaries (the "**Parent Investment**");

- within 12 KWD Business Days after the date of the Trigger Notice, determine and notify the Trustee in writing which Offshore Subsidiar(ies) (the "**Relevant Investee(s)**") will be the subject of the Parent Investment and procure the Relevant Investee(s) to on-lend such Investment Amount (as defined below) to the Issuer;

- within 12 KWD Business Days after the date of the Trigger Notice, determine the aggregate amount, being an amount in cash in Renminbi, euros, Hong Kong dollars or U.S. dollars (where the Parent Company is entitled to determine the currency subject to the Regulatory Approvals) of the Parent Investment (the "**Investment Amount**") which shall, in any event, upon conversion or otherwise, be no less than the Relevant Amount;

- promptly and in any event, no later than 15 KWD Business Days after the date of the Trigger Notice, execute or procure the relevant Onshore Subsidiar(ies) to execute the relevant investment agreement(s) with the Relevant Investee(s) and, file the same with the relevant Approval Authorities for approval of the Parent Investment;

- promptly and in any event, no later than five KWD Business Days after receipt of all necessary approvals from the relevant Approval Authorities, submit all application documents required by applicable laws and regulations of the PRC to competent banks for approvals and/or registrations with SAFE or PBOC (as the case may be) for the Parent Investment, the payment of the Investment Amount and the remittance of the Investment Amount (if applicable) outside the PRC; and

- procure the remittance of the Investment Amount on or prior to the tenth KWD Business Day after the date of receipt of the approvals and/or registrations from SAFE or PBOC (as the case may be) whereupon the Parent Company shall pay or procure the relevant Onshore Subsidiary to pay to, or to the order of, each Relevant Investee the Investment Amount in immediately available funds in Renminbi, euros, Hong Kong dollars or U.S. dollars (where the Parent Company is entitled to determine the currency subject to the Regulatory Approvals), as the case may be. Such payment shall be made by remittance of the Investment Amount to a specified account of the Issuer in Hong Kong as may be designated by such Relevant Investee.

**Financial Information**

Pursuant to the Keepwell and Liquidity Support Deed and so long as any Note remains outstanding:

- the Issuer will undertake to provide to the Trustee a Compliance Certificate (on which the Trustee may rely as to such compliance) within 14 days from a request by the Trustee and at the time of provision of the Issuer Audited Financial Reports and the Issuer will undertake to provide to the Trustee (A) two copies of the Issuer Audited Financial Reports within 180 days of the end of each Relevant Period, prepared in accordance with IFRS or HKFRS (audited by Crowe Horwath (HK) CPA Limited or a nationally recognised firm of independent accountants of good repute); and (B) two copies of the Issuer Semi-Annual Unaudited Financial Reports within 90 days of the end of each Relevant Period, prepared on a basis consistent with the Issuer Audited Financial Reports; and

- the Parent Company will undertake to provide to the Trustee a Compliance Certificate (on which the Trustee may rely as to such compliance) within 14 days from a request by the Trustee and at the time of provision of the Parent Company Audited Financial Reports and the Parent Company will undertake to provide to the Trustee (A) two copies of the Parent Company Audited Financial Reports within 180 days of the end of each Relevant Period, prepared in accordance with PRC GAAP (audited by a nationally recognised firm of independent accountants, which is in the candidate list of qualified firms of accountants published by the Tianjin Port Free Trade Zone State-owned Asset Supervision and Administration Commission（天津港保稅區國有資產管理局）from time to time ("**Tianjin SASAC Qualified Auditor**")); and (B) two copies of the Parent Company Semi-Annual Unaudited Financial Reports within 120 days of the end of each Relevant Period, prepared on a basis consistent with the Parent Company Audited Financial Reports,

and if such statements, in each case, shall be in the Chinese language, together with an English translation of the same translated by (x) Zhongxingcai Guanghua Certified Public Accountants (LLP) or a Tianjin SASAC Qualified Auditor or (y) a professional translation service provider and checked by Zhongxingcai Guanghua Certified Public Accountants (LLP) or a Tianjin SASAC Qualified Auditor, together with a certificate signed by an authorised signatory of the Issuer or the Parent Company certifying that such translation is complete and accurate.

**Other Covenants**

For so long as any Note is outstanding, the Parent Company will further undertake:

- not to amend its articles of association in a manner that is, directly or indirectly, materially adverse to Noteholders;

- not to, and to procure that the Issuer will not, amend or agree to any amendment to the articles of association of the Issuer to the extent that any such amendments may cause material adverse effect to the Issuer's operational sustainability or the Issuer's ability to make timely payment of any amounts payable under the Notes in accordance with the Terms and Conditions of the Notes, the Trust Deed and its other indebtedness;

- to cause the Issuer to remain in full compliance with the Terms and Conditions of the Notes, Trust Deed and all applicable rules and regulations in Hong Kong with respect to the Notes;

- to promptly take any and all action necessary to comply with its obligations under the Keepwell and Liquidity Support Deed;

- to cause the Issuer to take all action necessary in a timely manner to comply with its obligations under the Keepwell and Liquidity Support Deed;

- to procure that the Issuer will cause the recipient of the Proceeds of the Notes to pay the interest and principal in respect of the relevant intercompany loan on time;

- to the extent a Subsidiary of the Parent Company lends or assigns any of the Proceeds of the Notes it receives from the Issuer, to cause such Subsidiary to lend or assign such Proceeds of the Notes only to other Subsidiaries of the Parent Company;

- to ensure that the Issuer has sufficient funds to meet its obligations with respect to any and all fees, expenses and similar obligations of the Issuer, including but not limited to fees and expenses with respect to the corporate formation and administration of the Issuer; and

- that it will not, and will procure that the Issuer will, commence any action for the winding up, liquidation or dissolution of the Issuer.

**General**

The Keepwell and Liquidity Support Deed will not, and nothing therein contained and nothing done pursuant thereto by the Parent Company will be deemed to constitute, or shall be construed as, or shall be deemed an evidence of, a guarantee by, or any similar legally binding obligation of, the Parent Company of the payment of any obligation, indebtedness or liability, of any kind or character whatsoever, of the Issuer under the laws of any jurisdiction.

Accordingly, pursuant to the terms of the Keepwell and Liquidity Support Deed, the Parent Company will only be obliged to make sufficient funds available to the Issuer, rather than assume the payment obligation as in the case of a guarantee.

In the event that the performance by the Parent Company of its obligations with respect to the Keepwell and Liquidity Support Deed requires any prior shareholder approval of the Parent Company or Regulatory Approval, the Parent Company undertakes to use its best endeavours to obtain such Regulatory Approval.

The Keepwell and Liquidity Support Deed may only be modified, amended or terminated by the written agreement of the parties thereto.

The Keepwell and Liquidity Support Deed and any non-contractual obligations arising out of or in connection with it will be governed by English law. The courts of Hong Kong are to have exclusive jurisdiction to settle any dispute arising out of or in connection with the Keepwell and Liquidity Support Deed (including a dispute relating to the existence, validity or termination of the Keepwell and Liquidity Support Deed or the consequences of its nullity).

## DESCRIPTION OF THE DEED OF EQUITY INTEREST PURCHASE UNDERTAKING

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

The Parent Company intends to assist the Issuer in meeting its obligations under the Notes and the Trust Deed by entering into the Deed of Equity Interest Purchase Undertaking whereby, upon the receipt of a written notice from the Trustee provided in accordance with the Trust Deed, the Parent Company will agree to purchase certain equity interest as further described below.

### Obligation to Acquire Equity Interest

Upon the receipt of a written Purchase Notice given by the Trustee in accordance with the Trust Deed following the occurrence of an Event of Default, the Parent Company will agree to, subject to and conditional upon (a) obtaining the Parent Company's shareholder approval (as the case may be) and all Regulatory Approvals and (b) compliance with all relevant laws and regulations, purchase or procure a PRC incorporated Subsidiary ("**Onshore Subsidiary**") of the Parent Company (the "**Purchaser**") to purchase (the "**Purchase**"):

(i) the Equity Interest held directly by the Issuer and/or any other Offshore Subsidiary, as designated by the Parent Company and notified in writing to the Trustee within 10 Business Days after the date of the Purchase Notice; and

(ii) in the absence of such designation and notification to the Trustee as provided in paragraph (i) above, the Equity Interest held directly by all Offshore Subsidiaries,

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

### Determination of Purchase Price

Within 15 Business Days after the date of the Purchase Notice, the Parent Company shall determine (a) the aggregate purchase price of the Equity Interest(s) being the subject of the Purchase (the "**Purchase Price**") in accordance with any applicable PRC laws and regulations and requirements thereunder effective at the time of determination; and (b) the other applicable terms relating to the Purchase, **provided that** the Purchase Price shall be no less than the aggregate of the following amounts:

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

(ii) an amount equal to the interest payable in respect of one interest period (being U.S.$9,062,500), plus

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

**Closing in Respect of Purchase of Equity Interest**

In relation to the Purchase of any Equity Interest relating to a Target Subsidiary which is an Onshore Subsidiary, the Parent Company will agree that:

(i) within 30 Business Days after the date of the Purchase Notice, the Parent Company shall, and shall procure such Relevant Transferor to, promptly complete all internal approval procedures and obtain approval from the requisite number of shareholders of such Target Subsidiary in relation to the Purchase, and to execute, and the Parent Company shall procure the board of directors of such Target Subsidiary to execute (where applicable), an Equity Interest Transfer Agreement and all other application documents required by applicable laws and regulations of the PRC and, shall submit such agreements and/or documents to MOFCOM, NDRC and SASAC (where applicable) for approval of the transfer of the Equity Interest being the subject of the Purchase;

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

(iii) as soon as reasonably practicable after receipt of AIC registration from the competent AIC, the Parent Company shall submit all the required documents in respect of withholding tax for such Relevant Transferor as required by applicable laws and regulations of the PRC with the competent tax authority and obtain the tax clearance certificate or tax opinion from such tax authority;

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

(v) the remittance of the Purchase Price shall take place on or prior to the fifth Business Day after the date of receipt of the approvals from SAFE and all other Regulatory Approvals or, if no Regulatory Approval from any Approval Authority is required, on or prior to the fifth Business Day after the date of execution of the Equity Interest Transfer Agreement, whereupon the Parent Company shall pay, or procure the relevant Purchaser to pay, to or to the order of such Relevant Transferor the Purchase Price in immediately available funds in Renminbi or an equivalent amount in a currency other than Renminbi. Such payment shall be made by remittance of the Purchase Price to a specified account of the Issuer in Hong Kong as may be designated by such Relevant Transferor,

*provided that* the requirements and deadlines set out above may be modified if the Trustee receives an opinion of a reputable PRC counsel of recognised national standing stating that under applicable PRC law as at the date of the opinion, (a) any requirement or deadline above is not reasonably achievable and (b) the new requirement (if applicable) and/or the commercially reasonable deadline that is required to complete such requirement. Such opinion shall be addressed and delivered to the Trustee by the Parent Company within 15 Business Days after the receipt of the Purchase Notice.

In relation to the Purchase of any Equity Interest relating to a Target Subsidiary which is an Offshore Subsidiary, the Parent Company will agree that:

(i) within 15 Business Days after the date of the Purchase Notice, the Parent Company shall (A) submit a project information report and other required documents to NDRC and SASAC (where applicable) and (B) submit the preliminary report and other required documents for overseas mergers and acquisitions to MOFCOM and SAFE;

(ii) within 30 Business Days after obtaining the confirmation of NDRC, SASAC, MOFCOM and SAFE for the report referred to in the immediately preceding paragraph, the Parent Company shall, and shall procure such Relevant Transferor to, promptly complete all internal approval procedures and obtain approval from the requisite number of shareholders of such Target Subsidiary in relation to the Purchase, and to execute, and the Parent Company shall procure the board of directors of such Target Subsidiary to execute (where applicable), an Equity Interest Transfer Agreement and all other application documents (in such form and language as required by applicable laws and regulations) required by applicable laws and regulations and shall submit such agreements and/or documents to NDRC, SASAC, MOFCOM, SAFE and authorities of the other jurisdiction(s) in connection with the Purchase (where applicable), for approval, filing or registration of the transfer of the Equity Interest being the subject of the Purchase; and

(iii) the Parent Company shall procure that the remittance of the Purchase Price shall take place on or prior to the fifth Business Day after the date of receipt of the approvals or registrations from NDRC, SASAC, MOFCOM, SAFE and authorities of other jurisdictions in connection with the Purchase as referred to in the immediately preceding paragraph and all other Regulatory Approvals or, if no such Regulatory Approval from any Approval Authority is required, on or prior to the fifth Business Day after the date of execution of the Equity Interest Transfer Agreement, whereupon the Parent Company shall pay, or procure the relevant Purchaser to pay to, or to the order of, such Relevant Transferor the Purchase Price in immediately available funds in Renminbi, euros, Hong Kong dollars or U.S. dollars (where the Parent Company is entitled to determine the currency subject to the Regulatory Approvals). Such payment shall be made by remittance of the Purchase Price to a specified account of the Issuer in Hong Kong as may be designated by such Relevant Transferor,

*provided that* the requirements and deadlines set out above may be modified if the Trustee receives an opinion of a reputable PRC counsel of recognised national standing stating that under applicable PRC law as at the date of the opinion, (a) any requirement or deadline above is not reasonably achievable and (b) the new requirement (if applicable) and/or the commercially reasonable deadline that is required to complete such requirement. Such opinion shall be addressed and delivered to the Trustee by the Parent Company within 15 Business Days after the receipt of the Purchase Notice.

**Undertakings upon completion**

Upon the completion of any Purchase, the Parent Company will undertake to:

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

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

**General**

The Deed of Equity Interest Purchase Undertaking will not, and nothing therein contained and nothing done pursuant hereto by the Parent Company shall be deemed to constitute, or shall be construed as, or shall be deemed an evidence of, a guarantee by, or any similar legally binding obligation of, the Parent Company of the payment of any obligation, indebtedness or liability, of any kind or character whatsoever, of the Issuer under the laws of any jurisdiction.

The Parent Company shall promptly notify the Trustee in writing (and include reasonable details) of the receipt of any Regulatory Approvals in connection with any Purchase, and of any response, formal or informal, from any Approval Authority, including without limitation any such response to the effect that any such Regulatory Approvals contemplated in the Deed of Equity Interest Purchase Undertaking is unlikely to be obtained.

The Deed of Equity Interest Purchase Undertaking and any non-contractual obligations arising out of or in connection with it will be governed by English law. The courts of Hong Kong are to have exclusive jurisdiction to settle any dispute, arising out of or in connection with the Deed of Equity Interest Purchase Undertaking (including a dispute relating to the existence, validity or termination of the Deed of Equity Interest Purchase Undertaking or the consequences of its nullity).

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

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

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

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

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

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

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

*Payments on business days*: In the case of all payments made in respect of the Global Note Certificate, "**business day**" means any day which is a day on which dealings in foreign currencies may be carried on in New York City.

*Payment Record Date*: Each payment in respect of the Global Note Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which such Global Note Certificate is being held is open for business.

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

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

# DESCRIPTION OF THE ISSUER

## Formation

The Issuer is a limited liability company. It was incorporated in Hong Kong on 30 April 2015 under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). Its registered office is Suite 3304, 33/F Blk 2 Nina Tower, 8 Yeung Uk Road, Tsuen Wan, Hong Kong. The Issuer is an indirect wholly-owned subsidiary of the Parent Company.

## Business Activity

According to the Issuer's Articles of Association, the Issuer is entitled to engage in any business transactions or activities and conduct any trade which is not prohibited under Hong Kong law. The main purpose of the Issuer is to issue the Notes as one of the subsidiaries of the Parent Company. The Issuer has no material business, indebtedness, assets or employees. The Parent Company anticipates that the Issuer will be the sole offshore financing platform of the Parent Company. The Parent Company may inject assets or further capital into the Issuer depending on the Parent Company's overall development and prevailing market conditions.

## Directors and Officers

The directors of the Issuer are Mr. Wu Tao and Mr. Dong Guang Pei. The directors of the Issuer do not hold any shares or options to acquire shares of the Issuer.

## Share Capital

The Issuer has issued 50,000,000 ordinary shares and total amount of share capital to be subscribed by its sole shareholder is U.S.$50 million. No part of the equity securities of the Issuer is listed or dealt in on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought.

## Financial Information

As at the date of this Offering Circular, the Issuer has not engaged, since its incorporation, in any material activities other than entering into arrangements for the proposed issue of the Notes and the on-lending of the proceeds thereof to affiliates of the Parent Company. The Issuer has not prepared any financial information since its incorporation.

The Issuer is required to submit its annual audited financial statements to the Companies Registry of Hong Kong.

## T&B Holdings Hong Kong

The Issuer's immediate parent company, T&B Holdings Hong Kong Co., Limited ("**T&B Holdings Hong Kong**"), was incorporated on 24 December 2013. T&B Holdings Hong Kong is registered as a private company with limited liability under the laws of Hong Kong, with company number 2017139. The registered office of T&B Holdings Hong Kong is located at MTJ2670 Rm 1007, 10th Floor, Ho King Center, Number 2-16 Fa Yuen Street, Mongkok, Hong Kong. T&B Holdings Hong Kong is a wholly-owned subsidiary of the Parent Company, and owns directly 100% of the shares of the Issuer.

T&B Holdings Hong Kong has issued 10,000 ordinary shares and total amount of share capital is U.S.$10,000. The director of the T&B Holdings Hong Kong is Mr. Yu Yang. The director of T&B Holdings Hong Kong does not hold any shares or options to acquire shares of T&B Holdings Hong Kong.

T&B Holdings Hong Kong is a holding company for the Parent Company. In addition to the Issuer, T&B Holdings Hong Kong also wholly owns Hong Kong Bao Chuang Investment Limited which is expected to be the Parent Company's offshore investment platform.

# DESCRIPTION OF THE PARENT COMPANY

## OVERVIEW

The Parent Company is a state-owned enterprise wholly owned by the Tianjin Port Free Trade Zone State-owned Asset Supervision and Administration Commission (天津港保税區國有資產管理局) ("**Tianjin Port Free Trade Zone SASAC**"). Established in 2008, it provides regional services to three development zones within the city of Tianjin, including the Tianjin Port Free Trade Zone (天津港保税區), the Tianjin Airport Economic Area (天津空港經濟區), and the Tianjin Airport International Logistics Zone (天津空港國際物流區) (collectively known as the "**Tianjin Port FTZ**"). Tianjin Port FTZ operates under tax-free and paperwork-free policies, and is the largest free trade zone in Northern China.

In addition to public-related services, such as the development of infrastructure and public utilities, including energy and electricity, the Parent Company also undertakes various projects within the Tianjin Port FTZ including logistics, trade business, leasing and real estate development. It is also a major investor in the Airbus A320 series aircraft assembly line project in Tianjin, the first and only Airbus assembly line outside of Europe. In addition, the Parent Company is the largest shareholder with 19.45% shareholding in the Bank of Tianjin. The business of the Parent Company is strongly supported by the PRC government, as a result of which it is uniquely positioned in the market to take advantage of the business opportunities presented by the development of the Tianjin Port FTZ.

As of 31 December 2012, 2013 and 2014 and 30 June 2015, the Parent Company had total assets of CNY80.8 billion, CNY91.8 billion, CNY99.9 billion and CNY110.0 billion, respectively. For the years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2014 and 2015, the Parent Company recorded gross revenues of CNY7.3 billion, CNY7.9 billion, CNY9.1 billion, CNY5.1 billion and CNY3.6 billion, respectively, and net profits of CNY857.3 million, CNY946.7 million, CNY962.3 million, CNY566.8 million and CNY894.9 million, respectively. The following summarises the four principal business segments of the Parent Company:

*Modern Logistics*

The Parent Company's modern logistics business (also referred to as transportation and communications business) comprises three business lines: automotive trade and exhibition; aviation services; and logistics. modern logistics has become the largest revenue contributor to the Parent Company's business. For the years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2015, the modern logistics segment recorded revenues of CNY3.5 billion, CNY5.2 billion, CNY5.7 billion and CNY2.4 billion, respectively, accounting for 47.4%, 65.7%, 62.4% and 68.6% of the Parent Company's total revenue for the period, respectively. See *"Description of the Parent Company – Modern Logistics"*.

*City Infrastructure*

The Parent Company's city infrastructure business provides infrastructure services to Tianjin Port FTZ. It is the sole company engaged in the construction and development of the Tianjin Port FTZ in addition to investment and financing, and is involved in the construction, operation and maintenance of municipal public facilities within Tianjin Port FTZ, as well as the supply of electricity and heat to the area. These services are performed under the direction of the local government, and are partly funded by the government subsidies. For the years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2015, the city infrastructure segment recorded revenues of CNY857.0 million, CNY720.8 million, CNY775.0 million and CNY377.8 million, respectively, accounting for 11.7%, 9.1%, 8.5% and 10.6% of the Parent Company's total revenue for the period, respectively. See *"Description of the Parent Company – City Infrastructure"*.

*Financial Services and Investment*

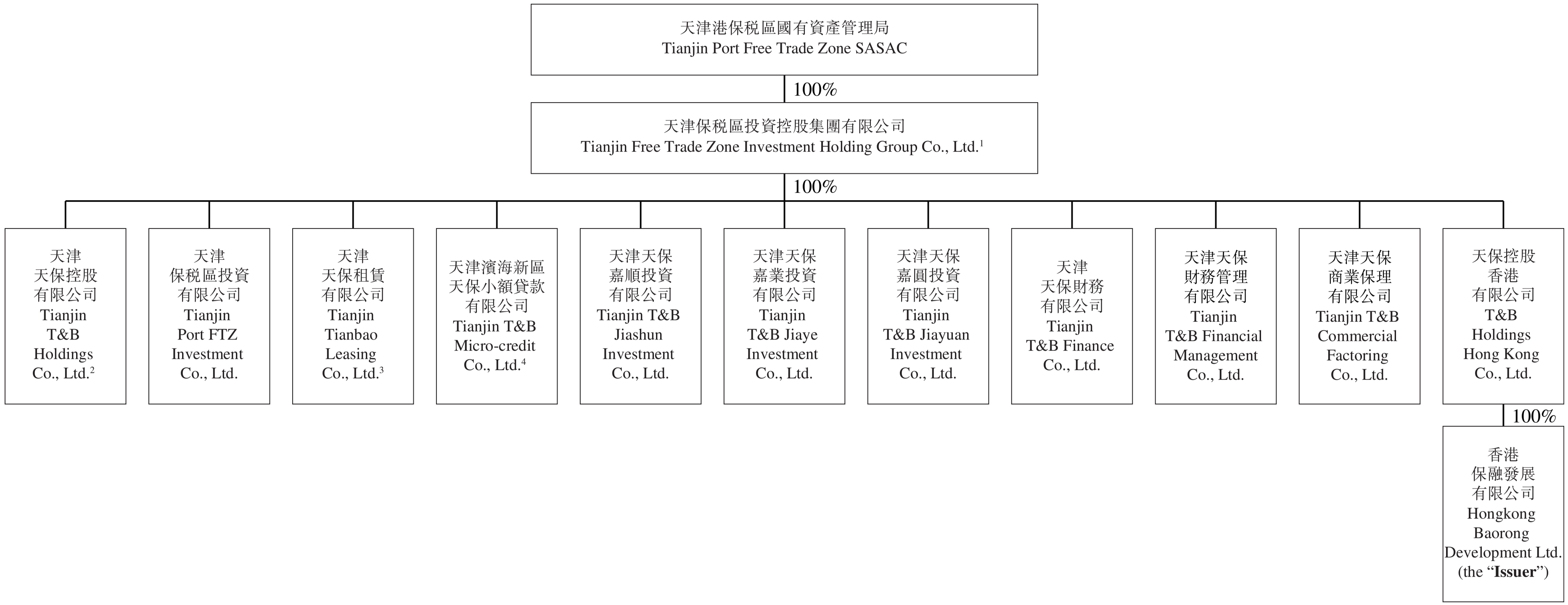
The Parent Company's financial services and investment business provides financial services including leasing services, microfinance, banking services and financial management services. Under this business segment, the Parent Company also makes investments in various ventures, including in financial industries and corporates. For the years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2015, the Financing and Investment segment recorded revenues of CNY199.4 million, CNY265.1 million, CNY409.4 million and CNY243.6 million, respectively, accounting for 2.7%, 3.4%, 4.5% and 6.9% of the Parent Company's total revenue for the period, respectively. See *"Description of the Parent Company – Financial Services and Investment"*.

*Real Estate*

The Parent Company's real estate business includes the development and construction of real estate, including commercial office buildings and premises and residential apartments and complexes, as well as the operation and management of the properties. The Parent Company focuses its real estate development around the regional development needs of the Tianjin Port FTZ. For the years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2015, the real estate segment recorded revenues of CNY2.3 billion, CNY1.5 billion, CNY2.0 billion and CNY394 million, respectively, accounting for 31.2%, 19.5%, 21.6% and 11.1% of the Parent Company's total revenue for the period, respectively. See *"Description of the Parent Company – Real Estate"*.

## CORPORATE STRUCTURE

The chart below illustrates the simplified corporate structure of the Parent Company, which shows its sole shareholder, the Issuer, the Parent Company, as well as the major subsidiaries and affiliates operating in the various business segments of the Parent Company. The chart also indicates the respective equity interest holdings of each of the entities as of 30 June 2015:




*Notes:*

1. The Parent Company completed registration with the PRC State Administration for Industry and Commerce or its local counterpart ("**AIC**") for the increase of registered capital from CNY17.471 billion to CNY18.321 billion on 27 November 2015.

2. As of the date of the Offering Circular, the 100% equity interests of Tianjin Tianbao Real Estate Co., Ltd. (天津天保置業有限公司) has been pledged to Tianjin Free Trade Zone Branch of China Bohai Bank Co., Ltd (渤海銀行股份有限公司天津自由貿易試驗區分行) for the loan borrowed by its shareholder Tianjin T&B Holding Co., Ltd. (天津天保控股有限公司).

3. As of the date of the Offering Circular, the 100% equity interests of Tianbao Leasing Co., Ltd. (天津天保租賃有限公司) has been pledged to Tianjin Free Trade Zone Branch of China Bohai Bank Co., Ltd (渤海銀行股份有限公司天津自由貿易試驗區分行) for the loan borrowed by Tianjin T&B Holding Co., Ltd. (天津天保控股有限公司).

4. As of the date of the Offering Circular, Tianjin T&B Micro-credit Co., Ltd. (天津濱海新區天保小額貸款有限公司) is in the process of the year 2014 annual examination.

## HISTORY AND DEVELOPMENT

The Parent Company is a state-owned enterprise wholly owned by Tianjin Port Free Trade Zone SASAC and controlled and overseen by State-owned Assets Supervision and Administration Commission of Tianjjn Municipal People's Government. The Parent Company was established mainly to undertake regional service functions for Tianjin Port FTZ.

The Parent Company was incorporated in 2008 with an initial registered capital of CNY20.0 million under the name Tianjin Free Trade Zone Investment Holding Co., Ltd.(天津保稅區投資控股有限公司). The Parent Company's name was subsequently changed to Tianjin Free Trade Zone Investment Holding Group Co., Ltd.(天津保稅區投資控股集團有限公司) in September 2009. Since its incorporation, the Tianjin government has injected new capital into the Parent Company several times. As of the date of this Offering Circular, the Parent Company had a registered capital of CNY18.321 billion. The following are a number of the key events in the historic development of the Parent Company and its subsidiaries:

| | |
|---|---|
| 1991 | The State Council of China established the Tianjin Port FTZ, which was the largest Free Trade Zone in Northern China and was located within the Tianjin Binhai New Area(天津濱海新區). |
| 1999 | The Tianjin T&B Holdings Co., Ltd. was founded by the Administrative Committee of Tianjin Port FTZ. |
| 2008 | The Parent Company was established in December 2008 by the Tianjin Port Free Trade Zone SASAC. |
| | The Tianjin Port Free Trade Zone SASAC issued a document titled "Concerning the integration scheme of the state-owned enterprises within the region into a group company", which mandated the transfer of the entire ownership of Tianjin T&B Holdings Co., Ltd. and Tianjin Port FTZ Investment Co., Ltd. to the Parent Company. |
| 2009 | Airbus A320 series aircraft formally commenced production at Tianjin Port FTZ. |
| | The Parent Company's name was changed to Tianjin Free Trade Zone Investment Holding Group Co., Ltd. |
| 2010 | The Parent Company ranked 4th among Tianjin's state-owned enterprises in terms of shareholder's equity and 8th in terms of total assets. |
| | The Parent Company facilitated the establishment of, and investment in, 47 projects in the Tianjin Port FTZ. |
| 2011 | Tianjin T&B International Logistics Group Co., Ltd. ranked 20th place by the China International Freight Forwarders Association out of the Top 100 of China's International Logistic Agencies. |
| | The trade volume in airport automobile park reached CNY20 billion, making it the leading company in the domestic automobile market. |
| | Tianjin Tianbao Infrastructure Co., Ltd.(天津天保基建股份公司) was named as the public company with the best investor relations for the year. |

| | |
|---|---|
| 2012 | Through its microfinance business, the Parent Company provided financial support to over 136 small and medium enterprises in the Tianjin Port FTZ. |
| | Tianjin T&B Finance Co., Ltd. was established. It is one of three microfinance companies in Tianjin and the largest one in terms of total assets. |
| | Tianjin T&B International Logistics Group Co., Ltd. was ranked 17th in the annual list of top 100 China's international logistic agencies. |
| | The Airport Automobile Park was awarded the "2012 Outstanding Contribution Award of China's Automobile &Logistics Industry" by the China Automobile Dealers Association, which demonstrated the leading role of the Parent Company in the industry. |
| | The construction of the T&B Trade Park, the Parent Company's real estate project, was completed. |
| 2013 | Tianjin Tianbao Leasing Co., Ltd.'s accumulated business volume reached CNY7.8 billion, which places it among the top 10 out of the 200 financing and leasing companies in Tianjin. |
| | Tianjin T&B Micro-credit Co., Ltd., the Parent Company's microfinance enterprise, also successfully attained a credit rating of Grade AA by United Ratings, which is the best rating among Tianjin microfinance enterprises. |
| 2014 | T&B International Logistic Group Co., Ltd. ranked No.18 in China's top 100 logistics companies in general (No.15 in shipping). |
| | Development for the aviation logistics zone commenced. |
| | Tianjin Aviation Logistics Development Co., Ltd. was established and funded by the Parent Company, specialising in the joint development strategy of Beijing, Tianjin and Hebei Province. |
| 2015 | The Parent Company entered into an agreement with Airbus and the Aviation Industry Corporation of China to set up an A330 Completion and Delivery Centre in the Tianjin Port FTZ. |

## COMPETITIVE STRENGTHS

The Issuer believes that the Parent Company possesses the following competitive strengths:

### Tianjin Port FTZ's strategic location and strong economic growth

The Parent Company provides services to the Tianjin Port FTZ, which is located in Tianjin Binhai New Area and is the core area of the China (Tianjin) Pilot Free Trade Zone (天津自貿區). Tianjin Binhai New Area is a gateway to Northern China and a national economic hub, boasting both a seaport and an airport. The China (Tianjin) Pilot Free Trade Zone was approved by the State Council and established on 21 April 2015, and forms part of the national comprehensive reform experimental zone. The China (Tianjin) Pilot Free Trade Zone covers a total of 119.9 square kilometres over three functional areas and is the first and largest pilot free trade zone in Northern China. Out of the three functional areas, the Tianjin Port FTZ accounts for two of them, namely Tianjin Port Free Trade Zone and Tianjin Airport Economic Area.

According to the local government, the Tianjin Port FTZ, which was established in 1991, generated a GDP of CNY139.2 billion for the financial year ended 31 December 2014, with a year-on-year increase of 16% since 2013. Its strength lies in its extensive transportation network, the presence of a large number of investors resulting in strong spillover effects, and its vast market covering Beijing and cities in North and Northwest China. It currently benefits from the implementation of five key national strategic initiatives:

- *Establishment and opening of the New Area*. In 2006, the State Council issued the "Opinion on the development of Tianjin Binhai New Area" to set out the inclusion of the Binhai New Area into one of the national developmental strategies of China.

- *Synergy in Beijing, Tianjin and Hebei*. In 2013, the central government enhanced design and modeling of urban construction, advanced transport network systems, increased ecological space, industry advancement and transformation, public utility and service sharing, and market integration aimed at the development of a new modern capital city to achieve a mutually beneficial economic development of Beijing, Tianjin and Hebei. In particular, the Tianjin Airport and related airport service facilities, which are geographically proximate to the Beijing Airport, have the potential to alleviate the problem of traffic congestion of the Beijing Airport.

- *National self-innovative demonstration area*. In 2014, the State Council approved the Tianjin Binhai Hi-tech Industry Development Area, an area with policies designed to promote innovation and hi-tech industrial development.

- *Tianjin free-trade zone*. In 2015, the general plans for Guangdong, Tianjin and Fujian free trade pilot zones were approved by the China Central Committee Political Bureau, under which China (Tianjin) Pilot Free Trade Zone was to become the first free trade zone in Northern China and the largest in terms of geographical area.

- *One belt, one road*. Tianjin is a strategic component of the "One belt, one road" vision, which seeks to strengthen the financial and trade ties between China and 65 neighbouring countries through the construction of infrastructure and expansion of the transportation network. The designation of Tianjin as one of the key components was made after various committees jointly issued the "Vision and Action Taken to Promote the development of Silk Road Economic Belt and 21st Century Maritime Silk Road".

Each of these five strategies has resulted in policies and developments that contributed significantly to the development of the Tianjin Port FTZ. The area is operated in accordance with international practice, and implements the government's policy of having a free trade zone with policies in place to open up the market and encourage investment. As of the date of this Offering Circular, Tianjin Port FTZ hosted over 160 projects from Fortune 500 companies covering various industries, including aerospace, equipment manufacturing, information technology and biological medicine.

The Parent Company believes that the rapid economic growth of the Tianjin Binhai New Area, the capacity for development of the China (Tianjin) Pilot Free Trade Zone, along with the increasing financial strength of the Tianjin Port FTZ and its strategic location have provided, and will continue to provide, strong growth opportunities for the Parent Company.

**Sole company in the Tianjin Port FTZ engaged in investment, financing, development and construction**

The Parent Company is the sole company in the Tianjin Port FTZ that engages in investment, financing, development and construction. Its business is closely intertwined with the development of the Tianjin Port FTZ, which presents a multitude of business opportunities. The Parent Company's operations include automotive trade and exhibition, airplane assembly, primary land development, heat and electricity supply services, real estate, financial services and investment, among others.

In particular, the Parent Company is the only company in Tianjin Port FTZ that supports the development of infrastructure, public utilities, treatment of water and supply of electricity and heating. It is also the only company providing certain financial-related businesses in the Tianjin Port FTZ. In addition, the aviation business cluster centered around the Parent Company's aircraft assembly operations is the aviation industry hub of the nation. In particular, the Parent Company has invested in companies related to the Airbus assembly business, including Airbus (Tianjin) Jig and Tools Co,. Ltd. and STTS (Tianjin) Spraying Services Co., Ltd., and established the Airbus (Tianjin) Logistics Centre, which is expected to boost the development of the aviation industry in the Tianjin Airport Economic Area.

Furthermore, the Land Consolidation and Rehabilitation Center Tianjin operated by Tianjin Tianbao Real Estate Co., Ltd.(天津天保置業有限公司), is qualified by the Tianjin Municipal Government to conduct land consolidation and rehabilitation in the Tianjin Port FTZ. Tianjin Free Trade Zone Investment Co., Ltd., another subsidiary of the Parent Company, is the investment arm of the Parent Company and has represented the Tianjin local government in its cooperation with domestic and overseas enterprises to establish various projects, including the AVIC helicopter project, Airbus A320 final assembly project and the Aviation Industrial Park infrastructure development projects.

The Parent Company has also undertaken or participated in numerous projects with national importance, including the Tianjin Airport International Logistics Zone and the Airport International Automobile Park, which occupies one million square metres with 4S (sale, spare parts supply, service, survey) stores representing more than 40 brands of automobiles, in some of which the Parent Company has directly invested, and a used-car market. The Tianjin Airport International Logistics Zone, which is located to the west of Tianjin Binhai International Airport with a planned area of 7.5 square kilometres, undertakes high-class logistics business of Beijing and serves as the transit hub of Northern China.

The Parent Company believes that it has a unique status and competitive advantages over its competitors in the various business segments in which it operates.

**Strong governmental support**

The Parent Company is the main company involved in the investment, financing development and construction of major infrastructure projects within the Tianjin Port FTZ. Accordingly, the Parent Company enjoys strong support from local government agencies in various aspects, including capital support and land resources.

*Financial support from the Government*

Given that the Parent Company is the major provider of city infrastructure related services in the Tianjin Port FTZ, the local authorities have provided capital support in the form of capital injections, low-interest loans and government subsidies to support the operation and development of the Parent Company. As a result, through several rounds of capital injection from the Tianjin government, the Parent Company's registered capital increased from CNY20.0 million in 2008 to CNY18.321 billion as of the date of this Offering Circular. For the years ended 31 December 2012, 2013 and 2014, and the 6 months ended 30 June 2015, the Parent Company received subsidies of CNY1.2 billion, CNY1.3 billion, CNY1.4 billion and CNY439.1 million, respectively, from the government.

In addition, the government has provided capital for the first phase of the Export Processing Zone's construction and final assembly operations project for Airbus. The Parent Company also expects to undertake the development of the second phase of the Export Processing Zone, for which it is likely to receive financial and policy support from the government.

*Grant of land*

With respect to land use, the government has granted the Parent Company various plots of land for the building of roads, lakes, shelterbelts, river channels and other non-operating assets, as well as for industrial use. In addition, the Parent Company has had success, and believes it will continue to have success in winning project tenders from the government in various businesses, including in real estate, city infrastructure and finance and investments. The Parent Company believes that the strong policy support from the government has and will continue to support its development.

**Strong performance in industrial production resulting in the cluster effect**

The Parent Company believes that its location in Tianjin Port FTZ, which has a strong industrial cluster focusing on aviation and equipment manufacturing, will allow it to benefit from the cluster effect wherein the congregation of large industrial ventures in one location drives further industrial development and growth in the area.

Tianjin Port FTZ's aviation cluster houses more than 50 domestic and foreign aviation enterprises involved in the production and processing of various aircraft components. Airbus (Tianjin) Final Assembly Co., Ltd. (the "**Airbus JV**"), the joint venture between the Parent Company and Airbus through which the Parent Company conducts its aircraft manufacturing business, is the first and only Airbus A320 final assembly line outside of Europe, and is recognised to be of national strategic significance in China. For the year ended 31 December 2014, the Airbus JV assembled 47 planes, generating revenue of CNY480.0 million. The presence of the Airbus JV in Tianjin Port FTZ has resulted in the investment by various aviation enterprises in the area, and many have built plants to provide related services such as aircraft spare and accessory parts manufacturing, general assembly of wings, engine control systems, radar systems, and technical support. In July 2015, the Parent Company entered into an agreement with Airbus and the Aviation Industry Corporation of China to establish a Completion and Delivery Centre for A330 aircraft in Tianjin. With the planned establishment of the facility, Tianjin is expected to become the fourth city in the world with delivery centres for both wide-body and narrow-body aircraft, further bolstering the development of the aviation industry in Tianjin and Tianjin's status as an aviation hub. The Parent Company believes that its business has benefited from the concentration of these services in the area and believes that it will continue to enjoy these economies of scale going forward.

Similar effects have been seen in the other manufacturing industries in Tianjin Port FTZ. Various Fortune 500 companies have set up industrial operations in the Tianjin Port FTZ, bringing with them advanced technological know-how and R&D capabilities. Tianjin Port FTZ has become the leading region in the PRC in the manufacturing of hydropower equipment, power generation equipment, special machinery and mold manufacturing equipment. The Parent Company believes that its own manufacturing business lines, as well as its other business segments, such as financial services and municipal infrastructure businesses, have benefited and will continue to benefit from the cluster effect and the strong performance of industrial production in Tianjin Port FTZ.

**Diversified business portfolio**

The Parent Company has a well-diversified business portfolio which generates stable and recurring income, including modern logistics, city infrastructure, financing and investments, and real estate. For the year ended 31 December 2014, the Parent Company's modern logistics, city infrastructure, financing and investment, and real estate business lines, accounted for 62.4%, 8.5%, 4.5% and 21.6% of the Parent Company's gross revenue, respectively. The Parent Company's diversification across various business segments enables the Parent Company to reduce the risks associated with reliance on any one particular market and also allows it to mitigate any adverse impact resulting from price volatility affecting any single market.

**Strong financial profile with access to multiple sources of capital**

The Parent Company believes that it has a solid financial profile with recurring cash flows and high liquidity. The Parent Company's sources of funding include medium term notes, SMB Bonds, short-term commercial paper, super and short-term commercial paper, corporate bonds, insurance bonds and perpetual bonds, in addition to the Notes. As of 30 June 2015, the credit limit granted by commercial banks to the Parent Company has in aggregate exceeded CNY37.9 billion, of which CNY5.6 billion is unutilised. In particular, the Parent Company has taken out credit facilities from major banks including Agricultural Bank of China, China Construction Bank, Agricultural Development Bank of China, and Bank of China. The Parent Company maintains a prudent financial policy, and intends to maintain substantial cash balances and keep the Parent Company's leverage ratio (defined as interest-bearing financial obligations divided by total assets) low.

**Experienced and stable management team**

The Parent Company's senior management team and key operating personnel have, on average, more than 10 years of experience in industries that the Parent Company operates, including manufacturing, finance, investment, construction and municipal infrastructure services. Further, the Parent Company's senior management team is highly experienced in collaborating with various levels of the PRC government, in particular government authorities in the Tianjin Port FTZ, which are of strategic value to the Parent Company. Most of the Parent Company's senior executives have previously served as senior officials in various state-owned enterprises and government departments of the PRC. Their understanding of the regulatory framework and government policies allow the Parent Company to efficiently conduct its business within the Tianjin Port FTZ and position itself to take advantage of any favourable governmental policies.

## STRATEGIES

In view of and in line with the twelfth "Five Year Plan" of the PRC government, the Parent Company aims to facilitate the continued development of the Tianjin Port FTZ and its neighbouring area through investment and innovation.

**Continue building on and expanding its aircraft assembly and related businesses**

The primary focus of the Parent Company going forward is to strengthen and improve its aviation manufacturing business and promote the growth of the aviation industry of Tianjin. The Tianjin Port FTZ has become the aviation hub of the nation. The Parent Company operates the Airbus A320 series aircraft assembly project in Tianjin, the first and only Airbus assembly operation outside of Europe. It also entered into an agreement in July 2015 with Airbus and the Aviation Industry Corporation of China to set up an A330 Completion and Delivery Centre in Tianjin, which will provide a wide range of services including reception, cabin installation, aircraft painting, engine running and flight testing, aircraft delivery and customer flight acceptance.

The Parent Company intends to focus on developing the aircraft manufacturing industry in the Tianjin Port FTZ through continued investment, such as in the establishment and development of the A330 Completion and Delivery Centre. It will continue to develop and construct the relevant infrastructure required to support the growth of the industry as a whole. It believes that these initiatives, along with strong governmental support for the industry, will allow Tianjin to attract both domestic and international enterprises engaged in aviation and its peripheral industries. This will benefit the Parent Company through the cluster effect and the Parent Company believes that the continued aggregation of aircraft industry players in Tianjin Port FTZ will enable it to take advantage of economies of scale and be beneficial to its growth and competitiveness. In particular, the Parent Company intends to continue developing the industry surrounding the Airbus aircraft final assembly lines by providing services, bringing in suppliers and supporting research and development.

The Parent Company also intends to promote Tianjin Port FTZ as a favourable target for investment in the aviation industry. It intends to do this by investing in research and development initiatives in the area and attracting overseas aviation industry professionals to the area. The Parent Company believes that creating a positive investment environment and one supportive of innovation and continued industrial development will serve to solidify Tianjin Port FTZ's place in the aviation industry and be beneficial to its aircraft assembly and related businesses in the long run.

**Further improve and exploit synergies between the Parent Company's different business segments**

The Parent Company intends to further improve the synergies between its various business segments. In particular, it intends to capitalise on synergies among its aircraft assembly expertise, its transport and logistics business and its infrastructure construction business. For example, the Parent Company intends to continue investing in constructing and modernizing the infrastructural support for the Airport Economic Area, which will in turn allow its aircraft assembly business to save on costs and capitalise on increased efficiency and attract other aviation industry players to the area.

In addition, it aims to improve the profitability of its infrastructure and services business, focusing on the expansion of Tianjin T&B Heat Co., Ltd. and Tianjin T&B Electricity Co., Ltd. The investment of the Parent Company in the Bank of Tianjin and Bohai Leasing is also a key initiative targeted at improving the collaborative partnership between industry and financial tools.

The Parent Company also intends to improve its overall management efficiency. This will allow it to improve the support from its core business segments to its ancillary business segments, such as financial support and market information sharing. The Parent Company will also encourage communications between its sales and marketing teams operating in its various business segments so that the Parent Company's business as a whole can stay up-to-date on the latest market trends and business opportunities.

**Expand other modern logistics businesses**

Modern logistics make up the bulk of the Parent Company's revenue and profits, and the Parent Company believes that growing this business will be beneficial to its other businesses going forward. In addition to its aircraft assembly and related businesses, the Parent Company intends to further strengthen its other modern logistics businesses.

The Parent Company intends to develop this business segment by improving the visibility and services provided by its automotive trade and exhibition business through continuous promotion to sellers and by introducing unique activities and trade show initiatives to attract consumers. The Parent Company also intends to develop its logistics business by expanding the range of products it is able to transport and improving its risk monitoring and prevention. Additionally, the Parent Company intends to expand the scale of its business and compete aggressively for market share. More specifically, the Parent Company plans to expand its operations in the import and resale of vehicles and logistic services provided to e-commerce platforms.

**Further develop city infrastructure, finance and investment and real estate businesses**

The Parent Company intends to further develop its city infrastructure business. It intends to further increase its investment in municipal and public facilities construction and development, and aims to become a main force in regional development. Moreover, this would facilitate the sustainable development of the Parent Company's other businesses as city infrastructure projects would be carried out across regions. The Parent Company also intends to improve its operational services at its municipal and public facilities.

With respect to its finance and investment business, the Parent Company intends to take advantage of the special policies governing financial enterprises in the Tianjin Binhai New Area and will actively participate in the financial sector. It intends to invest in various financial enterprises, including banks and insurance and securities companies. In particular, the Parent Company intends to expand its microfinancing business and focus on investing in various other enterprises within Tianjin Port FTZ.

The Parent Company also intends to develop its real estate business. It intends to focus its real estate development around regional development needs, and plans to construct facilities to support the Tianjin Port FTZ. In particular, it intends to upgrade the residential buildings within the area and continue to build and upgrade its commercial real estate properties. It also intends to improve its management of its properties in terms of service and operations, and plans to build a brand name.

Where applicable, the Parent Company intends to adopt the model of public-private partnership for its development projects.


## BUSINESS

The Parent Company is a state-owned enterprise wholly owned by Tianjin Port Free Trade Zone SASAC and was established in 2008 in order to provide regional services to the Tianjin Port FTZ. Tianjin Port Free Trade Zone SASAC is the sole shareholder of the Parent Company and exercises its control by appointing most of the directors on the Parent Company's board of directors.

The Parent Company undertakes various major investment projects in the Tianjin Port FTZ. As of the date of this Offering Circular, the Parent Company had a registered capital of CNY18.321 billion. As of and for the periods ended 31 December 2012, 2013 and 2014, and 30 June 2015, the Parent Company had total assets of CNY80.8 billion, CNY91.8 billion, CNY99.9 billion and CNY110.0 billion, respectively. For the years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2014 and 2015, the Parent Company recorded gross revenues of CNY7.3 billion, CNY7.9 billion, CNY9.1 billion, CNY5.1 billion and CNY3.6 billion, respectively.

The following table sets forth the Parent Company's revenue by business segments for the financial years ended 31 December 2012, 2013 and 2014 and six months ended 30 June 2015.

| | Year ended 31 December | | | | | | Six Months ended 30 June 2015 | |
|---|---|---|---|---|---|---|---|---|
| | 2012 | | 2013 | | 2014 | | | |
| Business Segment | Amount (CNY millions) | Proportion of Gross Revenue | Amount (CNY millions) | Proportion of Gross Revenue | Amount (CNY millions) | Proportion of Gross Revenue | Amount (CNY millions) | Proportion of Gross Revenue |
| Modern Logistics | 3,467.9 | 47.4 | 5,186.7 | 65.7 | 5,677.5 | 62.4 | 2,439.6 | 68.6 |
| City Infrastructure | 857.0 | 11.7 | 720.8 | 9.1 | 775.0 | 8.5 | 377.8 | 10.6 |
| Financing and Investment | 199.4 | 2.7 | 265.1 | 3.4 | 409.4 | 4.5 | 243.6 | 6.9 |
| Real Estate | 2,283.8 | 31.2 | 1,543.2 | 19.5 | 1,967.2 | 21.6 | 394.0 | 11.1 |
| Others | 506.5 | 6.9 | 183.3 | 2.3 | 275.1 | 3.0 | 103.6 | 2.9 |
| **Total** | **7,314.5** | **100.0** | **7,899.1** | **100.0** | **9,104.2** | **100.0** | **3,558.6** | **100.0** |

## Modern Logistics

Modern Logistics, also known as Transport and Communications business, has become the largest revenue contributor to the Parent Company's business. For the years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2015, the modern logistics segment recorded revenues of CNY3.5 billion, CNY5.2 billion, CNY5.7 billion and CNY2.4 billion, respectively, accounting for 47.4%, 65.7%, 62.4% and 68.6% of the Parent Company's total revenue for the period, respectively. The modern logistics segment of the Parent Company's business comprises three business lines: automotive trade and exhibition, aviation services, and logistics.

The following table sets out the revenue of the various business sub-segments within the Parent Company's modern logistics business:

| | Year ended | | | | | | Six months ended 30 June 2015 | |
|---|---|---|---|---|---|---|---|---|
| | 2012 | | 2013 | | 2014 | | | |
| | Amount (CNY in billions) | Proportion (%) | Amount (CNY in billions) | Proportion (%) | Amount (CNY in billions) | Proportion (%) | Amount (CNY in billions) | Proportion (%) |
| Automotive trade and exhibition | 13.8 | 39.9 | 13.1 | 25.2 | 9.6 | 16.9 | 4.5 | 18.4 |
| Aviation | 3.8 | 11.0 | 4.7 | 9.1 | 4.8 | 8.5 | 2.1 | 8.6 |
| Logistics | 17.0 | 49.1 | 34.1 | 65.7 | 42.3 | 74.6 | 17.8 | 73.0 |
| **Total** | **34.6** | **100.0** | **51.9** | **100.0** | **56.7** | **100.0** | **24.4** | **100.0** |

*Automotive trade and exhibition*

The Parent Company founded the Airport International Automobile Park in the Airport Economic Area, which covers a total area of one million square metres and has more than 40 automobile 4S (sale, spare parts supply, service, survey) stores and a used car market. The park also includes the largest automobile spare parts market in Northern China and the most advanced automobile inspection line in the country.

The 4S stores are central to the Parent Company's automotive segment, which sell cars from Volkswagen, Trumpchi, Fiat and other manufacturers, mostly to individual buyers. The Parent Company's automotive trade and exhibition business is conducted through Tianjin Airport Automobile Park Development Co., Ltd. (天津空港國際汽車園發展有限公司).

For the years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2015, gross revenues from the Parent Company's automobile business were CNY1.4 billion, CNY1.3 billion, CNY963.5 million and CNY451.4 million, respectively.

*Aviation*

The Parent Company operates its aviation business through the Airbus JV, a joint venture between the Parent Company and Airbus. The Airbus JV is the third Airbus A320 final assembly line in the world and the only one in Asia, and is seen by China to be of national strategic significance. It is also the first final assembly line set up outside of Europe, as well as the first civil aviation production line in Asia. Although a joint venture with Airbus, the Parent Company retains effective control over the Airbus JV.

The Airbus JV is capable of assembling approximately 48 Airbus A320 aircraft annually. Airbus signs purchases and sales contracts with airline companies before releasing the production order to the Airbus JV. Airbus also provides and procures the core components required for the assembly of the aircraft, including the engines. The Airbus JV is responsible for employing engineering technicians, purchasing lubricating oil, aviation paint and other consumables. The Airbus JV is also responsible for executing the aircraft assembly process. After the aircraft is sold, Airbus returns a fixed processing expense to the Airbus JV. Aircraft assembled by the Airbus JV are mainly sold to airlines operating in China. As of 31 December 2014, aircraft assembled by the Airbus JV occupied 51% of the market for similar aircraft sold to domestic airlines.

In July 2015, the Parent Company entered into an agreement with Airbus and the Aviation Industry Corporation of China to set up an A330 Completion and Delivery Centre in Tianjin near the site of the Airbus A320 final assembly line. The Completion and Delivery Centre is intended to provide a wide range of services, including reception, cabin installation, aircraft painting, engine running and flight testing, aircraft delivery and customer flight acceptance. The first Airbus A330 aircraft to be completed at the Completion and Delivery Centre is scheduled to be completed by the end of 2017. Upon the completion of the Completion and Delivery Centre, Tianjin is expected to become the fourth city in the world with final assembly centres for both wide-body and narrow-body aircrafts. For the years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2015, the Airbus JV assembled 38, 46, 47 and 24 planes, respectively, generating revenues of CNY383.8 million, CNY465.6 million, CNY480.0 million and CNY207.0 million, respectively.

The Parent Company is also an active player in the helicopter industry through its investment in AVIC Helicopter Co., Ltd. ("**AVIC**"), which was established in 2009. AVIC provides a wide range of services including the manufacturing and assembling, sale, repair and servicing of helicopters. The first phase of the Parent Company's helicopter assembly line was completed in 2012.

*Logistics*

The Parent Company's logistics business mainly specialises in third party logistics businesses such as agency, warehousing, issuance of certificates and logistics financing. The Parent Company operates these businesses mainly through its subsidiaries, Tianjin T&B International Logistic Group Co., Ltd. (天津天保國際物流集團有限公司), Tianjin Airport International Logistic Co., Ltd. (天津空港國際物流有限公司), and Tianjin T&B Okaya International Logistics Co., Ltd. (天津天保岡谷國際物流有限公司). Tianjin T&B International Logistic Group Co., Ltd. is the Parent Company's most important operator in its logistics business. In 2014, its operations alone contribute more than 95% of the Parent Company's logistics business in terms of income, cost as well as profit.

Tianjin T&B International Logistic Group Co., Ltd. specialises mainly in third party logistics business and logistics-financing business. Its main clients are state-owned enterprises or other large enterprises, and the types of goods it mainly deals with are goods which are unlikely to experience market demand fluctuations, such as steel products, coal and automobiles. The logistics business of Tianjin T&B International Logistic Group Co., Ltd. amounts to approximately 80% of the total market share of the Tianjin Port FTZ.

The Parent Company also owns a 60,000 square metre yard in the Tianjin Port Free Trade Zone and has built a dedicated railway in the Airport Economic Area. It owns a 1.3 million square metre land harbour economic area with 1000 metres of frontage. These infrastructures allow the Parent Company to operate its logistics services efficiently and at lower cost, and also serve to provide a stable cash flow for the Parent Company through leasing activities.

The Parent Company's logistics business also supports the aircraft manufacturing industry in the area. The Parent Company has built the Airbus (Tianjin) Logistics Center, a logistics centre which acts as the supply chain management hub for Airbus in China. It also coordinates the logistics management of all inbound and outbound cargo relating to the expanding industrial cooperation programmes in China.

For the years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2015, the gross revenues from the Parent Company's traditional logistics business were CNY1.7 billion, CNY3.4 billion, CNY4.2 billion and CNY1.8 billion, respectively.

**City Infrastructure**

Under the authorisation, supervision and direction of the Tianjin Port Free Trade Zone Management Committee, the Parent Company provides several types of services in the Tianjin Port FTZ, including infrastructure construction, operation and maintenance, municipal public service and power supply service. For the years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2015, the city infrastructure business segment recorded revenues of CNY857.0 million, CNY720.8 million, CNY775.0 million and CNY377.8 million, respectively, accounting for 11.7%, 9.1%, 8.5% and 10.6% of the Parent Company's total revenue for the period, respectively.

The following table sets out the income of the various business sub-segments within the Parent Company's city infrastructure business:

| | Year ended | | | | | |
|---|---|---|---|---|---|---|
| | 2012 | | 2013 | | 2014 | |
| | Amount (CNY in millions) | Proportion (%) | Amount (CNY in millions) | Proportion (%) | Amount (CNY in millions) | Proportion (%) |
| Primary land development | – | – | – | – | – | – |
| Heat supply service | 327 | 38.2 | 337 | 46.7 | 389 | 49.9 |
| Power supply service | 326 | 38.0 | 338 | 46.9 | 336 | 43.1 |
| Municipal services | 204 | 23.8 | 46 | 6.4 | 55 | 7.0 |
| **Total** | **857** | **100.0** | **721** | **100.0** | **780** | **100.0** |

*Primary Land Development*

The Parent Company's primary land development business mainly comprises land development and related supporting facility construction for the Airport Economic Area and the Airbus A320 final assemble line. Its main projects include the following:

- Tianjin Airport Economic Area (Phase I). This project covers an area of about 23.5 square kilometres, and involved an investment from the Parent Company of about CNY5.9 billion. The project is partially completed.

- Tianjin Airport Economic Area (Phase II). This project extends eastward of Phase I, and is planned to cover an area of 20.83 square kilometres. As of 31 December 2014, the project had been completed up to an area of 17.3 square kilometres.

- Tianjin Airport Economic Area (Phase III). This project is intended to cover an area of 22 square kilometres when fully constructed. As of 31 December 2014, the project had been completed up to an area of 11.87 square kilometres.

- Airbus A320 Final Assembly Line Supporting Infrastructure Project. The Tianjin final assembly line project for the production of Airbus A320 aircraft is located in the Airport Industrial District of the Tianjin Binhai New Area, next to the Tianjin airport. It was originally planned to cover an area of 685,000 square metres, but as constructed it now covers an area of 592,300 square meters.

*Heat Supply Services*

The Parent Company's heat supply service business is mainly provided through its wholly-owned subsidiary Tianjin Tianbao Thermal Power Co., Ltd.（天津天保熱電有限公司）, which operates under special permission from the Development and Management Committee of the Tianjin City（天津市建設管理委員會）to supply central heating to industries, businesses and residents within 102 square kilometres of the Tianjin Port FTZ and to supply steam produced from the heating process to industries within the zone.

Tianjin Tianbao Thermal Power Co., Ltd. provides steam and electricity to businesses in the Tianjin Port FTZ at below market price and receives government subsidy for the difference between the market price and the actual sale price.

For the years ended 31 December 2011, 2012 and 2013, Tianjin Tianbao Thermal Power Co., Ltd. received CNY103.0 million, CNY140.0 million and CNY87.0 million of subsidies from local authorities, respectively. For the year ended 31 December 2014, Tianjin Tianbao Thermal Power Co., Ltd. sold 138,510,000 tons of steam and supplied heat to 7.38 million square metres of GFA in the Tianjin Port FTZ.

The following table sets out details of the Parent Company's heat supply services for the various areas within the Tianjin Port FTZ:

| Region | Equipment | Productivity | Utilisation (%) | Pipe length (km) | Heat exchange station | Heat supply area (1 thousand $m^2$) |
|---|---|---|---|---|---|---|
| Tianjin Port FTZ . . . . . . | 4*75t/h<br>1*20t/h | 320t/h | 70.0 | 52.0 | 4 | 779.9 |
| Airport Economic Area . . | 4*75t/h<br>4*29t/h<br>2*20t/h<br>1*35t/h | 375t/h+116MW | 75.0 | 161.0 | 22 | 6,603.3 |
| **Total** . . . . . . . . . . . . | **–** | **695t/h+116MW** | **–** | **213.0** | **26** | **7,383.2** |

*Power Supply Services*

The Parent Company operates its power supply services mainly through its wholly-owned subsidiary Tianjin Tianbao Power Co., Ltd.（天津天保電力有限公司）, which purchases power supply from the State Grid Corporation of China and, after decreasing the voltage, supplies the power to industries, businesses and residents in the Tianjin Port FTZ. As at 30 June 2015, Tianjin Tianbao Power Co., Ltd. has opened two 35KV substations, four 10KV switching stations, and ten public box stations.

The following table sets out the information of the purchase and sale of electricity for the years indicated:

| | 2012 (KWH) | 2013 (KWH) | 2014 (KWH) |
|---|---|---|---|
| Purchase of electricity . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 35,317.74 | 36,087.76 | 31,191.36 |
| Sale of electricity . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 34,646.13 | 35,560.39 | 30,692.81 |
| Loss (%) . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . | 1.90 | 1.61 | 4.06 |

*Municipal Services*

The Parent Company conducts its municipal services, particularly municipal water supply services, mainly through its wholly-owned subsidiary Tianjin Tianbao Municipal Co., Ltd. (天津天保市政有限公司). Tianjin Tianbao Municipal Co., Ltd. provides services such as water supply, sewage treatment, greening and conservation, road maintenance and management, as well as drainage network maintenance. In addition, the Parent Company also engages in construction projects including road construction, pipe network construction, construction of municipal pipelines, traffic and lighting facilities, and landscape engineering.

The following table sets out the income of the Parent Company's water supply service for the years indicated:

| | 2013 | | 2014 | |
|---|---|---|---|---|
| | **Income (CNY in thousands)** | **Proportion (%)** | **Income (CNY in thousands)** | **Proportion (%)** |
| Water supply | 36,342.8 | 94.6 | 54,474.8 | 100.0 |
| Sewage treatment(1) | – | – | – | – |
| Greening(1) | 1,110.0 | 2.9 | – | – |
| Road maintenance(1) | 900.0 | 2.3 | – | – |
| Drainage maintenance(1) | 90.0 | 0.2 | – | – |
| **Total** | **38,432.8** | **100.0** | **54,474.8** | **100.0** |

*Note*

(1) The Parent Company's water supply business is not for profit. The income generated from the segments including sewage treatment, greening, road maintenance and drainage maintenance comprises mostly of government subsidies, and is therefore disregarded from the calculation of revenue.

## Financial Services and Investment

The Parent Company's financing and investment business provides financial services including lending services, microfinance, banking services and financial management services. Under this business segment, the Parent Company also makes investments in various ventures, including in financial industries and corporates. For the years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2015, the Financing and Investment segment recorded revenues of CNY199.4 million, CNY265.1 million, CNY409.4 million and CNY243.6 million, respectively, accounting for 2.7%, 3.4%, 4.5% and 6.9% of the Parent Company's total revenue for the period, respectively.

The Parent Company's financial services business is mainly conducted through its wholly-owned subsidiary Tianjin Tianbao Leasing Co., Ltd. (天津天保租賃有限公司), Tianjin T&B Micro-credit Co., Ltd. (天津濱海新區天保小額貸款有限公司), Tianjin T&B Financial Management Co., Ltd. (天津天保財務管理公司), and Tianjin T&B Commercial Factoring Co., Ltd. (天津天保商業保理有限公司). In 2013, Tianjin Tianbao Leasing Co., Ltd. was recognised by Tianjin Commission of Commerce as one of the Top 10 financial leasing enterprises in Tianjin. Tianjin T&B Micro-credit Co., Ltd., the Parent Company's microfinance enterprise, also successfully attained a credit rating of Grade AA by United Ratings, which is the best rating among Tianjin microfinance enterprises.

The Parent Company also engages in investment, which it conducts primarily through its wholly owned subsidiary Tianjin Free Trade Zone Investment Co., Ltd. ("**Tianbao Investment**"). Tianbao Investment invests in financial enterprises such as banks, trusts and funds. Tianbao Investment has invested in Bank of Tianjin Co., Ltd., where it is the largest shareholder, holding 19.45% of shares as of 30 June 2015. Tianbao Investment also invests in Tianjin Bohai Leasing Co., Ltd., other listed companies and companies that are about to be listed, such as Air China's helicopter project, Pullin Circuit, MCC

TianGong and Grand China Express Co., Ltd. The following table shows the Parent Company's major investment assets belonging to the Parent Company as of 30 June 2015:

| Company | Investment Cost (CNY millions) | Holding proportion (%) |
|---|---|---|
| Bank of Tianjin Co., Ltd. | 1,320 | 19.45 |
| Tianjin Yanshan Stock Right Investment Fund Co., Ltd. | 200 | 18.8 |
| Tianjin Jinjulian Joint Guarantee Investment Enterprise. | 500 | 49.5 |
| Guangdajinkong (Tianjin) Venture Capital Investment Co., Ltd. | 101 | 9.2 |
| Tianjin Tianbao Growth Venture Capital Fund. | 23 | 29.7 |
| RongTong Stock Investment (Tianjin) Joint Venture. | 40 | 5.0 |
| Guoke Ruihua Venture Capital | 50 | 4.9 |
| Tianjin Tiandao ChuangXin Venture Capital Investment Joint Venture | 30 | 14.2 |
| Hangjian Hangkong Industry Stock Right Investment (Tianjin) Co., Ltd. | 100 | 8.3 |

The Parent Company also holds certain investments in venture capital including the Tianjin Tianbao Growth Venture Capital Fund (天保成長創業基金) and the Guoke Ruihua Venture Capital (國科瑞華創業投資基金).

## Real Estate

The Parent Company intends to focus its real estate development around regional development needs, and plans to construct facilities to support the Tianjin Port FTZ. The majority of the Parent Company's income from its real estate sales comes from its subsidiary, Tianjin T&B Infrastructure Joint Stock Co., Ltd. (天津天保基建股份有限公司), and wholly-owned subsidiaries Tianjin T&B Jiashun Investment Co., Ltd. (天津天保嘉順投資有限公司), and Tianjin Port FTZ Investment Co., Ltd. (天津保税區投資有限公司). For the years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2015, the real estate segment recorded revenues of CNY2.3 billion, CNY1.5 billion, CNY2.0 billion and CNY394.0 million, respectively, accounting for 31.2%, 19.5%, 21.6% and 11.1% of the Parent Company's total revenue for the period, respectively.

The following table sets out the information of the Parent Company's income from its real estate business sector for the years indicated:

| | 2012 | | 2013 | | 2014 | |
|---|---|---|---|---|---|---|
| Income | Amount (CNY in millions) | Proportion (%) | Amount (CNY in millions) | Proportion (%) | Amount (CNY in millions) | Proportion (%) |
| Housing Sales | 1,686.6 | 73.8 | 1,350.5 | 87.5 | 1,864.6 | 94.8 |
| Affordable Housing Sales | 321.5 | 14.1 | 102.4 | 6.6 | 35.5 | 1.8 |
| Property Management | 5.9 | 0.3 | 11.6 | 0.8 | 16.9 | 0.9 |
| Property Rental | 63.4 | 2.8 | 75.7 | 4.9 | 50.2 | 2.6 |
| Other | 206.4 | 9.0 | 3.1 | 0.2 | – | – |
| **Total** | **2,283.8** | **100.0** | **1,543.2** | **100.0** | **1,967.2** | **100.0** |

The Parent Company's main housing sales take place in the Binhai new area in Tianjin. Major projects are Tianbao Golden Coastline and Huijin Plaza. Tianbao Golden Coastline comprises a total GFA of 1.37 million square metres, of which about 1 million square metres is residential area. A portion of the Tianbao Golden Coastline project is expected to complete in 2018, with total investment from the Parent Company comprising CNY7.9 billion.

In recent years, the Parent Company also developed the Beitang areas of the Binhai new area in Tianjin. The Beitang project is primarily a residential housing project located in the northern region of the Binhai new area, with a total GFA of 598,000 square metres.

In addition, the Parent Company undertook Binhai new area's priority residential project – the construction of Yijing Lanting. Total investment of Yijing Lanting amounted to approximately CNY2.1 billion.

The Parent Company's income from its affordable housing sales in 2014 was CNY35.5 million, which constituted 0.4% of the total income of the real estate business sector. The income from affordable housing sales in the six months ended 30 June 2015 was CNY12.9 million. The Parent Company's subsidiary Tianjin T&B Real Estate Co., Ltd. (天津天保房地產開發有限公司) undertook the affordable housing project initiated by the local government.

The Parent Company also conducts property management and property rental operations. In relation to of property rental, the Parent Company owned 326,800 square metres of houses for rent, including factories, youth apartments and office buildings of which occupancy rates were above 70.0% as of 30 June 2015.

The following table sets out information regarding the real estate projects completed as of 30 June 2015:

| Project name | Amount invested (CNY million) | Property type | Construction period | Building area ($m^2$) | Saleable area ($m^2$) | Sales progress (%) | Income (CNY millions) |
|---|---|---|---|---|---|---|---|
| Tianbao Golden Coastline Plot B01 | 1, 249 | Residence, commercial | 2012-2013 | 231,700 | 190,500 | 80.00 | 1,481 |
| Huijin Plaza Phase 1 | 370 | Office Building | 2009-2011 | 79,600 | 59,200 | 41.14 | 241 |
| Beitang Residence | 490 | Residence | 2010-2014 | 72,000 | 23,500 | 19.00 | 250 |
| **Total** | **2,109** | | | | | | **1,972** |

The following table sets out the information regarding real estate projects currently ongoing as of 30 June 2015:

| Project name | Amount invested | Property type | Construction period | Building area ($m^2$) | Saleable area ($m^2$) |
|---|---|---|---|---|---|
| Yijing Lanting | 620,000,000 | Residential, Commercial | 2013-2016 | 240,000 | 190,000 |
| Beitang Headquarters | 1,711,000,000 | Offices | 2010-2014 | 282,000 | 186,000 |
| Beitang Residential Apartments | 952,000,000 | Residential | 2010-2014 | 242,000 | 160,000 |
| Lingang Industrial Area | 921,000,000 | Residential | 2011-2017 | 242,000 | 123,000 |
| **Total** | **5,837,000,000** | | | | |

## Major Projects Pipeline

In conjunction with the four business segments discussed above, the Parent Company also has the following projects in construction or at the planning stage.

*Airport logistics processing zone project*

The Tianjin Development and Reform Commission approved phase II of the airport logistics processing zone project on 8 June 2009. The project has a total construction area of 20.83 square kilometres. As of 30 June 2015 the construction work had been completed.

*C4 hotel project*

The C4 hotel project is located in the town of Beitang in Tianjin. The base area is approximately 80,000 square metres, and the construction area is about 40,000 square metres. Total investment is expected to be around CNY2.6 billion.

*Cogeneration associated with heat supplying plant*

The heat supply plant is located in the Tianjin Port FTZ with a total GFA of 32,116.5 square metres and involves a total investment of CNY281.5 million. In July 2013, the Parent Company received permission from the PRC Development and Reform Commission to develop the cogeneration project. The plant has been partially completed and started to generate electricity in 2014.

*Airport white-collar mansion project*

The airport white-collar mansion project covers a total GFA of 82,878.6 square metres. The project mainly consists of residential mansions, non-residential mansions and related infrastructures. The total construction area is 185,000 square metres (including basement areas). Residential mansions take up a total construction area of 52,000 square metres while non-residential mansions occupy a total construction area of 90,000 square metres. Total investment is CNY830 million. The project is divided into two phases. The first phase has already completed, and the construction work of the second phase is mostly completed, pending final settlement procedures.

## INSURANCE

The Parent Company's business is covered by insurance policies which primarily cover fire, flood, other material damage to property and public liability. The Parent Company believes that its properties are covered by adequate insurance provided by reputable independent insurance companies in the relevant jurisdictions and with commercially reasonable deductibles and limits on coverage, normal for the type and location of the properties to which they relate.

Notwithstanding such insurance coverage, damage to the buildings, facilities, equipment or other properties as a result of occurrences such as fire, flood, water damage, explosion, power loss, typhoons and other natural disasters or terrorism, or any decline in the Parent Company's business as a result of any threat of war, outbreak of disease or epidemic, may potentially have a material adverse effect on the Parent Company's financial condition and results of operations.

## EMPLOYEES

As of 30 June 2015, the Parent Company had approximately 850 employees.

Staff benefits include salaries, provident fund, insurance and medical cover, housing and share option schemes. The Parent Company believes that its employees are critical to its success and is committed to investing in the development of its employees through continual education and training, as well as the creation of opportunities for career development. The Parent Company has not experienced any strikes or disruption due to labour disputes. The Parent Company considers its relations with its employees to be good.

## ENVIRONMENTAL MATTERS

The Parent Company is subject to various environmental laws. Compliance with such laws has not had, and, to the Parent Company's knowledge, after due inquiry, is not expected to have, a material adverse effect on the Parent Company's capital expenditures, earnings or competitive position.

## LEGAL PROCEEDINGS

As of the date of this Offering Circular, to the best of the Parent Company's knowledge, there are no current litigation or arbitration proceedings against the Parent Company or any of its senior management that could have a material adverse effect on its business, financial condition or results of operations.

# MANAGEMENT

## BOARD OF DIRECTORS

The Board of Directors is the Parent Company's decision-making body and is responsible for a number of matters, including deciding significant events of the Parent Company, development strategies, operational and investment plans, external guarantees, working capital, financing, asset write-off, budget plans, profit distribution plans, internal control, internal rules, registered capital and debt offering as described in the Parent Company's articles of association.

The following table sets out the current members of the Board of Directors, their respective position and year of birth.

| Name | Year of Birth | Title |
|---|---|---|
| Xing Guoyou | 1957 | Chairman |
| Chen Shaowang | 1971 | General Manager, Director |
| Liang Yong | 1957 | Director, Vice Secretary |
| Shen Gang | 1963 | Vice General Manager, Director |
| Ren Dongsheng | 1969 | Vice General Manager, Director |
| Yin Honghai | 1960 | Director, Chief Financial Officer |

**Mr. Xing Guoyou (邢國友)** serves as Chairman. Mr. Li also serves as Chairman and General Manager of a wholly-owned subsidiary of the Parent Company, Tianjin T&B Holding Co., Ltd. (天津天保控股有限公司). Mr. Li served as Director of the Fifth and Sixth Divisions of Tianjin People's Government Office from 1995 to 2001.

**Mr Chen Shaowang (陳紹旺)** serves as General Manager and Director of the Parent Company. Mr Chen served as Deputy Head of Tianjin Free Trade Zone Management Committee and Head of the Economic Development Bureau of Tianjin Free Trade Zone Management Committee. Mr Chen holds a PhD in Economics.

**Mr. Liang Yong (梁勇)** serves as Vice Secretary and Director of the Parent Company as well as the Director and Vice Secretary, Tianjin T&B Holding Co., Ltd. Mr. Liang served as Head of the Commission for Disciplinary Inspection and Vice Secretary of the Party Committee of Tianjin T&B Holding Co., Ltd. between 2001 and 2002. Mr. Liang also served as Secretary and General Manager of T&B Services Development Company (天保服務發展公司) between 2001 and 2002.

**Mr. Shen Gang (沈鋼)** serves as Vice General Manager and Director of the Parent Company and Vice General Manager of Tianjin T&B Holding Co., Ltd.. Mr. Gang worked at the Tianjin Municipal Office between 1999 and 2003.

**Mr. Ren Dongsheng (任東生)** serves as Vice General Manager and Director of the Parent Company and Vice General Manager of Tianjin T&B Holding Co., Ltd.. Previously, Mr. Ren served as Deputy Director of the Public Relations Department of Tianjin Port Free Trade Zone Management Committee's Office Division and Head of Tianjin Port Free Trade Zone Administrative Committee Office.

**Mr. Yin Honghai (尹宏海)** serves as Chief Financial Officer and Director. He also serves as Director, Chief Financial Officer and Director of Financial Planning of Tianjin T&B Holding Co., Ltd. Mr. Yin was Director of the Investment Department of Tianjin Audit Bureau between 2000 and 2003.

## BOARD OF SUPERVISORS

According to the articles of association of the Parent Company, the Board of Supervisors is primarily responsible for inspecting the financials, overseeing instances of any violation of laws, rules, any breach of the memorandum or articles of association by Directors or management personnel of the Parent Company, rectifying actions by Directors or management personnel that may harm the Parent Company's interests and proposing the convening of interim board meetings. Supervisors serve three-year terms.

The following table sets out the current members of the Board of Supervisors, their respective positions and year of birth.

| Name | Year of Birth | Title |
|---|---|---|
| Lü Yingbo . . . . . . . . . . . . . . . . . . . . . . . . . | 1961 | Chairman |
| Pan Yuqiang . . . . . . . . . . . . . . . . . . . . . . . . | 1980 | Supervisor |
| Cui Zhiguo . . . . . . . . . . . . . . . . . . . . . . . . . | 1968 | Supervisor |
| Zhang Yaping . . . . . . . . . . . . . . . . . . . . . . . | 1962 | Supervisor |
| Xue Xiaofang . . . . . . . . . . . . . . . . . . . . . . . | 1966 | Supervisor |

**Mr. Lü Yingbo (呂英博)** serves as Chairman of the Board of Supervisors. Mr. Lü also serves as Deputy Director of Tianjin Port Free Trade Zone Administrative Committee. Mr. Lü's previous positions include Director of Tianjin Free Trade Zone Finance Bureau and Financial Director of Tianjin Baotai Industrial Park.

**Mr. Pan Yuqiang (潘玉強)** serves as Supervisor of the Parent Company and Supervisor of Tianjin Free Trade Zone Investment Co., Ltd. (天津保稅區投資有限公司). Mr. Pan also serves as Supervisor of Minsheng Financial Leasing Co., Ltd. (民生金融租賃股份有限公司), which is partially owned by T&B Investment Company. In addition, Mr. Pan serves as Director of Tianjin Bohai Rental Co., Ltd. (天津渤海租賃有限公司), which is also partially owned by T&B Investment Company.

**Mr. Cui Zhiguo (崔志國)** serves as Supervisor of the Parent Company as well as Director of Tianjin Port Free Trade Zone Planning and Construction Bureau. Mr. Cui has worked in Tianjin Port Free Trade Zone Audit Bureau and the armed police force.

**Ms. Zhang Yaping (張雅萍)** serves as Supervisor of the Parent Company, Head of the Human Resources Department and Union President. Ms. Zhang has also been serving as Union President and Vice President of Tianjin T&B Holding Co., Ltd. since 2004. Previously, Ms. Zhang has served as Office Deputy Director, Office Director and Head of the Human Resources Department of Tianjin T&B Holding Co., Ltd.

**Ms. Xue Xiaofang (薛曉芳)** serves as Supervisor of the Parent Company and Deputy Director of the Parent Company's Risk Control Department. Ms. Xue is a Certified Internal Accountant. Previously, she has served as Audit Director of the Financial Planning Department of Tianjin T&B Holding Co., Ltd.

## SENIOR MANAGEMENT

The Parent Company's senior management team includes one General Manager, three Vice General Managers, one Chief Economist, one Chief Engineer and one Chief Financial Officer.

The following table sets out current senior management of the Parent Company, their respective positions and year of birth.

| Name | Year of Birth | Title |
|---|---|---|
| Chen Shaowang | 1971 | General Manager, Director |
| Shen Gang | 1963 | Vice General Manager, Director |
| Yang Shibiao | 1956 | Vice General Manager |
| Ren Dongsheng | 1969 | Vice General Manager, Director |
| Zhang Lu | 1959 | Chief Engineer |
| Yin Honghai | 1960 | Director, Chief Financial Officer |

For details regarding **Mr. Chen Shaowang**, see "*Management – Board of Directors*" above.

For details regarding **Mr. Shen Gang**, see "*Management – Board of Directors*" above.

**Mr. Yang Shibiao (楊士彪)** serves as Vice General Manager of the Parent Company. Mr. Yang also serves as Vice General Manager of Tianjin T&B Holding Co., Ltd.

For details regarding **Mr. Ren Dongsheng**, see "*Management – Board of Directors*" above.

**Mr. Zhang Lu (張輅)** serves as Chief Engineer of the Parent Company and Vice General Manager and Chief Engineer of T&B Holding Co., Ltd. He also serves as Chairman of Tianjin T&B Construction Development Company (天保建設公司) and Chairman and General Manager of Tianjin T&B Jiashun Investment Co., Ltd. (天津天保嘉順投資公司). Previously, Mr. Zhang served as Director of the Construction Office of Tianjin Airport International Logistics Park and Head of the Urban Management Bureau of Tianjin Port Free Trade Zone.

For details regarding **Mr. Yin Honghai**, see "*Management – Board of Directors*" above.

*This section summarises the principal PRC laws and regulations which are relevant to the Issuer's and the Parent Company's business and operations. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations which are relevant to the Issuer's and the Parent Company's business and operations.*

## The PRC Legal System

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC government. In general, PRC court judgments do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The National People's Congress of the PRC (the "**NPC**") and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws governing State agencies and civil, criminal and other matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

The State Council is the highest committee of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul such administrative rules, regulations, directives and orders.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations and the people's governments may promulgate administrative rules and directives applicable to their own administrative areas. These local rules and regulations must be consistent with the PRC Constitution, the national laws and the administrative rules and regulations promulgated by the State Council.

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas of the law for experimental purposes or in order to enforce the law. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. The Supreme People's Court, in addition to its power to give general interpretation on the application of laws in judicial proceedings, also has the power to interpret specific cases. The State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional rules and regulations is vested in the regional legislative and administrative bodies which promulgated such laws.

## The PRC Judicial System

Under the PRC Constitution (中華人民共和國憲法) and the Law of Organisation of the People's Courts (中華人民共和國人民法院組織法), the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts.

The local courts are comprised of the basic courts, the intermediate courts and the higher courts. The basic courts are organised into civil, criminal, economic, administrative and other divisions. The intermediate courts are organised into divisions similar to those of the basic courts, and are further organised into other special divisions, such as the intellectual property division. The higher level courts supervise the basic and intermediate courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the administration of justice by all other courts.

The courts employ a two-tier appellate system. A party may appeal against a judgment or order of a local court to the court at the next higher level. Second judgments or orders given at the next higher level and the first judgments or orders given by the Supreme People's Court are final. First judgments or orders of the Supreme People's Court are also final. If, however, the Supreme People's Court or a court at a higher level finds an error in a judgment which has been given by any court at a lower level, or the president of a court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried in accordance with the judicial supervision procedures.

The Civil Procedure Law of the PRC (中華人民共和國民事訴訟法) (the "**Civil Procedure Law**"), which was adopted on 9 April 1991 and amended on 28 October 2007 and 31 August 2012, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by written agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the place of the object of the contract, etc or a venue which has actual connection with the dispute. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or order made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the court to request for enforcement of the judgment, order or award. The time limit imposed on the right to apply for such enforcement is two years. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by any party to the action, mandatorily enforce the judgment.

A party seeking to enforce a judgment or order of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order. A foreign judgment or ruling may also be recognised and enforced by a PRC court in accordance with the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination in accordance with the principle of reciprocity, unless the court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

**Foreign Exchange Controls**

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency to jurisdictions outside China. Under existing PRC foreign exchange regulations, payments of certain current account items can be made in foreign currencies without prior approval from the local branch of the SAFE, by complying with certain procedural requirements. However, except as otherwise specified by laws and regulations, approval from the appropriate government authorities is usually required where Renminbi is to be converted into foreign currency and remitted to a jurisdiction outside China to pay capital expenses such as the repayment of bank loans denominated in foreign currencies. The PRC government may also, at its discretion, restrict access to foreign currencies for current account transactions in the future.

Prior to 31 December 1993, a quota system was used for the management of foreign currency. Any enterprise requiring foreign currency was required to obtain a quota from the local SAFE office before it could convert Renminbi into foreign currency through the PBOC or other designated banks. Such conversion had to be effected at the official rate prescribed by SAFE on a daily basis. Renminbi could also be converted into foreign currency at swap centres. The exchange rates used by swap centres were largely determined by the demand for, and supply of, the foreign currency and the Renminbi requirements of enterprises in the PRC. Any enterprise that wished to buy or sell foreign currency at a swap centre had to obtain the prior approval of SAFE.

On 28 December 1993, the PBOC, under the authority of the State Council, promulgated the Notice of PBOC Concerning Further Reform of the Foreign Currency Control System (中國人民銀行關於進一步改革外匯管理體制的公告), effective from 1 January 1994. The Notice announced the abolition of the foreign exchange quota system, the implementation of conditional convertibility of Renminbi in current account items, the establishment of the system of settlement and payment of foreign exchange by banks, and the unification of the official Renminbi exchange rate and the market rate for Renminbi established at swap centres. On 26 March 1994, the PBOC promulgated the Provisional Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理暫行規定)(the "**Provisional Regulations**"), effective from 1 April 1994, which set out detailed provisions regulating the trading of foreign exchange by enterprises, economic organisations and social organisations in the PRC.

On 1 January 1994, the former dual exchange rate system for Renminbi was abolished and replaced by a controlled floating exchange rate system, which was determined by the demand and supply of Renminbi. Pursuant to such system, the PBOC set and published the daily Renminbi-U.S. dollar exchange rate. Such exchange rate was determined with reference to the transaction price for Renminbi-U.S. dollar in the inter-bank foreign exchange market on the previous day. Also, the PBOC, with reference to exchange rates in the international foreign exchange market, announced the exchange rates of Renminbi against other major foreign currencies. In foreign exchange transactions, designated foreign exchange banks may, within a specified range, freely determine the applicable exchange rate in accordance with the rate announced by the PBOC.

On 29 January 1996, the State Council promulgated Regulations on Foreign Exchange Administration (外匯管理條例)("**Foreign Exchange Administration Regulations**") which became effective from 1 April 1996. The Foreign Exchange Administration Regulations classifies all international payments and transfers into current account items and capital account items. Most current account items are subject to the approval by relevant banks that are duly authorised by SAFE to do so, while capital account items are still subject to SAFE approval directly. The Foreign Exchange Administration Regulations was subsequently amended on 14 January 1997. Such amendment affirms that the State shall not restrict international current account payments and transfers. On 1 August 2008, the Foreign Exchange Administration Regulations was further amended pursuant to a resolution of the State Council of China (中華人民共和國國務院令) and came into effect on 5 August 2008 (the "**New Forex Regulation**"). Under the New Forex Regulation, foreign currency received under current account by onshore entities will not be asked to be settled into Renminbi automatically, while foreign currency under capital account may also be maintained upon approval. The Renminbi will be convertible for current account items (including goods, services, gains and transactions items that are frequently transferred, etc. involved in international balance of payments) upon presentation of valid receipts and proof certifying the purposes of the conversion of Renminbi into foreign currency to the designated foreign exchange banks. Conversion of Renminbi into foreign exchange and remittance of foreign exchange funds outside of PRC for capital account items, like capital transfers, direct investment, securities investment and derivative products and loans, is still subject to restriction, and prior approval from SAFE or its competent branch.

On 20 June 1996, the PBOC promulgated the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定) (the "**Settlement Regulations**") which became effective on 1 July 1996. The Settlement Regulations superseded the Provisional Regulations and abolished the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. Domestic entities seeking to enter into foreign exchange transactions are required to open up foreign exchange accounts for current account or capital account transactions, as the case may be, at banks involved in foreign exchange business. Interest payments for foreign debt may be made from a foreign exchange account of a domestic entity or using foreign exchange purchased at designated foreign exchange banks after the verification of the bona fide nature of the transaction by SAFE. Domestic entities may apply to SAFE for approval to purchase foreign exchange by presenting valid documents required by the Settlement Regulations for repayment of foreign debt principal and such payment can be made upon the approval of SAFE.

On 25 October 1998, the PBOC and SAFE promulgated the Notice Concerning the Discontinuance of Foreign Exchange Swap Business (關於停辦外匯調劑業務的通知) pursuant to which and with effect from 1 December 1998, all foreign exchange swap business in the PRC for foreign-invested enterprises was discontinued, while the trading of foreign exchange by foreign-invested enterprises was to be regulated under the system for the settlement and sale of foreign exchange applicable to banks.

On 21 July 2005, the PBOC announced that, beginning from 21 July 2005, China will implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies. The Renminbi exchange rate is no longer pegged to the U.S. dollar. The PBOC will announce the closing price of a foreign currency such as the U.S. dollar traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each business day. This closing price sets the central parity for trading of the Renminbi on the following business day.

According to the Circular on the Relevant Operating Issues concerning the Improvement of the Administration of Payment and Settlement of Foreign Currency Capital of Foreign-funded Enterprises issued by the General Affairs Department of the SAFE (國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知) ("**Circular 142**") on 29 August 2008, for each conversion and withdrawal, an FIE is required to provide various supporting documents evidencing the authenticity of the transaction to relevant bank for review and verification. Also the converted RMB should only be used by FIEs in line with their business scope as approved by the examination and approval authorities, for example, for acquiring equipment and real property for self-use. Except for special type of FIEs such as venture capital and private equity enterprises, ordinary FIEs are generally prohibited from using the RMB converted from their capital account balance to make equity investments in other companies in China. And except for foreign-funded real estate enterprises, foreign-funded enterprise shall not use the RMB converted from their capital account balance to purchase domestic real estate for any purpose other than its own use.

On 8 April 2015, the SAFE promulgated the Circular of the SAFE on Relevant Issues Concerning the Reform of the Administrative Method of the Conversion of Foreign Exchange Funds by Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) ("**Circular 19**"), which will relax the capital account settlement for all foreign invested enterprises across the nation from 1 June 2015. According to Circular 19, Circular 142 will cease to be effective on the same date of the implementation of Circular 19. Circular 19 allows all foreign invested enterprises across the PRC to convert foreign exchange in their capital accounts into Renminbi at their own discretion without providing various supporting documents. However, to use the converted Renminbi, a foreign invested enterprise still needs to provide supporting documents and goes through the review process with the banks for each withdrawal.

**Production Safety Law of the PRC**

Pursuant to the Production Safety Law (中華人民共和國安全生產法) of the PRC promulgated on 29 June 2002, effective from 1 November 2002 and amended on 27 August 2009 and 31 August 2014, effective from 1 December 2014, and the Law of the PRC on the Prevention and Treatment of Occupational Diseases (中華人民共和國職業病防治法) promulgated on 27 October 2001, effective from 1 May 2002 and amended on 31 December 2011, enterprises are required to put in place the conditions for safe production and necessary capital investment required by the laws, regulations, national standards and industrial standards. An enterprise which does not fulfil the requirements for safe production cannot carry out production and operation. Special operational personnel of the manufacturing enterprises may not start to perform their duties until they have passed production safety training and obtained qualifications for special operations. Enterprises must maintain industrial injury insurance. The relevant departments responsible for the supervision and administration of production safety must examine the safety production conditions and procedures in relation to the approval, verification, registration and granting of permits, certificates and licences by strictly following the laws, regulations and relevant conditions and procedures for safe production according to national or industrial standards.

The Measures for Administrative Penalties against Illegal Acts Concerning Work Safety (安全生產違法行為行政處罰辦法) which was promulgated on 19 May 2003, effective from 1 July 2003 and amended on 30 November 2007, effective from 1 January 2008 and amended on 1 May 2015 provides that the department in charge of safety production may impose on the enterprises violating the Production Safety Law administrative penalties such as warnings, fines, orders to rectify, orders to cease business for rectification, orders to shut down business, and orders to suspend or revoke the licences.

In accordance with the Regulations on Safety Supervision of Special Equipment (特種設備安全監察條例) (the "**Special Equipment Regulation**") promulgated on 11 March 2003, effective from 1 June 2003 and amended on 24 January 2009, effective from 1 May 2009, any entity engaging in the design, manufacturing, installation, reform, maintenance and repair of the prescribed special equipment is required to obtain a licence to carry out such activities. All entities are required to obtain licences for using special equipment, such as boilers, pressure vessels (including gas cylinders), pressure pipes, elevators, lifting appliances, and on-site (in-factory) dedicated motor vehicles. Prior to the operation of any special equipment or within 30 days after such operation, entities using the special equipment need to register with the special equipment safety supervision and administration department of the municipalities directly under the central government or of cities divided into districts. The Regulation on Safety Supervision of Lifting Appliances (起重機械安全監察規定) was promulgated on 21 March 1991, effective from 1 October 1991 and amended on 29 December 2006, effective from 1 June 2007 pursuant to the Special Equipment Regulation and issued by the PRC General Administration of Quality Supervision, Inspection and Quarantine (中華人民共和國國家質量監督檢驗檢疫總局) (the "**GAQSIQ**") to further specify the safety supervision over the manufacturing, installation, reform, maintenance, repair, inspection and testing, supervision and examination of lifting appliances. If an entity is not legally licenced, approved or registered for its use, reform, and maintenance and repair of special equipment, the special equipment safety supervision and administration department shall handle the case according to law.

**Environmental Protection Laws**

The Environmental Protection Law of the PRC (中華人民共和國環境保護法) ("**Environmental Protection Law**"), promulgated on 26 December 1989, requires any entity operating a facility that produces pollutants or other hazards to incorporate environmental protection measures into its operations and to establish an environmental protection responsibility system with effective measures to control and properly dispose of waste gases, waste water, waste residue, dust or other waste materials. The Environmental Protection Law was amended on 24 April 2014, effective from 1 January 2015 (the "**New Environmental Protection Law**"). The New Environmental Protection Law imposes stricter obligations on enterprises regarding pollution prevention and control, and provides for more severe penalties. With regard to public policy, the New Environmental Protection Law specifies that the Government shall support the development of the environment industry and shall encourage enterprises to take environmental protection measures. Furthermore, the New Environmental Protection Law allows for environment public-interest litigation.

The Administrative Regulations on Environmental Protection for Construction Projects (建設項目環境保護管理條例) promulgated on 29 November 1998 implements an environmental impact assessment system for construction projects. Before commencing any construction which may have an impact on the environment, an environmental impact assessment report, an environmental impact assessment form or an environmental impact assessment registration form needs to be submitted to the relevant environmental protection authorities. If a significant change to an approved construction project takes place, an environmental impact assessment report, an environmental impact assessment form or an environmental impact assessment registration form shall be re-submitted for approval. The environmental protection facilities must be designed, constructed and put into use or operation simultaneously with the main part of a construction project. After completion of such construction project, an acceptance inspection needs to be completed by the environmental protection authorities. The Regulations on Administration concerning the Environmental Protection Acceptance Inspection on Construction Projects (建設項目竣工環境保護驗收管理辦法) promulgated on 27 December 2001, effective from 1 February 2002 and amended on 22 December 2010, set forth the specific procedures and requirements for environmental protection acceptance inspection. If a construction project does not conform to the specified procedures or requirements, the operator is not permitted to put it into operation or use.

Pursuant to the Law on Prevention and Control of Noise Pollution of the PRC (中華人民共和國環境噪聲污染防治法), the Law on Prevention of Water Pollution of the PRC (中華人民共和國水污染防治法), the Law on Prevention of Air Pollution of the PRC (中華人民共和國大氣污染防治法), the Administrative Regulations on Levy and Utilisation of Sewage Charges (排污費徵收使用管理條例) and other laws on pollutant discharge, an entity discharging pollutant must regularly submit a declaration statement detailing the type, volume and concentration of the pollutant to be discharged to the relevant environmental protection government authorities. An entity shall also submit such a declaration statement for a new construction, expansion or reconstruction of a construction project before pilot production. The relevant environmental protection governmental authorities will review and verify the type, volume and concentration of the pollutant to be discharged as declared and calculate the pollute discharge fees which that entity should pay based on the statutory standards. Once the discharge fees have been calculated, a notice on payment of discharge fees is issued to the relevant enterprises and that enterprise is required to pay the discharge fees accordingly.

The Law on Prevention of Environmental Pollution Caused by Solid Waste of the PRC (中華人民共和國固體廢物污染環境防治法) applies a system of report and registration to industrial solid waste. Entities and individuals collecting, storing, transporting, utilising or disposing of solid waste must take precautions against the spread, loss and leakage of such solid waste or adopt such other measures for preventing such solid waste from polluting the environment.

The administrative penalties for breach of the environmental protection laws of the PRC include warnings, fines and suspension of production or operation, depending on the degree of damage. For instance, any entity which fails to submit an environmental impact assessment report, an environmental impact assessment form or an environmental impact assessment registration form as required by law may be ordered to suspend its production or operation and be subject to a fine. In addition, the entity or the person responsible for the pollutants may be subject to criminal liability for serious breaches of the environmental protection laws resulting in significant damage to private or public property or personal death or injury.

**Overseas Investment Rules**

According to the Rules on Overseas Investment (境外投資管理辦法) issued by the MOFCOM on 16 March 2009, coming into effect on 1 May 2009 (the "**MOFCOM Overseas Investment Rules**"), local PRC enterprises proposing to engage in overseas investment where the total investment by the PRC party would be U.S.$100 million or more must first obtain approval from the commerce authorities at the local provincial level and thereafter must seek approval from the MOFCOM. On 6 September 2014, the MOFCOM Overseas Investment Rules was amended and came into effect on 6 October 2014. Under the New MOFCOM Overseas Investment Rules, any overseas investment involving a sensitive country or territory or a sensitive industry shall be subject to approval-based administration while other overseas investments shall be subject to filing-based administration. Such "sensitive country" refers to the countries which have not established diplomatic relations with the PRC or are sanctioned by the United Nations, whereas "sensitive industry" refers to the industries of which the products and technologies are banned from export by the PRC government, or the industries of which the export may affect the interests of at least one country (region). With regards to an overseas investment that is subject to approval-based administration, a centrally administered enterprise shall file an application with the MOFCOM, and a local enterprise shall file an application to the MOFCOM via the local commerce authorities at the local provincial level. With regards to an overseas investment that is subject to filing-based administration, a centrally administered enterprise shall file for record the overseas investment with the MOFCOM; and a local enterprise shall file the same for record with the local commerce authorities at the local provincial level.

Pursuant to the Administrative Measures on Approval and Filing of Overseas Investment Projects (境外投資項目核准和備案管理辦法) promulgated by the NDRC, which became effective on 8 May 2014 and subsequently amended on 27 December 2014, any overseas investment project involving any politically sensitive country or territory (such as countries with no diplomatic ties or which are sanctioned by the international community, or countries/territories where there is ongoing war or civil unrest etc.) or otherwise any sensitive industry (such as telecommunication operation, cross-border water resources development and utilisation, large-scale land development, electricity transmission lines, power grids or news media etc.) shall be subject to approval by the NDRC. Where the investment of the Chinese party (parties) amounts to U.S.$2 billion or above, it shall be subject to approval by the State Council as advised by the NDRC. Overseas investment projects other than those above shall be filed for record. In particular, where any such other overseas investment project is carried out by an enterprise administered by the PRC central government or carried out by an enterprise administered by the local government and involves investment by the Chinese party (parties) of an amount equal to or more than U.S.$300 million, such overseas investment project shall be filed with the NDRC. Any such other overseas investment project carried out by the local enterprise and involves investment by the Chinese party (parties) of an amount less than U.S.$300 million shall be filed with the investment department of the relevant government at the provincial level, including the government of each of the provinces, autonomous regions, municipalities directly under the Central Government and municipalities with independent planning status, as well as the Xinjiang Production and Construction Corps.

On 14 September 2015, the National Development and Reform Commission (the "**NDRC**") promulgated the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (Fa Gai Wai Zi [2015] No 2044) (the "**NDRC Notice**") (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知), which came into effect on the same day. According to the NDRC Notice, 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 issuance (the "**Pre-Issuance Registration Certificate**"). In addition, the enterprise must also report certain details of the bonds to the NDRC within 10 working days of the completion of the bond issue (the "**Post-Issuance Filing**"). The Parent Company obtained the Pre-Issuance Registration Certificate in respect of the offering of the Notes from the NDRC on 19 November 2015.

**Regulation on Fiscal Debts of Local Governments**

In accordance with Guidance on Strengthening Fiscal Financial Management of Government Invested Projects Construction Agency System (財政部關於切實加強政府投資項目代建制財政財務管理有關問題的指導意見) issued by the Ministry of Finance of the PRC on 16 September 2004, the construction agency established (or authorised to be established) by the government can be deemed as a department of the government and can directly prepare annual investment plan and annual budget for city infrastructure construction. In accordance with Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of National Economy (中國人民銀行、中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見) issued jointly by PBOC and China Banking Regulatory Commission 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, Notice of the State Council on Strengthening Management of Financing Platform of Local Government (國務院關於加強地方政府融資平台公司管理有關問題的通知) ("**Circular 19**") and Notice of NDRC on Further Regulating Issuance of Bonds by Financing Platform of Local Government (國家發展改革委辦公廳關於進一步規範地方政府投融資平台公司發行債券行為有關問題的通知) ("**Circular 2881**") were separately promulgated in June 2010 and November 2010. In accordance with Circular 19, all levels of local governments shall clear up their respective financing platform. In accordance with Circular 2881, indebtedness of local governments will impact financing platform's issuance of enterprise bonds.

In accordance with the currently effective Budget Law which took effect in 1995 (the "**Old Budget Law**"), local government shall not issue bonds directly. On 31 August 2014, National People's Congress adopted the newly amended Budget Law of the PRC (the "**New Budget Law**"), which became effective on 1 January, 2015 The New Budget Law empowers local governments the right to issue government bonds.

On 21 September 2014, the State Council of the PRC released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (關於加強地方政府性債務管理的意見) ("**Circular 43**"). Circular 43 aims at regulating financing system of local government and three channels are presented. 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 government through issuing government bonds and public interest projects with income generated, such as city infrastructure construction, may be operated independently by social investors or jointly by the government and social investors through the establishment of special purpose companies. Social investors or 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 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 State Council for approval, and then included in the budget plan of local governments.

On 23 October 2014, the Ministry of Finance promulgated the Methods to Clear up and Clarify the Existing Fiscal Debt of Local Governments and Integrate it into Budgetary Management (地方政府存量債務納入預算管理清理甄別辦法) ("**Circular 351**") based on Circular 43. Circular 351 further requires the local governments to clear up the existing debts of the financing platform of the local governments and classify such existing fiscal debts of the local governments into government debts and non-government debts.

Pursuant to the Circular of the General Office of the State Council on Forwarding the Opinions of Ministry of Finance, People's Bank of China and China Banking Regulatory Commission on Properly Solving the Problem of Follow-up Financing for Projects under Construction of Local Government Financing Platform Companies (國務院辦公廳轉發財政部、人民銀行、銀監會關於妥善解決地方政府融資平台公司在建項目後續融資問題意見的通知) ("**Circular 40**") which was promulgated by General Office of the State Council of the PRC and became effective on 11 May 2015, local governments at all levels and banking financial institutions shall properly deal with follow-up financing issues for projects under construction of financing platform companies. Projects under construction refer to projects that have started construction upon the completion of examination, approval or filing procedures in accordance with relevant regulations by competent investment authorities before the date when the Circular 43 was promulgated. The key tasks of local governments and banking financial institutions are as follows: (a) supporting stock financing needs for projects under construction; (b) regulating increment financing for projects under construction; (c) administering in an effective and proper manner follow-up financing for projects under construction; and (d) improving supporting measures.

# TAXATION

*The following summary of certain PRC, Hong Kong and EU tax consequences of the purchase, ownership and disposition of the Notes is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Notes or any persons acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. Persons considering the purchase of the Notes should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Notes under the laws of their country of citizenship, residence or domicile.*

## PRC

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

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose "de facto management organisation" are within the territory of the PRC shall be treated as PRC tax resident enterprises for the purpose of the EIT Law and they shall pay enterprise income tax at the rate of 25 per cent. in respect of their global taxable income. If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the Issuer's "de facto management organisation" is within the territory of the PRC, it may be treated as a PRC tax resident enterprise for the purpose of the EIT Law and be subject to enterprise income tax at the rate of 25 per cent. on its global taxable income. As of the date of this Offering Circular, the Issuer confirms that it has not received notice or has been informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law.

However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future. Pursuant to the EIT Law and its implementation regulations, any non-resident enterprise without an establishment within the PRC or whose income has no actual connection to its establishment within the PRC, shall be required to pay an income tax at the rate of 10 per cent. on the income sourced from the PRC. Such income tax shall be withheld by the PRC payer that is acting as the obligatory withholder and such PRC payer shall withhold the tax amount from each payment or payment due. Although as confirmed by the Issuer, as of the date of this Offering Circular, the Issuer has not been noticed or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law, in the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, then the interest or gains received by the non-PRC Noteholders under or in respect of the Notes may be treated as income derived from sources within the PRC. The Issuer may in such case be required to withhold income tax from the payments of interest in respect of the Notes to any non-PRC Noteholder, and gain from the disposition of the Notes may be subject to PRC tax, as the income or gain is then treated as PRC-sourced. In the event the Issuer is deemed to be in a the PRC tax resident enterprise by the PRC tax authorities and the offering of, and performance of the Issuer's obligations under, the Notes is deemed to be taxable services by the PRC tax authorities in the future in accordance with PRC tax laws and regulations, the amount of interest payable by the Issuer to any non-PRC Noteholders may be subject to withholding business tax at the rate of 5 per cent. plus related surcharges. However, despite the potential withholding of the PRC tax by the Issuer, the Issuer has agreed to pay additional amounts to holders of the Notes so that holders of the Notes would receive the full amount of the scheduled payment, as further set out in "*Terms and Conditions*".

According to the double taxation arrangement between China and Hong Kong and relevant PRC tax regulations, residents of Hong Kong will not be subject to PRC tax on any capital gains from a sale or exchange of the Notes. Other non-PRC Noteholders will also not be subject to the PRC tax on any capital gains derived from a sale or exchange of Notes consummated outside the PRC between non-PRC Noteholders, except however, if the Issuer is treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future, any gain realised by the non-PRC Noteholders from the transfer of the Notes may be regarded as being derived from sources within the PRC and accordingly would be subject to PRC withholding tax at the rate of 10 per cent. (if the Noteholder is an entity) or 20 per cent. (if the Noteholder is an individual) or (if the recipient is a Hong Kong resident) 7 per cent..

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

**Hong Kong**

***Withholding tax***

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

***Profits tax***

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

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "**Inland Revenue Ordinance**") as it is currently applied by the Inland Revenue Department, interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried in Hong Kong in the following circumstances:

(a) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(b) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation (other than a financial institution) carrying on a trade, profession or business in Hong Kong; or

(c) interest on the Notes is derived from Hong Kong and is received by or accrues to a person (other than a corporation) carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business.

Sums derived from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax where received by or accrued to a person who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source.

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

### *Stamp duty*

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

### *Estate duty*

No Hong Kong estate duty is payable in respect of the Notes.

## The European Union

### *EU Directive on the Taxation of Savings Income*

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

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

On 10 November 2015, the Council of the European Union adopted a Council Directive repealing the Council Directive 2003/48/EC from 1 January 2016 in the case of all Member States other then Austria (and from 1 January 2017, or after 1 October 2016 for certain payments, in relation to Austria) subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates. This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader in scope than the Savings Directive, although it does not impose withholding taxes.

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

## The Proposed Financial Transactions Tax (FTT)

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

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

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

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

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

**FATCA**

Whilst the Notes are in global form and held within the Clearing Systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, the Parent Company, any paying agent and the Clearing Systems, given that each of the entities in the payment chain between the Issuer and the participants in the Clearing Systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the Notes. The Issuer's obligations under the Notes are discharged once it has paid the common depositary for the Clearing Systems (as registered holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the Clearing Systems and custodians or intermediaries. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the Clearing Systems. If this were to happen, then a non-FATCA compliant holder could be subject to withholding tax. However, definitive notes will only be printed in remote circumstances. Further, foreign financial institutions in a jurisdiction which has entered into an Intergovernmental Agreement ("**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.

Noteholders should consult their own advisers about the application of FATCA, in particular if they may be classified as financial institutions under the FATCA rules.

# EXCHANGE RATE

PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by 2 per cent. against the U.S. dollar. The PRC government has since made and in the future may make further adjustments to the exchange rate system. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. The floating band was further widened to 1.0 per cent. on 16 April 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 26.9 per cent. from 21 July 2005 to 31 December 2013. On 14 March 2014, the PBOC further widened the floating band against the U.S. dollar to 2.0 per cent.. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

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

| | **Renminbi per U.S. Dollar Noon Buying Rate[(1)]** | | | |
|---|---|---|---|---|
| **Period** | **End** | **Average[(2)]** | **High** | **Low** |
| | ***(CNY per U.S.$1.00)*** | | | |
| 2009 | 6.8259 | 6.8295 | 6.8470 | 6.8176 |
| 2010 | 6.6000 | 6.7603 | 6.8330 | 6.6000 |
| 2011 | 6.2939 | 6.4475 | 6.6364 | 6.2939 |
| 2012 | 6.2301 | 6.3088 | 6.3879 | 6.2221 |
| 2013 | 6.0537 | 6.1412 | 6.2438 | 6.0537 |
| 2014 | 6.2046 | 6.1704 | 6.2591 | 6.0402 |
| 2015 | | | | |
| May | 6.1980 | 6.2035 | 6.2086 | 6.1958 |
| June | 6.2000 | 6.2052 | 6.2086 | 6.1976 |
| July | 6.2097 | 6.2085 | 6.2097 | 6.2008 |
| August | 6.3760 | 6.3383 | 6.4122 | 6.2086 |
| September | 6.3556 | 6.3676 | 6.3836 | 6.3544 |
| October | 6.3180 | 6.3505 | 6.3591 | 6.3180 |
| November (through November 20) | 6.3835 | 6.3549 | 6.3835 | 6.3180 |

*Notes:*

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

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

## SUBSCRIPTION AND SALE

The Issuer and Parent Company have entered into a subscription agreement with the Joint Lead Managers dated 2 December 2015 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to, severally but not jointly, subscribe and pay for or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Notes indicated in the following table.

| | **Principal amount of the Notes to be subscribed** |
|---|---|
| | **U.S.$** |
| DBS Bank Ltd. | 95,000,000 |
| Bank of China Limited | 95,000,000 |
| Orient Securities (Hong Kong) Limited | 95,000,000 |
| Standard Chartered Bank | 95,000,000 |
| ABCI Capital Limited | 20,000,000 |
| Agricultural Bank of China Limited Hong Kong Branch | 20,000,000 |
| Wing Lung Bank Limited | 40,000,000 |
| BOCOM International Securities Limited | 40,000,000 |
| **Total** | 500,000,000 |

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

The Joint Lead 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, the Parent Company and/or their respective subsidiaries, from time to time, for which they have received customary fees and expenses. The Joint Lead Managers and their respective subsidiaries or affiliates may, from time to time, engage in transactions with and perform services for the Issuer, the Parent Company and/or their respective subsidiaries in the ordinary course of business.

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

### General

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

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

**United States**

The Notes 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 Joint Lead Manager has represented, warranted and undertaken that it has not offered or sold, and will not offer or sell, any notes 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 such Joint Lead Manager or any of its affiliates) has engaged or will engage in any directed selling efforts with respect to the Notes.

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

**European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Joint Lead Manager has represented, warranted and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive subject to obtaining the prior consent of the relevant Joint Lead Manager or Joint Lead Managers nominated by the Issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

**United Kingdom**

Each of the Joint Lead 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 Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Company; and

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

**Hong Kong**

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

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in 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

(ii) 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 Notes, 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 Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

**The People's Republic of China**

Each of the Joint Lead Managers has represented, warranted and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People's Republic of China.

**Singapore**

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

Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1) 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 Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

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

(b) a trust (where 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 Notes pursuant to an offer made under Section 275 of the SFA except:

(1) 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;

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

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

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

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments), (Shares and Debentures) Regulations 2005 of Singapore.

**Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Act**") and, accordingly, each of the Joint Lead Managers has represented, warranted and undertaken that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes 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, regulations and ministerial guidelines of Japan.

**Taiwan**

The Notes have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan and/or other regulatory authority pursuant to relevant securities laws and regulations and may not be offered, issued or sold in Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations that requires a registration, filing or approval of the Financial Supervisory Commission and/or other regulatory authority of Taiwan.

### Macau

Each of the Joint Lead Managers has represented, warranted and agreed that the Notes may not be promoted, distributed, sold or delivered in Macau, or any document relating to the Notes be distributed or circulated in Macau, except under the terms of and in compliance with the Macau Financial System Act and any other laws in Macau that may apply to the offer and sale of the Notes in Macau. The Notes are not registered or otherwise authorised for public offer under the Financial System Act of Macau, thus may not be offered or sold in Macau, unless such offer is made by Macau licensed entities according to the Macau Financial System Act and upon their communication to the Macau Monetary Authority, in observation of the guidelines and recommendations issued by the Macau local regulatory authority from time to time.

## GENERAL INFORMATION

1. **Clearing Systems:** The Notes have been accepted for clearance through Euroclear and Clearstream under Common Code number 132704970 and the International Securities Identification Number for the USD Notes is XS1327049703.

2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Notes, the Trust Deed, the Agency Agreement and the Keepwell and Liquidity Support Deed. The issue of the Notes was authorised by resolutions of the board of directors of the Issuer on 23 November 2015. The Parent Company has obtained all necessary consents, approvals and authorisations in connection with entry into the Trust Deed, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the entry into the transaction documents in connection with the Notes was authorised by resolutions of the board of directors of the Parent Company on 24 September 2015. The Parent Company have advised that no approvals or consents are required from any regulatory authorities or other relevant authorities in the PRC for the Parent Company to enter into the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking and the Trust Deed.

3. **No Material Adverse Change:** There has been no material adverse change, or any development reasonably likely to involve an adverse change, in the financial or trading position, prospects or results of operations of the Issuer since 30 September 2015 or the Parent Company since 30 June 2015.

4. **Litigation:** None of the Issuer, the Parent Company or any other member of the Parent Company is involved in any litigation or arbitration proceedings that the Issuer or the Parent Company, as the case may be, believes are material in the context of the Notes, neither the Issuer nor the Parent Company is aware that any such proceedings are pending or threatened.

5. **Available Documents:** Copies of the Parent Company's published audited financial statements for the years ended 31 December 2013 and 2014, the Parent Company's published unaudited financial statements for six months ended 30 June 2015, the Issuer's audited financial statements for the period from 30 April 2015 (date of incorporation) to 30 September 2015, the Trust Deed, the Agency Agreement, the Keepwell and Liquidity Support Deed, the Deed of Equity Interest Purchase Undertaking, and the Articles of Association of each of the Issuer and the Parent Company will be available for inspection from the Issue Date at the Issuer's principal place of business in Hong Kong at Suite 3304, 33/F Blk 2 Nina Tower, 8 Yeung Uk Road, Tsuen Wan, Hong Kong, during normal business hours, so long as any of the Notes is outstanding. The Parent Company prepares its annual financial statements each year.

6. **Financial Statements:** The audited consolidated financial statements of the Parent Company as at and for the years ended 31 December 2013 and 2014 which have been audited by Zhongxingcai Guanghua as stated in their respective reports appearing herein, are included elsewhere in this Offering Circular. The consolidated financial statements of the Parent Company as at and for the six months ended 30 June 2015, which are included elsewhere in this Offering Circular, have not been audited but have been reviewed by Zhongxingcai Guanghua. The consolidated financial statements of the Parent Company are prepared under the PRC GAAP. These consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions.

7. **Listing:** An application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Notes by way of debt issues to professional investors only. It is expected that dealing in, and listing of, the Notes on the Hong Kong Stock Exchange will commence on or around 10 December 2015.

# INDEX TO FINANCIAL STATEMENTS

中兴财光华

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# Review Report

ZXCGHSYZD（2015）No.05001

**Tianjin Free Trade Zone Investment Holding Group Co., Ltd.**

The review of attached financial statement of Tianjin Free Trade Zone Investment Holding Group Co., Ltd. (hereinafter referred to as T &B Investment Holding Company), including Consolidation and Parent Company's Balance Sheet on June 30 2015, Consolidation and Parent Company Income Statement since January to June, 2015, Consolidation and Parent Company Cash Flow Statement, Consolidation and Parent Company Statement of Changes in Shareholders' Equity and Notes to the Consolidated Financial Statements, has been finished. The formation of these statements is the duty of the management of T &B Investment Holding Company while our duty is to issue the review report on the statements after the checking.

The review has been conducted according to the regulation of Review Guidelines For Chinese Registered Accountants No. 2101 - Review of Financial Statements. The guidelines require us to plan and conduct review so as to provide limited assurance to the material misstatements of financial statements. The review is limited to the inquiry on related personnel of the company and the analysis on financial figures and the degree of assurance is inferior to auditing. Auditing opinions will not be provided as it has not been carried out.

According to the review, there is no evidence which can leads us to believe that the financial statement has not been compiled in accordance with Accounting Standards for Business Enterprises, or the financial situation, business performance and cash flow of the reviewed units in all major aspects are not fairly presented.

中兴财光华会计师事务所(特殊普通合伙)
1101020136103

Zhongxingcai Guanghua Certified Public Accountants (LLP)

Beijing •China

CPA China : 
中国注册会计师 姚庆春 130000050207

CPA China : 
中国注册会计师 齐正华 130000010004

October 15,2015

**Balance sheet**

**June 30,2015**

Prepared by :Tianjin Free Trade Zone Investment Holding Group Co., Ltd.

| Items | Notes | Year-end balance | | Year-beginning balance | |
|---|---|---|---|---|---|
| | | Consolidation | Parent Company | Consolidation | Parent Company |
| Current asset： | | | | | |
| Monetary fund | VI.1 | 19,760,216,396.02 | 12,959,509,865.31 | 12,959,495,433.27 | 9,765,005,999.28 |
| Financial assets measured at fair value with variations accounted into current income account | | | | | |
| Derivative financial assets | | | | | |
| Bill receivable | VI.2 | 6,801,870.00 | | 8,075,510.99 | |
| Account receivable | VI.3 | 1,614,428,895.98 | 505,567.46 | 1,107,274,711.91 | 505,567.46 |
| Prepayments | VI.4 | 753,692,641.95 | | 1,483,556,771.91 | |
| Interest receivable | | 21,976,243.06 | 8,140,000.00 | 27,131,264.93 | 57,584,999.80 |
| Dividend receivable | | 4,602,050.43 | 1,431,229,100.00 | 4,602,050.43 | 1,596,288,111.45 |
| Other account receivable | VI.5 | 11,595,190,394.00 | 6,532,983,121.54 | 10,243,690,083.97 | 4,472,983,121.54 |
| Inventories | VI.6 | 12,762,608,750.81 | | 12,350,373,365.87 | |
| Assets held for sales | | | | | |
| Non-current asset due in 1 year | VI.7 | 2,527,032,115.43 | | 1,635,082,898.61 | |
| Other current asset | VI.8 | 4,128,000,000.00 | 2,488,000,000.00 | 820,805,033.00 | |
| **Total current assets** | | 53,174,549,357.68 | 23,420,367,654.31 | 40,640,087,124.89 | 15,892,367,799.53 |
| Non-current assets： | | | | | |
| Loans and advances issued | | 698,026,581.13 | | 1,146,223,881.13 | |
| Financial assets available for sale | VI.9 | 1,630,218,711.02 | 44,879,576.60 | 2,242,531,791.35 | 44,879,576.60 |
| Held- to-maturity investment | VI.10 | 3,398,775,784.73 | 10,674,701,983.97 | 4,959,590,381.41 | 12,641,723,781.55 |
| Long-term receivable | VI.11 | 16,118,943,350.05 | | 4,550,199,039.39 | |
| Long term equity investment | VI.12 | 8,214,100,417.60 | 34,575,327,794.75 | 7,855,827,694.13 | 31,566,327,794.75 |
| Investment Property | VI13 | 1,523,415,332.51 | 82,508,964.10 | 1,511,975,661.23 | 84,601,149.88 |
| Fixed assets | VI.14 | 3,344,066,294.96 | 142,301,767.41 | 3,594,691,226.31 | 146,351,500.17 |
| Construction in progress | VI.15 | 11,892,408,473.52 | 326,208,422.22 | 23,387,409,720.43 | 324,958,622.97 |
| Engineering material | | 11,482,837.00 | | 11,528,037.00 | |
| Fixed asset disposal | | 9,624,627.50 | | 10,094,331.38 | |
| Production physical assets | | | | | |
| Gas & petrol | | | | | |
| Intangible assets | VI.16 | 9,799,883,441.72 | 11,668,820.79 | 9,769,177,202.92 | 11,793,177.63 |
| R & D expenses | | | | | |
| Goodwill | VI.17 | 39,407,378.24 | | 39,407,378.24 | |
| Long-term expenses to be amortized | VI.18 | 9,771,937.27 | | 12,570,590.68 | |
| Deffered income tax asset | VI.19 | 199,988,595.56 | | 206,229,991.69 | |
| Other non-current asset | | | | | |
| **Total non-current assets** | | 56,890,113,762.82 | 45,857,597,329.84 | 59,297,456,927.29 | 44,820,635,603.55 |
| **Total assets** | | 110,064,663,120.50 | 69,277,964,984.15 | 99,937,544,052.18 | 60,713,003,403.08 |

**Legal Representative:** **Person in charge of accounting：** **Accounting Dept Leader:**

**Balance Sheet(Cont'd)**

**June 30,2015**

Prepared by :Tianjin Free Trade Zone Investment Holding Group Co., Ltd.

| Items | Notes | Year-end balance | | Year-beginning balance | |
|---|---|---|---|---|---|
| | | Consolidation | Parent Company | Consolidation | Parent Company |
| Current liabilities | | | | | |
| Short-term loans | VI.20 | 8,042,996,611.43 | 4,945,000,000.00 | 13,910,092,381.08 | 8,695,000,000.00 |
| Financial liabilities measured at fair value with variations accounted into current | | | | | |
| Deposit received and due to banks and other financial institutions | | 142,250,858.69 | | 32,856,488.48 | |
| Derivative financial liabilities | | | | | |
| Bill payable | VI.21 | 509,168,059.84 | | 711,500,391.95 | |
| Account payable | VI.22 | 1,089,264,827.03 | 14,457,208.37 | 1,508,912,613.62 | 15,537,208.37 |
| Payment receivable in advance | VI.23 | 1,115,144,226.40 | 13,835.97 | 1,520,973,449.32 | |
| Wage payable | VI.24 | 23,904,740.20 | | 32,782,410.28 | |
| Tax payable | VI.25 | 35,009,053.27 | 9,794,261.67 | 61,172,807.70 | 15,307,785.16 |
| Interest payable | VI.26 | 201,517,234.19 | | 257,767,170.86 | |
| Dividend payable | | 858,305.28 | | 858,305.28 | |
| Other account payable | VI.27 | 1,516,823,144.68 | 224,743,541.67 | 1,168,625,839.27 | 232,243,541.67 |
| Liabilities held for sales | | | | | |
| Non-current liability due in 1 year | VI.28 | 34,889,223,331.77 | 29,486,723,331.77 | 1,416,280,000.00 | |
| Other current liability | VI.29 | 113,998,258.29 | | 96,924,001.45 | |
| **Total current liability** | | 47,680,158,651.07 | 34,680,732,179.45 | 20,718,745,859.29 | 8,958,088,535.20 |
| Non-current liabilities： | | | | | |
| Long-term loan | VI.30 | 20,075,920,000.00 | 4,247,500,000.00 | 17,252,768,756.42 | 1,993,018,756.42 |
| Bond payable | VI.31 | 5,218,739,726.03 | 18,739,726.03 | 29,222,803,589.04 | 21,222,803,589.04 |
| Including：preferred stock | | | | | |
| Sustainable debt | | | | | |
| Long-term payable | VI.32 | 1,881,079,602.89 | | 151,189,204.54 | |
| Long-term payable employees´s remuneration | | | | | |
| Special payable | VI.33 | 514,591,722.83 | | 511,972,924.19 | |
| Expected liabilities | | | | | |
| Deffered income | | 141,032,749.96 | | 201,855,846.02 | |
| Deffered income tax liability | VI.18 | 137,278,435.90 | | 137,278,435.90 | |
| Other non-current liabilities | | | | | |
| **Total non-current liabilities** | | 27,968,642,237.61 | 4,266,239,726.03 | 47,477,868,756.11 | 23,215,822,345.46 |
| **Total liability** | | 75,648,800,888.68 | 38,946,971,905.48 | 68,196,614,615.40 | 32,173,910,880.66 |
| Owners' equity | | | | | |
| Share capital | VI.34 | 17,471,000,000.00 | 17,471,000,000.00 | 17,471,000,000.00 | 17,471,000,000.00 |
| Other equity instrument | VI.35 | 2,000,000,000.00 | 2,000,000,000.00 | | |
| Including：preferred stock | | | | | |
| Sustainable debt | | | | | |
| Capital reserves | VI.36 | 10,784,943,102.29 | 10,749,430,894.31 | 10,784,943,102.29 | 10,749,430,894.31 |
| Less：Shares in stock | | | | | |
| Other comprehensive income | VI.37 | 16,180,450.82 | | 209,622,531.87 | |
| Special reserves | | | | | |
| Surplus reserves | VI.38 | 311,111,111.11 | 311,111,111.11 | 311,111,111.11 | 311,111,111.11 |
| Undistributed profit | VI.39 | 760,780,084.56 | -200,548,926.75 | -49,617,363.47 | 7,550,517.00 |
| Total owner's equity belong to the parent company | | 31,344,014,748.78 | 30,330,993,078.67 | 28,727,059,381.80 | 28,539,092,522.42 |
| Minority shareholders' equity | | 3,071,847,483.04 | | 3,013,870,054.98 | |
| **Total owners' equity** | | 34,415,862,231.82 | 30,330,993,078.67 | 31,740,929,436.78 | 28,539,092,522.42 |
| **Total liabilities and owners' equity** | | 110,064,663,120.50 | 69,277,964,984.15 | 99,937,544,052.18 | 60,713,003,403.08 |

**Legal Representative:** **Person in charge of accounting：** **Accounting Dept Leader:**

## Income statement

**January-June 2015**

Prepared by :Tianjin Free Trade Zone Investment Holding Group Co., Ltd.

In RMB

| Items | Notes | Report period | | Same period of the previous year | |
|---|---|---|---|---|---|
| | | Consolidation | Parent Company | Consolidation | Parent Company |
| **I.Operating income** | VI.40 | 3,558,639,439.34 | 356,139,430.43 | 5,055,768,515.73 | 358,166,050.83 |
| Less：Operating cost | VI.40 | 2,973,324,672.39 | 2,092,185.78 | 4,244,263,177.68 | 2,092,185.78 |
| Operating tax and surcharge | | 91,491,121.23 | 20,287,545.36 | 158,343,599.10 | 21,873,513.73 |
| Sales expense | | 75,630,590.54 | | 87,223,667.02 | |
| Administrative expense | | 203,043,677.30 | 7,504,939.52 | 201,623,124.78 | 9,284,765.92 |
| Financial expenses | VI.41 | 756,832,004.20 | 900,688,317.82 | 692,683,843.58 | 759,283,896.40 |
| Asset impairment loss | VI.42 | 64,699,404.13 | | 88,575,503.71 | |
| Add：Gains from change of fair value （“-”for loss） | | | | | |
| Investment gain（“-”for loss） | VI.43 | 1,179,890,428.25 | 6,334,114.30 | 603,106,881.45 | 124,675,038.79 |
| Incl: investment gains from affiliates | | | | | |
| **II. Operational profit（“-”for loss）** | | 573,508,397.80 | -568,099,443.75 | 186,162,481.31 | -309,693,272.21 |
| Add：Non-operating income | VI.44 | 567,809,712.88 | 360,000,000.00 | 537,840,746.41 | 275,446,059.00 |
| Including：Income from disposal of non-current assets | | 123,144,281.21 | | | |
| Less：Non-operating expenses | VI.45 | 35,167,276.77 | | 13,701,824.61 | 54,452.29 |
| Incl：Loss from disposal of non-current assets | | 21,136,217.41 | | 344,492.47 | |
| **III.Total profit(“-”for loss)** | | 1,106,150,833.91 | -208,099,443.75 | 710,301,403.11 | -34,301,665.50 |
| Less：Income tax expenses | 六.46 | 211,288,831.77 | | 143,508,533.58 | |
| **IV. Net profit** | | 894,862,002.14 | -208,099,443.75 | 566,792,869.53 | -34,301,665.50 |
| Net profit attributable to the owners of parent company | | 819,265,703.46 | -208,099,443.75 | 414,982,450.94 | -34,301,665.50 |
| Minority shareholders' equity | | 75,596,298.68 | | 151,810,418.59 | |
| **V. Other comprehensive income** | | -193,442,081.05 | | | |
| （I）Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period | | | | | |
| 1.Re-measurement of changes of defined benefit plans' net liabilities or net assets | | | | | |
| 2.Other comprehensive income shares which cannot be reclassfied into gains/losses under the equity method | | | | | |
| （II）Other comprehensive income that will be reclassified into gains/losses. | | -193,442,081.05 | | | |
| 1.Other comprehensive income shares which will be reclassfied into gains/losses under the equity method | | | | | |
| 2.Fair value changes of available for sale financial assets | | -193,442,081.05 | | | |
| 3.Held-to-maturity investments reclassified to gains/losses of available for sale financial assets | | | | | |
| 4.The effective portion of cash flow hedges gains/losses | | | | | |
| 5.Foreign exchange differences | | | | | |
| **VI. Total comprehensive income** | | 701,419,921.09 | -208,099,443.75 | 566,792,869.53 | -34,301,665.50 |
| Total comprehensive income attributable to the owner of the parent company | | 625,823,622.41 | -208,099,443.75 | 414,982,450.94 | -34,301,665.50 |
| Total comprehensive income attributable to minority shareholders | | 75,596,298.68 | | 151,810,418.59 | |
| **VII. Earnings per share** | | | | | |
| （I）Basic earnings per share | | | | | |
| (II)Diluted earnings per share | | | | | |

The current business combination Not under common control.

**Legal Representative:** Person in charge of accounting： **Accounting Dept Leader:**

**Cash Flow Statement**

January-June 2015

Prepared by :Tianjin Free Trade Zone Investment Holding Group Co., Ltd. In RMB

| Items | Report period | | Same period of the previous year | |
|---|---|---|---|---|
| | Consolidation | Parent Company | Consolidation | Parent Company |
| I.Cash flows from operating activities | | | | |
| Cash received from sales of goods or rending of services | 5,331,634,555.83 | 4,027,907.97 | 5,291,999,114.28 | |
| Net increase in customer deposits and placement from banks and other financial institutions | 109,394,370.21 | | 60,286,054.27 | |
| Cash receipts from interest, handling charges and commission | 89,468,759.71 | | 80,018,662.95 | |
| Tax refunds | 5,996,004.32 | | 4,156.50 | |
| Other cash received from operating activities | 16,187,680,941.30 | 22,455,714,156.38 | 4,905,067,124.70 | 4,645,661,345.06 |
| **Sub-total of cash inflow** | 21,724,174,631.37 | 22,459,742,064.35 | 10,337,375,112.70 | 4,645,661,345.06 |
| Cash paid for purchasing of merchandise and services | 4,425,417,625.32 | | 4,893,947,919.32 | 815.50 |
| Net increase of client loan and advance | -391,569,300.00 | | 134,914,780.00 | |
| Net increase of savings in central bank and other financial institutions | -265,115,799.21 | | -27,547,972.59 | |
| Cash paid for interest, processing fee and commission | 1,159,614.77 | | 27,515.12 | |
| Cash paid to staffs or paid for staffs | 189,216,139.99 | | 190,629,135.73 | |
| Taxes paid | 425,148,891.59 | 28,651,907.77 | 568,881,333.11 | 24,553,873.18 |
| Other cash paid for operating activities | 16,486,532,755.60 | 23,726,275,332.23 | 3,072,827,346.77 | 4,529,167,409.28 |
| **Sub-total of cash outflow from operating activities** | 20,870,789,928.06 | 23,754,927,240.00 | 8,833,680,057.46 | 4,553,722,097.96 |
| **Cash flow generated by operating activities, net** | 853,384,703.31 | -1,295,185,175.65 | 1,503,695,055.24 | 91,939,247.10 |
| II.Cash flow generated by investment activities | | | | |
| Cash received from investment retrieving | 13,744,560,183.45 | 7,682,886,797.58 | 3,255,132,751.28 | 5,915,131,500.00 |
| Cash received as investment gains | 952,741,086.57 | 171,393,125.75 | 424,243,079.25 | 1,631,651,162.06 |
| Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets | 53,576,349.00 | | 64,666,000.00 | 20,000,000.00 |
| Net cash received from disposal of subsidiaries or other operational units | | | 68,113,846.74 | |
| Other investment-related cash received | 4,084,063.85 | | 1,608,829,828.69 | |
| Sub-total of cash inflow due to investment activities | 14,754,961,682.87 | 7,854,279,923.33 | 5,420,985,505.96 | 7,566,782,662.06 |
| Cash paid for construction and purchase fixed assets, intangible assets and other long-term assets | 730,885,038.64 | 2,329,799.25 | 837,084,035.93 | 6,284,653.17 |
| Cash paid as investment | 15,103,442,984.65 | 8,203,865,000.00 | 1,890,410,326.46 | 7,591,350,000.00 |
| Net cash received from subsidiaries and other operation units | 50,000,000.00 | 3,009,000,000.00 | 11,538,968.66 | 281,538,968.66 |
| Other cash paid for investment activities | 765,812.69 | | 1,612,027,611.30 | |
| **Sub-total of cash outflow due to investment activities** | 15,885,093,835.98 | 11,215,194,799.25 | 4,351,060,942.35 | 7,879,173,621.83 |
| **Net cash flow generated by investment activities** | -1,130,132,153.11 | -3,360,914,875.92 | 1,069,924,563.61 | -312,390,959.77 |
| III.Cash flow generated by financing activities | | | | |
| Cash received as investment | | | 2,238,969,933.37 | 770,000,000.00 |
| Incl: Cash received as investment from minor shareholders | | | 370,000,000.00 | |
| Cash received as loans | 11,456,713,366.26 | 6,550,000,000.00 | 7,620,198,723.77 | 2,400,000,000.00 |
| Cash received from bond issuance | 15,690,000,000.00 | 14,980,000,000.00 | | |
| Other financing –related cash received | 609,912,527.00 | | 49,385,073.21 | |
| **Sub-total of cash inflow from financing activities** | 27,756,625,893.26 | 21,530,000,000.00 | 9,908,553,730.35 | 3,170,000,000.00 |
| Cash paid for debts repayment | 18,525,967,875.28 | 12,695,500,000.00 | 10,776,593,823.33 | 3,820,500,000.00 |
| Cash paid as dividend, profit, or interests | 1,757,127,982.90 | 983,896,082.40 | 1,991,013,526.98 | 1,011,595,261.70 |
| Incl: Dividend and profit paid by subsidiaries to minor shareholders | 235,916,390.05 | | 1,606,976,123.27 | 100,000,000.00 |
| Other cash paid for financing activities | 65,295,634.21 | | 278,835,052.68 | 33,490.00 |
| **Sub-total of cash outflow due to financing activities** | 20,348,391,492.39 | 13,679,396,082.40 | 13,046,442,402.99 | 4,832,128,751.70 |
| **Net cash flow generated by financing activities** | 7,408,234,400.87 | 7,850,603,917.60 | -3,137,888,672.64 | -1,662,128,751.70 |
| IV. Influence of exchange rate alternation on cash and cash equivalents | -15,650,189.11 | | -29,753,022.99 | |
| V.Net increase of cash and cash equivalents | 7,115,836,761.96 | 3,194,503,866.03 | -594,022,076.78 | -1,882,580,464.37 |
| Add: balance of cash and cash equivalents at the beginning of term | 12,121,519,295.59 | 9,765,005,999.28 | 9,723,371,117.84 | 5,563,228,322.58 |
| VI ..Balance of cash and cash equivalents at the end of term | 19,237,356,057.55 | 12,959,509,865.31 | 9,129,349,041.06 | 3,680,647,858.21 |

**Legal Representative:** **Person in charge of accounting：** **Accounting Dept Leader:**

**Consolidated Statement on Change in Owners' Equity**

Prepared by :Tianjin Free Trade Zone Investment Holding Group Co., Ltd.

January-June 2015

In RMB

| | Owner's equity Attributable to the Parent Company | | | | | | | | | | | | Minority shareholders' equity | Total of owners' equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share Capital | Other equity instrument | | | Capital reserves | Less：Shares in stock | Other comprehensive income | Special reserves | Surplus reserves | Undistributed profit | Other | Subtotal | | |
| | | preferred stock | Sustainable debt | Other | | | | | | | | | | |
| I.Balance at the end of last year | 17,471,000,000.00 | | | | 10,784,943,102.29 | | 209,622,531.87 | | 311,111,111.11 | -49,617,363.47 | | 28,727,059,381.80 | 3,013,870,054.98 | 31,740,929,436.78 |
| Add: Change of accounting policy | | | | | | | | | | | | | | |
| Correcting of previous errors | | | | | | | | | | | | | | |
| Merger of entities under common control | | | | | | | | | | | | | | |
| Others | | | | | | | | | | -8,868,255.43 | | -8,868,255.43 | | -8,868,255.43 |
| II.Balance at the beginning of current year | 17,471,000,000.00 | | | | 10,784,943,102.29 | | 209,622,531.87 | | 311,111,111.11 | -58,485,618.90 | | 28,718,191,126.37 | 3,013,870,054.98 | 31,732,061,181.35 |
| III.Changed in the current year | | | 2,000,000,000.00 | | | | -193,442,081.05 | | | 819,265,703.46 | | 2,625,823,622.41 | 57,977,428.06 | 2,683,801,050.47 |
| （1）Total comprehensive income | | | | | | | -193,442,081.05 | | | 819,265,703.46 | | 625,823,622.41 | 75,596,298.68 | 701,419,921.09 |
| （II）Adding or decreasing of capital by owners | | | 2,000,000,000.00 | | | | | | | | | 2,000,000,000.00 | | 2,000,000,000.00 |
| 1．Common Shares invested by shareholders | | | | | | | | | | | | | | |
| 2．Invested capital from holders of other equity instruments | | | 2,000,000,000.00 | | | | | | | | | 2,000,000,000.00 | | 2,000,000,000.00 |
| 3．Shares paid which accounted as owners' equity | | | | | | | | | | | | | | |
| 4．Other | | | | | | | | | | | | | | |
| （III）Profit allocation | | | | | | | | | | | | | | |
| 1.Providing of Surplus reserves | | | | | | | | | | | | | | |
| 2．Allocation to the owners (or shareholders) | | | | | | | | | | | | | | |
| 3．Others | | | | | | | | | | | | | | |
| (IV) Internal transferring of owners' equity | | | | | | | | | | | | | -17,618,870.62 | -17,618,870.62 |
| 1. Capitalizing of capital reserves (or to capital shares) | | | | | | | | | | | | | | |
| 2. Capitalizing of Surplus reserves (or to capital shares) | | | | | | | | | | | | | | |
| 3．Making up losses with Surplus reserves | | | | | | | | | | | | | | |
| 4．Others | | | | | | | | | | | | | -17,618,870.62 | -17,618,870.62 |
| (V). Special reserves | | | | | | | | | | | | | | |
| 1. Provided in current period | | | | | | | | | | | | | | |
| 2．Used in current period | | | | | | | | | | | | | | |
| （VI）Others | | | | | | | | | | | | | | |
| IV. Balance at the end of this year | 17,471,000,000.00 | | 2,000,000,000.00 | | 10,784,943,102.29 | | 16,180,450.82 | | 311,111,111.11 | 760,780,084.56 | | 31,344,014,748.78 | 3,071,847,483.04 | 34,415,862,231.82 |

**Legal Representative:** **Person in charge of accounting** **Accounting Dept Leader:**

**Consolidated Statement on Change in Owners' Equity**

Prepared by :Tianjin Free Trade Zone Investment Holding Group Co., Ltd. January-June 2014 In RMB

| | Owner's equity Attributable to the Parent Company | | | | | | | | | | | | Minority shareholders' equity | Total of owners' equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Other equity instrument | | | Capital reserves | Less：Shares in stock | Other comprehensive income | Special reserves | Surplus reserves | Attributable profit | Other | Subtotal | | |
| | | preferred stock | Sustainable debt | Other | | | | | | | | | | |
| I.Balance at the end of last year | 16,051,000,000.00 | | | | 10,308,373,598.14 | | -536,155.89 | | 177,777,777.78 | 614,579,282.96 | | 27,151,194,502.99 | 1,533,945,944.95 | 28,685,140,447.94 |
| Add: Change of accounting policy | | | | | | | | | | | | | | |
| Correcting of previous errors | | | | | | | | | | | | | | |
| Merger of entities under common control | | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | | |
| II.Balance at the beginning of current year | 16,051,000,000.00 | | | | 10,308,373,598.14 | | -536,155.89 | | 177,777,777.78 | 614,579,282.96 | | 27,151,194,502.99 | 1,533,945,944.95 | 28,685,140,447.94 |
| III.Changed in the current year | 770,000,000.00 | | | | -143,435,779.41 | | | | | 314,982,450.94 | | 941,546,671.53 | 1,454,011,281.67 | 2,395,557,953.20 |
| （1）Total comprehensive income | | | | | | | | | | 414,982,450.94 | | 414,982,450.94 | 151,810,418.59 | 566,792,869.53 |
| （II）Adding or decreasing of capital by owners | 770,000,000.00 | | | | -143,435,779.41 | | | | | | | 626,564,220.59 | | 626,564,220.59 |
| 1．Common Shares invested by shareholders | 770,000,000.00 | | | | | | | | | | | 770,000,000.00 | | 770,000,000.00 |
| 2．Invested capital from holders of other equity instruments | | | | | | | | | | | | | | |
| 3．Shares paid which accounted as owners' equity | | | | | | | | | | | | | | |
| 4．Others | | | | | -143,435,779.41 | | | | | | | -143,435,779.41 | | -143,435,779.41 |
| （III）Profit allocation | | | | | | | | | | -100,000,000.00 | | -100,000,000.00 | | -100,000,000.00 |
| 1.Providing of Surplus reserves | | | | | | | | | | | | | | |
| 2．Alloction to the owners (or shareholders) | | | | | | | | | | -100,000,000.00 | | -100,000,000.00 | | -100,000,000.00 |
| 3．Others | | | | | | | | | | | | | | |
| (IV) Internal transferring of owners' equity | | | | | | | | | | | | | 1,302,200,863.08 | 1,302,200,863.08 |
| 1. Capitalizing of capital reserves (or to capital shares) | | | | | | | | | | | | | | |
| 2. Capitalizing of Surplus reserves (or to capital shares) | | | | | | | | | | | | | | |
| 3．Making up losses with Surplus reserves | | | | | | | | | | | | | | |
| 4．Others | | | | | | | | | | | | | 1,302,200,863.08 | 1,302,200,863.08 |
| (V). Special reserves | | | | | | | | | | | | | | |
| 1. Provided in current period | | | | | | | | | | | | | | |
| 2．Used in current period | | | | | | | | | | | | | | |
| （VI）Others | | | | | | | | | | | | | | |
| IV. Balance at the end of this year | 16,821,000,000.00 | | | | 10,164,937,818.73 | | -536,155.89 | | 177,777,777.78 | 929,561,733.90 | | 28,092,741,174.52 | 2,987,957,226.62 | 31,080,698,401.14 |

**Legal Representative:** Person in charge of accounting: Accounting Dept Leader:

**Statement of change in owner's Equity**

Prepared by :Tianjin Free Trade Zone Investment Holding Group Co., Ltd.

January-June 2015

In RMB

| | Owner's equity Attributable to the Parent Company | | | | | | | | | | | Total of owners' equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share Capital | Other Equity instrusment | | | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Special reserves | Surplus reserves | Attributable profit | Other | |
| | | preferred stock | Sustainable debt | Other | | | | | | | | |
| I.Balance at the end of last year | 17,471,000,000.00 | | | | 10,749,430,894.31 | | | | 311,111,111.11 | 7,550,517.00 | | 28,539,092,522.42 |
| Add: Change of accounting policy | | | | | | | | | | | | |
| Correcting of previous errors | | | | | | | | | | | | |
| Others | | | | | | | | | | | | |
| II.Balance at the beginning of current year | 17,471,000,000.00 | | | | 10,749,430,894.31 | | | | 311,111,111.11 | 7,550,517.00 | | 28,539,092,522.42 |
| III.Changed in the current year | | | 2,000,000,000.00 | | | | | | | -208,099,443.75 | | 1,791,900,556.25 |
| （Ⅰ）Total comprehensive income | | | | | | | | | | -208,099,443.75 | | -208,099,443.75 |
| （II）Adding or decreasing of capital by owners | | | 2,000,000,000.00 | | | | | | | | | 2,000,000,000.00 |
| 1．Common Shares invested by shareholders | | | 2,000,000,000.00 | | | | | | | | | 2,000,000,000.00 |
| 2．Invested capital from holders of other equity instruments | | | | | | | | | | | | |
| 3．Shares paid which accounted as owners' equity | | | | | | | | | | | | |
| 4．Others | | | | | | | | | | | | |
| （III）Profit allocation | | | | | | | | | | | | |
| 1.Providing of Surplus reserves | | | | | | | | | | | | |
| 2．Alloction to the owners (or shareholders) | | | | | | | | | | | | |
| 3．Others | | | | | | | | | | | | |
| (IV) Internal transferring of owners' equity | | | | | | | | | | | | |
| 1. Capitalizing of capital reserves (or to capital shares) | | | | | | | | | | | | |
| 2. Capitalizing of Surplus reserves (or to capital shares) | | | | | | | | | | | | |
| 3．Making up losses with Surplus reserves | | | | | | | | | | | | |
| 4．Others | | | | | | | | | | | | |
| (V )Special reserves | | | | | | | | | | | | |
| 1. Provided in current period | | | | | | | | | | | | |
| 2．Used in current period | | | | | | | | | | | | |
| （VI）Others | | | | | | | | | | | | |
| IV. Balance at the end of this year | 17,471,000,000.00 | | 2,000,000,000.00 | | 10,749,430,894.31 | | | | 311,111,111.11 | -200,548,926.75 | | 30,330,993,078.67 |

**Legal Representative:** Person in charge of accounting： **Accounting Dept Leader:**

**Statement of change in owner's Equity**

Prepared by :Tianjin Free Trade Zone Investment Holding Group Co., Ltd. January-June 2014 In RMB

| | Owner's equity Attributable to the Parent Company | | | | | | | | | | | Total of owners' equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share Capital | Other Equity instrusment | | | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Special reserve | Surplus reserves | Attributable profit | Other | |
| | | preferred stock | Sustainable debt | Other | | | | | | | | |
| I.Balance at the end of last year | 16,051,000,000.00 | | | | 10,749,430,894.31 | | | | 177,777,777.78 | 55,089,423.40 | | 27,033,298,095.49 |
| Add: Change of accounting policy | | | | | | | | | | | | |
| Correcting of previous errors | | | | | | | | | | | | |
| Others | | | | | | | | | | | | |
| II.Balance at the beginning of current year | 16,051,000,000.00 | | | | 10,749,430,894.31 | | | | 177,777,777.78 | 55,089,423.40 | | 27,033,298,095.49 |
| III.Changed in the current year | 770,000,000.00 | | | | | | | | | -135,478,998.46 | | 634,521,001.54 |
| （1）Total comprehensive income | | | | | | | | | | -35,478,998.46 | | -35,478,998.46 |
| （II）Adding or decreasing of capital by owners | 770,000,000.00 | | | | | | | | | | | 770,000,000.00 |
| 1．Common Shares invested by shareholders | 770,000,000.00 | | | | | | | | | | | 770,000,000.00 |
| 2．Invested capital from holders of other equity instruments | | | | | | | | | | | | |
| 3．Shares paid which accounted as owners' equity | | | | | | | | | | | | |
| 4．Others | | | | | | | | | | | | |
| （III）Profit allocation | | | | | | | | | | | | |
| 1.Providing of Surplus reserves | | | | | | | | | | | | |
| 2．Alloction to the owners (or shareholders) | | | | | | | | | | | | |
| 3．Others | | | | | | | | | | | | |
| (IV) Internal transferring of owners' equity | | | | | | | | | | -100,000,000.00 | | -100,000,000.00 |
| 1. Capitalizing of capital reserves (or to capital shares) | | | | | | | | | | | | |
| 2. Capitalizing of Surplus reserves (or to capital shares) | | | | | | | | | | | | |
| 3．Making up losses with Surplus reserves | | | | | | | | | | | | |
| 4．Others | | | | | | | | | | -100,000,000.00 | | -100,000,000.00 |
| (V). Special reserves | | | | | | | | | | | | |
| 1. Provided in current period | | | | | | | | | | | | |
| 2．Used in current period | | | | | | | | | | | | |
| （VI）Others | | | | | | | | | | | | |
| IV. Balance at the end of this year | 16,821,000,000.00 | | | | 10,749,430,894.31 | | | | 177,777,777.78 | -80,389,575.06 | | 27,667,819,097.03 |

**Legal Representative:** Person in charge of accounting: **Accounting Dept Leader:**

# Notes to the Consolidated Financial Statements

## I. The Basic Information of the Company

Tianjin Free Trade Zone Investment Holding Group Co., Ltd. (hereinafter referred to as the Company) is a wholly state-owned limited company, registered and founded in Tianjin Airport Logistics Processing Zone on December 17, 2008, and granted with 120000000007724 business licenses approved and issued by Tianjin Binhai New District Administration of Industry and Commerce. The legal representative is Xing Guoyou; the Company type is limited liability company. The registered capital amounts to RMB17.471 billion and the paid-in capital amounts to RMB17.471 billion. The investor and its equity ratio is as follows:

| Investor | Amount (RMB'0000) | Investment Ratio |
|---|---|---|
| Tianjin Port Free Trade Zone State-owned Asset Supervision and Administration Commission | 1,747,100.00 | 100% |

Business scope stipulated in its business license: investment, management and consultation services for real estate, international and domestic trade, logistics, financial industry, high-tech industry, infrastructure construction; international trade; warehousing (dangerous goods excluded); freight forwarder; own equipment leasing; property services (subject to the national special provisions).

By the end of reporting period, the Company has ten wholly-owned subsidiaries namely Tianjin T&B Holdings Co., Ltd, Tianjin Port FTZ Investment Co., Ltd, Tianjin T&B Finance Co., Ltd, Tianjin T&B Jiashun Investment Co., Ltd, Tianjin T&B Jiaye Investment Co., Ltd, Tianjin T&B Jiayuan Investment Co., Ltd, Tianjin T&B Micro-credit Co., Ltd., Tianjin Tianbao Leasing Co., Ltd., Tianjin T&B Financial Management Co., Ltd. and Tianjin T&B Commercial Factoring Co., Ltd.. Refer to Notes 5 for additional information.

## II. Preparation Basis of Financial Statements

### 1. Preparation Basis of Financial Statements

The financial statements are prepared on the basis of continuing operations. In according to actual transactions and events, the financial statements are prepared in accordance with the Accounting Standard for Business Enterprises – Basic Standards issued by Ministry of Finance, specific accounting standards in Article 41, the application guidelines, interpretations and other relevant regulations of following accounting standards for enterprises (generally referred to as the "Accounting Standard for Business Enterprises").

2.Continuation

There will be no such events or situations in the 12 months from the end of the reporting period that will cause material doubts as to the continuation capability of the Company.

**III. Important accounting policies and estimations**

**1.Declaration on Compliance with Accounting Standard for Business Enterprises**

The financial statements prepared by the Company is in accordance with the requirements of Accounting Standard for Business Enterprises, and truly and fully reflect the financial position, results of operations and cash flows of the Company.

**2. Accounting Period**

The Gregorian calendar year is adopted for the fiscal year in the Company, which is from January 1 to December 31.

**3. Recording Currency**

The financial statements of the Company are stated in RMB.

**4. Accounting Treatment Method of Business Merger under Common Control and not under Common Control**

(1) The Business Merger under Common Control

The assets and liabilities acquired in the business merger shall be recorded into the consolidated financial statements at their book value on the date of business merger. For the difference of the book value of net assets acquired by the Company and that of consolidation consideration (or total present value of the issued shares) paid, the stock premium in capital reserve should be adjusted. If the stock premium in capital reserve is insufficient to offset, the retained earnings shall be adjusted.

If the accounting policies adopted by the acquired parties are inconsistent with the Company, the acquired parties shall adjust according to the accounting policies of the Company at the merger date and recognize the book value adjusted on these policies.

All expenses directly relevant to the business merger including audit expense, assessment expense and legal service expense paid for the business merger are recorded into the current profits and losses when occurrence.

Handling charges and commissions for issuing equity securities during the business merger offset the premium income of equity securities. If the premium income is insufficient to offset, the retained earnings shall be written down.

(2) The Business Merger not under Common Control

The merger cost is the assets paid, the liabilities occurred or assumed and the fair value of equity securities issued by the Company for the control power of the acquired party at the purchase date, plus all directly relevant expenses. Thus, the assets paid, the liabilities occurred or assumed by the Company at the purchase date shall be recognized as per the fair value. The balance between the fair value and the book value are recognized into the current profits and losses.

The balance that the merger costs minus the fair value of identifiable net assets of the acquired party in the business merger is recognized as the goodwill by the Company. If the merger costs are less than the fair value of identifiable net assets of the acquired party, the Company shall review the fair values of all identifiable assets, liabilities and contingent liabilities of the acquired party and the measurement of the merger costs. If the merger costs are still less than the fair values of identifiable net assets of the acquired party in the business merger after the review, the balance is recognized into the current profits and losses.

The potential economic benefits of other assets (not limited to the identified assets of the acquired party) except for intangible assets of the acquired party in the business merger may flow into the Company and their fair value can be reliably measured and independently recognized. Intangible assets whose fair value can be reliably measured are separately identified as intangible assets and measured as per the fair value. The potential economic benefits of other liabilities except for the contingent liabilities of the acquired party may flow out from the Company and their fair value can be reliably measured and independently recognized. The contingent liabilities of the acquired party whose fair value can be reliably measured are separately identified as the contingent liabilities and measured as per the fair value.

The acquired companies become subsidiaries of the Company after the merger. All identifiable assets, liabilities and contingent liabilities of the acquired parties in the business merger are recognized as per their fair values at the purchase date into the consolidated balance sheet of the Company.

**5. Preparation Method of Consolidated Financial Statements**

The consolidation scope of the consolidated financial statements is determined on the basis of control. The parent company shall cover all controlled entities (including enterprises, divisible parts of invested companies, and structured entities controlled by enterprises) into the consolidation scope of the consolidated financial statements.

Although an enterprise has at most 50% voting right of the invested party, whether its voting right is enough for it to have the ability of directing activities of the invested party and whether this enterprise is viewed with the possession of the control right, the following facts should be considered:

1.The voting right of the enterprise relative to other voting shares of other investment parties, and the dispersion of voting shares of other investment parties;

2.The potential voting rights of the enterprise and other investment parties in the invested party such as convertible bonds and executable warrants;

3.Other rights in other contracts.

The enterprise shall consider the history implementation of voting rights and other facts of the invested party.

When the voting right has no material impact on the returns of the invested party, for example it's only related to regular administration of the invested party, and when activities of the invested party are determined in contracts, the enterprise has to assess these contracts and whether its right is powerful enough to control the invested party.

When the enterprise is unable to find out whether its right is powerful enough to control the invested party, it should consider the evidences that prove its actual ability to direct activities of the invested party and then judge whether it has the control right of the invested party. The considerations include but are not limited to:

1.Whether the enterprise has the right to assign or approve the executives of the invested party;

2.Whether the enterprise votes for or against major transactions of the invested party out of its own benefits;

3.Whether the enterprise has the control of appointment of authorities like Board of Directors in the invested party, or gets the attorneyship from other voting shareholders;

4.Whether the enterprise is affiliated with majorities of executives or authorities like Board of Directors in the invested party.

Special relations between the enterprise and the invested party, if exiting, should be considered when it's to assess whether the enterprise has the control right of the invested party. Special relations include key executives of the invested party is or was the employee of the enterprise; the operation of the invested party relies on the enterprise; major activities of the invested party have the enterprise involved in or are taken under the name of the enterprise; the enterprise's risks or earnings with variable returns from the invested party exceed its voting shares or similar right proportion.

When determining whether it has the control of the invested party, the enterprise shall find out firstly that it executes the decision right under the name of principal entity or agency. If other parties have the decision rights, it should find out that whether they execute the decision rights under the name of agency.

The enterprise should find out whether it has the overall control of the invested party. In rare cases when evidences show the following conditions are met and relevant laws and regulations are complies with, the investment party shall view a part ("the part") of invested party as an separate part (individual entity) of invested party and then find out whether it has the control right of this part (individual entity).

1. The assets of the part are the sole source to pay off liabilities or other equities of the part, and are not used to pay off other liabilities of other parts of the invested party;

2. Except for parties related to the part, other parties are entitled to neither the rights related to assets of the part, nor the rights related to remaining cash flows of the part.

The accounting policies and accounting periods adopted by subsidiaries consolidated to the scope of the consolidated financial statements shall be consistent with that of the Company. If the accounting policies and accounting periods adopted by subsidiaries are inconsistent with that of the Company, necessary adjustment shall be made in consolidated statements according to the accounting policies and periods of the Company. The consolidated financial statements are based on the statements of parent company and subsidiaries and complied by the parent company after all internal transactions between the parent and the subsidiaries, and among subsidiaries are written off according to relevant materials.

Unrealized profits and losses arising from the parent company selling assets to its subsidiaries offset "net profit attributable to the parent".

Unrealized profits and losses arising from the subsidiaries selling assets to their parent company offset "net profit attributable to the parent" and "minority interest income" according to their proportion allocated by the parent company.

Unrealized profits and losses arising from the subsidiaries selling assets among them offset "net profit attributable to the parent" and "minority interest income" according to the selling party's proportion allocated by the parent company.

Long-term equity investment of the parent company held by the subsidiaries are viewed as the treasury stocks of the enterprise group and the deduction item of ownership equity. It's stated in "less: treasury stock" under ownership equity of the consolidated balance sheet. Long-term equity investment of the subsidiaries held by other subsidiaries offsets the shares of ownership equity of invested subsidiaries.

Deferred income tax assets or liabilities are recognized in the consolidated balance sheet, income tax expenses are adjusted in the consolidated statement of income when temporary differences between the book values of assets and liabilities in the consolidated balance sheet and their taxation base exist due to offset unrealized profits and losses arising from internal sales, but deferred income tax recorded directly into transactions or events of ownership equity and related with business merger are excepted.

Minority interest is stated in "minority interest" under ownership equity in the consolidated balance sheet. Minority interest income is stated in "minority interest income" under net profit in the consolidated statement of income. The balance that current profits and losses assumed by monitories of subsidiaries exceeding their shares of ownership equity at the beginning period is used to offset the minority interest.

During the reporting period, the subsidiary increased due to the business merger under common control, the Company shall adjust the beginning amount in the consolidated balance sheet and record the revenue, expense and profit of the subsidiary from the beginning to the end of reporting period in the merger period, into the consolidated statement of income, and the cash flow from the beginning to the end of reporting period in the merger period shall be included into the consolidated statement of cash flow. Same items in statement comparison shall be adjusted. The reporting entities after the merger exist since the final controlling party starts to control

During the reporting period, the subsidiary increased due to the business merger under non-common control or other means, the Company shall not adjust the beginning amount in the consolidated balance sheet and then record the revenue, expense and profit of the subsidiary from the beginning to the end of reporting period in the merger period, into the consolidated statement of income, and the cash flow from the beginning to the end of reporting period in the merger period shall be included into the consolidated statement of cash flow. When business merger under non-common control is realized through multiple transactions, the Company re-measures the equity of the acquired party held before the acquisition date at the fair value of the acquisition date. The balance between the fair values and the book values are recorded into the current investment income. The equity of the acquired party held before the acquisition date and involved with other ownership income or other ownership equity changes, and other comprehensive income and other owernship equity are transferred into current investment income at the acquisition date, but other comprehensive incomes arising from net debts or assets re-measured by the investment party are excepted.

The Company shall not adjust the beginning amounts in the consolidated balance sheet when depositing subsidiaries and their services within the reporting period; revenue, expense and profit of the subsidiary from the beginning of reporting period to the deposition date are included into the consolidated statement of income; cash flow of the subsidiary from the beginning of reporting period to the deposition date is included into the consolidated statement of cash flow. The Company may lose the control right of the subsidiary due to the deposition of parts of equity investment or other causes, and remeasure the remaining equity investment at the fair value at the date of losing control right. Consideration acquired from equity deposition, plus the fair value of remaining equity, less net assets computed according to original shareholding ratio since the purchase date or the merger date, is recorded into the current investment income after losing the control right and offsets the goodwill. Other comprehensive income and other ownership equity related to the equity investment on original subsidiary are transferred into the current investment income when losing the control right.

The Company disposes its equity investment on subsidiaries through multiple transactions until it losses the control right. If these transactions are a package deal, they shall be treated as one transaction to dispose its equity investment until losing the control right; but before losing the control right, the balance between each deposition price and the net assets of subsidiaries arising from the disposed investment is recognized as other comprehensive income in the consolidated financial statement and transferred into the current profits and losses when losing the control right.

The balance between the new long-term equity investments acquired by the Company from purchasing minority interest and the net identifiable assets of subsidiaries acquired from new holding shares, and the balance between the disposed prices acquired from the disposed of parts of equity investment of subsidiaries when not losing the control right and net assets of subsidiaries acquired from disposed long-term equity investment, are adjusted into stock premium of capital reserve in the consolidated balance sheet. The stock premium of capital reserve, if not offset, is adjusted into retained earnings.

**6. Determination Standard of Cash and Cash Equivalents**

The cash determined by the Company in the preparation of the cash flow statement, refers to the cash on hand and the deposits that can be used to pay at any time in the Company. The cash equivalents refer to the Company's investments with short term, strong liquidity, easy to covert to known amounts cash and low risk of value change.

**7. Foreign Currency Transaction and Foreign Currency Translation in Financial Statements**

The foreign currency amounts shall be translated into China Yuan at the spot exchange rate at the transaction date in the occurrence of the foreign currency transactions of the Company. As for the ending balance in various foreign currency accounts, the foreign currency monetary items shall be translated at the spot exchange rate on the balance sheet date, and any exchange balance shall be recognized into the current profits and losses; the foreign currency non-monetary items with the historical cost measurement shall be translated at the spot exchange rate at the transaction date; the foreign currency non-monetary items with the fair value measurement shall be translated at the spot exchange rate at the date of the fair value determined, and any exchange balance shall be recognized into the variable profit and loss of fair value.

The translation of financial statements of foreign currency shall comply with the following principles:

(1) The assets and the liabilities items in the balance sheet shall be translated at the spot exchange rate on the balance sheet date; other items in the stockholders' equity items should be translated at the spot exchange rate on the occurrence date, except for the "Undistributed Profit".

(2) The income and expense items in the income statements shall be translated at the spot exchange rate on the transaction date.

(3) All translation balances in foreign currency statements are separately reflected under the ownership

interest in the balance sheet.

(4) The cash flow statements are translated at the spot exchange rate at the transaction date. The impact of exchange rate change on the cash shall be as the adjustment item and separately reflected in the cash flow statement.

**8. Accounting Method of Financial Assets and Liabilities**

(1) The Financial Instruments Recognition and Derecognition

The financial instrument refers to the contract that the corporate's financial assets, and other units' financial liabilities or equity instruments are formed.

Investments that the Company has no control, joint control or material impacts on the invested entities and which have no quoted prices over the active market and whose fair value cannot be reliably measured are recognized in accordance with relevant codes of financial instruments.

The Company shall recognize one financial asset or liability when entering into the financial instrument contract.

The derecognition shall be made if the followings occur for the financial assets: the contract rights on the acquisition of the financial assets cash flow are terminated; or the financial assets have been transferred in accordance with the derecognition requirements of the Accounting Standard for Business Enterprises No.23 ---- Financial Asset Transfer.

Only when the current obligation of the financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly.

(2)The Financial Assets Classification

The Financial assets at the initial recognition are measured at their fair values and are divided into four categories as followed:

① Financial assets measured by the fair value and whose changes are recognized into the current profits and losses

The financial assets at the measurement of the fair value and whose changes included into the current profits and losses, should include the transactional financial assets and the financial assets at the initial recognition on the basis of the measurement of the fair value and whose changes included into the current profits and losses. The transactional financial assets include the financial assets acquired for the sale in the short term, and the derivative financial instruments. These financial assets are measured by their fair values in subsequent periods, all realized and unrealized profits and losses are recorded into the current profits and losses.

② Held-to-maturity investments

The held-to-maturity investment refers to the non-derivative financial assets with the fixed due date, the fixed or determinable recoverable amounts, and the clear intention and ability to hold till the maturity for the Company, but non-derivative financial assets reclassified into other financial assets are excluded. Such financial assets shall be measured at the effective interest according to the amortized cost in subsequent periods, and the gains or losses produced from the derecognition, impairment or amortization shall be included in the current profits and losses.

③the loans and the receivables

The loans and the accounts receivable refer to the non-derivative financial assets without the quotation but with the fixed or determinable redemption amounts on the active market. Such financial assets shall be measured at the effective interest according to the amortized cost in subsequent periods, and the gains or losses produced from the derecognition, impairment or amortization shall be included in the current profits and losses.

④The Financial assets available for sale

The Financial assets available for sale, refer to the non-derivative financial assets available for sale that appointed at the initial recognition, and the non-derivative financial assets with the exception of above three financial assets categories. Such financial assets shall be measured at their fair values in subsequent periods. The premium/discount price shall be amortized at the effective interest and recognized as the interest income; the fair value changes are recorded into the capital reserve, when the investment is derecognized or believed to have impairment, the parts recorded into the ownership interest shall be transferred into the current profits and losses.

(3)The Financial Liabilities Classification

The financial liabilities are measured by their fair values at the initial recognition and classified into two types:

① The financial liabilities that are measured by their fair values and whose changes are recorded into the current profits and losses

The financial liabilities that are measured by their fair values and whose changes are recorded into the current profits and losses, include transactional financial liabilities and those are measured by their fair values at the initial recognition and their changes are recorded into the current profits and losses. Such financial liabilities are measured by their fair values in subsequent periods and all realized and unrealized profits and losses are recorded into the current profits and losses.

② Other financial liabilities

Such financial liabilities are measured as per the amortized cost in subsequent periods by the method of the effective interest.

(4)Transaction Expense

As for the financial assets and liabilities that are measured by their fair values and whose changes are recorded into the current profits and losses, their transaction expenses are recorded into the current profits and losses; as for other financial assets or liabilities, their transaction expenses are recorded into the initial recognition amount.

(5)The Fair Value of Financial Instruments

The fair values of financial assets or liabilities in active market are determined based on their quoted prices in active market; the fair values of financial instruments not in active market are reasonably estimated by the Company by references of the prices used by voluntary parties in recent market transactions under familiar situations, the current fair values of identical financial instruments, the discount cash flow method and the option pricing model.

(6)Discount Rate Recognition

The discount rate is determined based on the future cash flow estimated according to all financial assets or liabilities contracts provisions (including prepayment option, call option and similar options) without future credit loss considered.

All charges, transaction expenses and premium or discount paid or received by all parties of financial asset or liability contracts and constituting the discount rate shall be considered when the discount rate is determined. If the future cash flow or the duration of financial assets or liabilities are not reliably estimated, the contract cash flow of the financial asset or liability within the period of the contract shall be adopted.

(7)The Financial Assets Impairment

The Company shall check the book value of the financial assets on the balance sheet date, and the impairment provision shall be recognized if there are objective evidences showing the impairment of the financial assets. The objective evidences indicating the impairment of the financial assets, refer to the events that actual occurrence of the financial assets at the initial recognition, with influence on the expected future cash flow of the financial assets, and the reliable measurement made on the influence by the enterprise.

A separate impairment test shall be made for the financial asset with significant amount. If any objective evidences indicate an impairment, the impairment shall be recognized and recorded into the current profits and losses.

① The financial assets at the measurement of amortized cost

If there is objective evidence that the impairment of the financial asset occurred, the book value of the financial asset shall be write-down to the present value of the expected future cash flow (unhappened future credit loss excluded), and the write-down amounts shall be recorded into the current profits and losses. The present value of the expected future cash flow should be determined according to the effective interest rate discount of the financial asset, and the relevant collateral value shall be considered.

After the impairment loss is recognized by the Company for the financial asset at the measurement of amortized cost, and if there is any objective evidence that the financial asset value has been restored and objectively is related to the items occurred after the recognition of the loss, the originally recognized impairment loss shall be switched back and recorded into the current profits and losses. However, the amortized cost of the financial asset at the switch-back date under the condition of impairment provision shall not be calculated if the switched book value is not beyond the supposed one.

②The financial assets at the measurement of costs

If there is any objective evidence that the impairment occurred for the financial asset, the book value of the financial asset shall be recognized as the impairment loss and recorded into the current profit and loss according to the difference of the market return rate of the similar financial asset minus the present value recognized from the discounted future cash flow. The occurred impairment loss shall not be switched back once recognized.

③The Financial assets available for sale

If there is any objective evidence that the impairment occurred for the financial asset, the accumulative losses formed due to the decline of the fair value for the originally recorded capital reserves, shall be switched out and included into the current profits and losses. The cumulative roll-out losses are the balances of the initially gained costs of the financial assets available for sale minus the redeemed principal, the amortized amounts, the current fair value and the impairment losses originally recorded into the profits and losses.

For the debt instruments available for sale that the impairment loss has been identified, the originally recognized impairment loss shall be switched back and recorded into the current profits and losses if the subsequent fair value during the accounting period has risen and objectively is related to the items occurred after the recognition of the original impairment loss. The impairment loss of the equity instruments available for sale in the occurrence of investment shall not be switched back through the profits and losses.

(8)The Financial Assets Transfer

The transfer of the financial assets means that the financial asset shall be handed over or delivered to another party (transferee) other than the issuer of the financial asset.

The financial asset shall be derecognized if the Company has transferred almost all the risks and rewards on the ownership of the financial asset to the transferee, and the financial asset shall not be derecognized if almost all the risks and rewards on the ownership of the financial asset are reserved.

If the Company neither transfers nor reserves almost all the risks and rewards on the ownership of the financial asset, the treatments are as follows: the financial asset shall be derecognized and the generated asset and liability should be recognized if the control on the financial asset has been given up, and the relevant financial asset shall be recognized according to the transfer degree on the financial asset and the relevant liability shall be accordingly recognized if the control on the financial asset has not been given up.

**9.Account Receivable**

The account receivable includes the payment receivable and other receivables. The account receivable arising from the commodities sold or the services provided by the Company are initially recognized as the fair value of contract or agreed amount of the purchaser. The account receivable adopts the effective interest and equals to the amortized cost, net of bad-debt provision.

The Account Receivables With Significant Single Amount And Single Bad-Debt Provision Withdrawn:

| | |
|---|---|
| Criterion or amount of significant single amount | The amount of single account receivable is more than RMB10 million |
| The withdrawing method of bad-debt provision of receivables with significant single amount | If an impairment loss of single account receivable is determined after a separate impairment test, a bad-debt provision shall be withdrawn according to the balance between estimated future cash flow and the book value; no bad-debt provision shall be withdrawn if single account receivable has no impairment. |

(2)The Account Receivables With Bad-debt Provisions Withdrawn Based on Credit Risk Portfolio

The account receivables with insignificant single amount and without single impairment shall be grouped according to the similarity and the correlation of credit risk features. These credit risks usually reflect the debtor’s ability to pay back all matured liabilities according to the asset contract terms and are correlated with the measurement of future cash flow of the reviewed asset.

A. Recognition Criteria for Different Groups

| Items | Criteria on Group Determination |
|---|---|
| Aging Group | Group by credit feature of the ages of account receivables |

| Items | Criteria on Group Determination |
|---|---|
| No-risk Group | Group by credit features of transaction object and amount property of account receivables, including export tax refund receivable, business borrowings of employees, reserve and guarantee deposit. |
| Risk Group | Group by credit features of transaction object and amount property of account receivables, including ，receivable factoring payment. |

B． Withdrawing Method on Bad-debt Provision for Different Mixes

| Items | Withdrawing Method |
|---|---|
| Aging Group | Bad-debt provision is withdrawn by the aging analysis |
| No-risk Group | No Bad-debt provision withdrawn |
| Risk Group | Classification and provision have been carried out according to the Guidance on Loan Risk Classification formed by China Banking Regulatory Commission. |

Group withdrawing method of bad-debt provision based on the aging analysis is as follows:

| Aging | Accrual ratio of account receivables (%) | Accrual ratio of other account receivables (%) |
|---|---|---|
| Within 3 months | 0 | 0 |
| 3 months —1 year | 5 | 5 |
| 1－2 years | 10 | 10 |
| 2－3 years | 30 | 30 |
| Over 3 years | 100 | 100 |

(3) The Account Receivables with insignificant single amount and single bad-debt provision withdrawn

| | |
|---|---|
| Reason for single bad-debt provision withdrawn | The account receivable with single amount less than RMB10 million and an impairment |
| Withdrawing method of bad-debt provision | The bad-debt provision is withdrawn based on the balance between the future cash flow and the book value |

(4) Return of Bad-debt provision

If any objective evidences indicate the values of account receivables are recovered and correlated with the events after the impairment the determined, the original impairment shall be returned and recorded into the current profits and losses. But the returned book value shall not exceed the amortized cost of the account receivable at the return date assuming bad-debt provision is not withdrawn.

(5) When the Company transfers the non-retroactive account receivables to the financial institutions, the transaction amounts, net of write-off book value of other account receivables and other taxes and expenses,

shall be recorded into the current profits and losses.

**10. Inventory**

(1)Inventory Classification: inventory refers to the raw materials, inventory merchandise, goods shipped in transit, development cost, developed products, finished products, the products in the production (development) process, outside processing materials, outsourced semi-finished products, low-value consumption goods and packing materials for sell or consumption during the operation process.

(2)Pricing method for acquisition and delivery: the inventories of the Company are acquired at the prices of their actual costs and delivered at the weighted average prices.

(3)Amortization method for the low-value consumables and packaging material : the low-value consumables of the Company shall be amortized by once according to actual situations.

(4)Inventory system: The perpetual inventory system shall be adopted for the inventories of the Company.

(5)The Recognition and Withdrawing Method for Allowance of Inventory Falling Price

Inventories are reported at lower of book value or net realizable value at the end of report period. The allowance of inventory falling price is withdrawn according to the balance between the net realizable value of single inventory and its cost. The net realizable value equals to the estimated sale price of the inventory, net of the cost occurred till the completion, the estimated sale expense and relevant taxes.

The allowance of inventory falling price is created when one of the following events happens:

①The market price continues to fall and is not expected to rise in the foreseeable future;

②The cost of the product using the raw materials is higher than the sale price of the product;

③The inventory materials are no longer suitable for new products due to update and their market prices are lower than their book values;

④The market prices keep falling due to market demand changes caused by outdated products or services or consumer preference changes;

⑤The inventories are proved to have impairment by sufficient evidences.

The book values of inventories are transferred into the current profits and losses and charged off for once if one of the following events happens:

①Inventories are rotten;

②Inventories are outdated and have no transfer values;

③Inventories are no longer needed in the production and have no use or transfer values;

④Inventories are proved to have no use or transfer values by sufficient evidences.

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②Inventories are outdated and have no transfer values;

③Inventories are no longer needed in the production and have no use or transfer values;

④Inventories are proved to have no use or transfer values by sufficient evidences.

**11.Long-term Equity Investment**

(1)Initial Measurement of Investment Cost

①Long-term Equity Investment in Business Merger

A． In case of business merger under common control, the Company pays cash, transfers non-cash assets or assumes liabilities to make consolidation consideration. The portion of the ownership equity acquired from the acquired party at the merger date in the book value of consolidated financial statement of the controlling party is recorded as the initial investment cost of long-term equity investment. The balance between the initial investment cost of long-term equity investment and the paid consideration is adjusted into capital reserve; if capital reserve is not enough for the offset, it’s adjusted into retained earnings.

The acquiring party issues equity securities as consolidation consideration. The portion of the ownership equity acquired from the acquired party at the merger date in the book value of consolidated financial statement of the controlling party is recorded as the initial investment cost of long-term equity investment. The total book value of issued shares is the capital stock; the balance between the initial investment cost of long-term equity investment and the total book value of issued shares is adjusted into capital reserve; if capital reserve is not enough for the offset, it’s adjusted into retained earnings.

All expenses directly arising from the merger, including audit expense, assessment expense and legal service charges paid for the ongoing merger, are recorded into the current profits and losses at the occurrence.

Transaction expenses directly related to equity securities issued by the acquiring party for the consolidation

consideration shall offset “capital reserve-capital premium or stock premium”. If “capital reserve-capital premium or stock premium” is not enough for the offset, it shall then offset surplus reserve and undistributed profits; Transaction expenses directly related to equity securities issued by the acquiring party for the consolidation consideration are recorded into the initial recognized amount of debt securities.
Stock equities of the invested party under common control are acquired through multiple transactions until business merger is settled. Make relevant treatments after making sure these transactions are a package deal or not.

① In case of a package deal, the acquiring party shall take these transactions as one transaction for the control right. If a business merger is realized through multiple transactions, these transactions shall be taken as a package deal for accounting treatment when the terms and conditions of these transactions and the economic factors meet at least one of following conditions: a. these transactions are concluded simultaneously or considering mutual influences; b. a complete commercial result is reached only when these transactions are taken as a whole; c. one transaction is dependent on at least one other transaction; d. one transaction alone is not economic unless it’s combined with other transactions.

②If it’s not a package deal, the acquiring party shall follow the steps below for accounting treatment at the date when the control right is acquired.

a.The initial investment cost of long-term equity investment arising from the merger of enterprises under common control shall be recognized. At the merger date, the initial investment cost of long-term equity investment is recognized according to the portion of acquired net assets from the acquired party in the book value of consolidated finance statement of the controlling party.

b. The balance between the initial investment cost of long-term equity investment and the book value of consolidation consideration shall be treated. The balance between the initial investment cost of long-term equity investment at the merger date, and the book value of long-term equity investment before the merger, plus the book value of new consideration at the merger date, is adjusted into capital reserve (capital premium or stock premium); if capital reserve is not enough for the offset, it shall offset surplus reserve and undistributed profits.

c. The equity investment held before the merger date, and other comprehensive incomes accounted by equity method or recognized by financial instrument and accounted and recognized by measurement standard, do not undergo the accounting process until it’s disposed on the same basis of relevant assets or liabilities of invested party which are to be disposed. The changes of ownership equity of net assets of invested party accounted and recognized by equity method, except for net profits and losses, other comprehensive income and distributed profits, do not undergo the accounting process until the assets are disposed, and then transferred into current profits and losses. If the remaining equity after the disposition is accounted by equity method or cost method, other comprehensive income and other ownership equity shall be carried forward according to their proportions; if the remaining equity after the disposition is recognized by financial instrument and accounted by measurement standard, other comprehensive income and other ownership equity shall be carried forward in full amounts.

d.Consolidated financial statements are compiled. As for the long-term equity investment held by the acquiring party before the merger, the profits and losses, other comprehensive income and other ownership equity changes, recognized between the later of acquired date or final controlling date and the merger date, are to offset the beginning retained earnings or current profits or losses in the reporting period.

B. As for long-term equity investment arising from the merger of enterprises under non-common control, the business merger cost is the initial investment cost. The business merger cost includes assets paid by the acquiring party to get the control right of the acquired party, liabilities occurred or assumed, and fair values of issued equity securities.

Audit expense, assessment expense, legal service charge and other relevant administrative expense paid by the acquiring party for the business merger are recorded into the current profits and losses; transaction expenses of equity or liability securities issued by the acquiring party for the consolidation consideration are recorded as initial recognized amount of equity or liability securities.

②Long-term equity investment acquired by other means

As for the long-term equity investment acquired by cash, the purchase price actually paid is recorded as the initial investment cost, which includes expenses directly related to the acquisition of this long-term equity investment, taxes and other necessary expenditures.

As for the long-term equity investment acquired by issuing equity securities, the fair value of issued equity securities is recorded as the initial investment cost. Handling charges and commissions paid to security underwriting institutions for equity security insurance, and other expenses directly related to the issuance are not recorded into the cost of this long-term equity investment, but are deducted from its premium issuance income. If its premium issuance income is not enough to offset, these expenses shall offset surplus reserve and then undistributed profits.

As for the long-term equity investment acquired by exchanging non-monetary assets, if non-monetary asset exchange has commercial natures or the fair value of the surrendered assets is reliably measured, the fair value of the surrendered assets and the relevant taxes and expenses paid are recorded as the initial investment cost of the received long-term equity investment; otherwise, the book value of the surrendered assets and the relevant taxes and expenses paid are recorded as the initial investment cost of the received long-term equity investment.

As for the long-term equity investment acquired by debt restructuring, the fair value of entitled shares is recorded as the investment cost; the balance between the book balance of debt restructuring and the fair value of shares is recorded into the current profits and losses. The balance shall offset the impairment reserve, if it's created; the remaining part shall be recorded into the current profits and losses.

(2)Subsequent Measurement and Recognition of Profits and Losses

①Subsequent Measurement

The Company uses cost accounting method for its investments on its subsidiaries and measures at initial investment cost. The cost of long-term equity investment shall be adjusted after adding or recovering investments.

The long-term equity investment that has joint control or significant impact on the invested entity, shall be calculated by the equity method, unless the investment is held-for-sale assets. If the initial investment cost of long-term equity investment is more than the fair value of entitled identifiable net assets of the invested party, the initial investment cost of long-term equity investment shall not be adjusted; if the initial investment cost of long-term equity investment is less than the fair value of entitled identifiable net assets of the invested party, its balance shall be recorded into the current profits and losses and meanwhile the cost of long-term equity investment shall be adjusted.

If the Company has significant impacts or implements its common control but has no ultimate control on the invested party due to additional investment, according to "Accounting Standard for Business Enterprises No.22 ---- Recognition and Measurement of Financial Instrument", the fair value of its original equity investment and the cost of additional investment together are recorded as the initial investment cost by equity method. The original equity investment is reclassified into held-for-sale finance assets; the balance of its fair value and its book value, and accumulated fair value changes which were recorded into other comprehensive income, are recorded and transferred into the current profits and losses by equity method.

If the Company implements the control on the invested party under non-common control due to additional investment, the book value of original equity investment and the cost of additional investment together are recorded as the initial investment cost into some financial statements by equity method. The equity investment held before the acquisition date is recognized as other comprehensive income by equity method, but it shall be accounted when it is disposed on the same base as similar assets or liabilities of the invested party. The equity investment held before the acquisition date is accounted according to "Accounting

Standard for Business Enterprises No.22 ---- Recognition and Measurement of Financial Instrument", the accumulated fair value changes which were recorded into other comprehensive income, are transferred into the current profits and losses by cost method.

The Company losses the common control or significant impact on the invested party due to disposition of part equity investment. The remaining equity after the disposition shall be accounted according to "Accounting Standard for Business Enterprises No.22 ---- Recognition and Measurement of Financial Instrument"; the balance between its fair value measured at the date of losing common control or significant impact and its book value is recorded into the current profits and losses. The original equity investment was recognized as other comprehensive income by equity method; it shall be accounted on the same base as similar assets or liabilities of the invested party at the date when the equity method is stopped.

The Company losses the control on the invested party due to disposition of part equity investment. The remaining equity after the disposition, which has the common control or significant impact on the invested party, shall be accounted by equity method, and adjusted since its acquisition; the remaining equity after the disposition, which has no common control or significant impact on the invested party, shall be accounted according to "Accounting Standard for Business Enterprises No.22 ---- Recognition and Measurement of Financial Instrument"; the balance between its fair value measured at the date of losing control and its book value is recorded into the current profits and losses.

As for the ownership equity changes of the invested party accounted by equity method, except for net income and other comprehensive income: if the shareholding ratio stays the same, the Company shall compute its entitled or assumed parts according to its shareholding ratio and adjust the book value of long-term equity investment and then increase or decrease capital reserve (other capital reserve).

② Adjustment of Profits and Losses

Under the cost method, except for the purchase price paid for investment, or declared but unrealized cash dividends or profits included into consideration, the Company recognizes the investment income according to declared but unrealized cash dividends or profits of the invested party, no matter the distributed profits are net profits of the invested party before or after the investment.

Under the equity method, after acquiring the long-term equity investment the Company shall recognize investment income and other comprehensive income according to its shares in realized net profits or losses and other comprehensive income of invested party and then adjust the book value of its long-term equity investment. The investing party calculates its deserved parts according to the declared profits or cash dividends of the invested party and then decreases the book value of its long-term equity investment correspondingly. The investing party recognizes realized net losses of the invested party until its book value of the long-term equity investment and other long-term equity materially invested in the invested party are decreased to zero, but the investing party's obligation for extra losses is excluded from such case. As for future realized profits of the invested party, the investing party firstly makes up for unrecognized losses from its entitled profits and then recognizes its entitled profits.

When the investing party recognizes its shares in net profits and losses of the invested party, besides the net book profits of the invested party, it shall consider the following factors: if the accounting policies or period of both parties are inconsistent, the accounting policies or period of the investing party shall be used to adjust the financial statements of the invested party; based on the fair value of all identifiable assets of the invested party at the acquisition, the net profits of the invested party shall be adjusted and then recognized; unrealized profits and losses arising from internal transactions between the Company and affiliated ventures and among joint ventures shall offset the parts attributable to the Company according to its shares. The unrealized internal transaction losses between the Company and the invested party shall be recognized in full if they are asset impairments.

During the investment-holding period, if consolidated financial statements of the invested party are available, the net profits and other equity changes within the consolidated financial statements shall be the accounting base.

When a long-term equity investment is disposed, the balance between its book value and its actual price is recorded into the current profits and losses. As for a long-term equity investment accounted by equity method, it shall use the same base as similar assets or liabilities of the invested party when it's disposed, and the part that was recorded into other comprehensive income is accounted according to relevant ratio.

(3)The Recognition of Common Control and Significant Impact on the Invested Party

The common control is the control on some arrangements according to relevant agreements and the arrangements can only be decided after the parties participating in the control right reach a consensus. Joint arrangement is under the common control of two or more participating parties. Joint arrangement includes joint operation and joint venture.

The significant impact means that there is the participation right on decision-making of the financial and business policies for an enterprise, but can't control or jointly control the setup of these policies together with other parties. When deciding whether significant impact shall be imposed on the invested party, the current convertible corporate bonds, current executable warrants and other potential voting rights of the invested party held by investors and other parties shall be considered. If the investors is able to impose significant impact on the invested party, the invested party is its affiliated enterprise.

(4)Impairment Test of Long-term Equity Investment and Impairment Reserve Withdrawing

①Both internal and external information is used to find out the signs of impairment on long-term equity investment on subsidiaries, joint ventures or affiliated ventures at the balance sheet date. If signs exist, an impairment test shall be made to estimate the recoverable amount of this long-term equity investment.

If the estimation of recoverable amount shows that the recoverable amount of the long-term equity investment is less than its book value, its book value will be deducted to its recoverable amount. The deduction amount is recognized as the asset impairment and recorded into the current profits and losses. Meanwhile impairment reserve is withdrawn.

The recoverable amount refers the greater of fair value of assets (or asset group, asset portfolio) less disposition expense, or the current value of estimated future cash flow of assets.

The net amount of fair value of assets less disposition expense is determined according to the amount of sales agreement price in fair trade less attributable to asset disposition expense. The current value of estimated future cash flow of assets is determined according to the estimated future cash flow arising from sustained use and final disposition of the asset, and proper discount rate before tax.

②The impairment of long-term equity investments cannot be transferred in future accounting periods after the recognition.

**12. Investment Property**

The investment property is defined as the real estate held for earning rent, gaining capital or both. The investment property of the Company includes the land use rights that rented out, the land use rights that held and ready to transfer after the capital appreciation, and the buildings that rented out.

The investment property of the Company are initially measured at its cost and then by cost model in subsequent periods.

The investment property of the Company are depreciated or amortized in the same way as fixed assets and intangible assets do.

**13.Fixed Assets**

The fixed assets of the Company refer to the tangible assets held for goods production, services offering, renting or operating management, and the service life of more than a fiscal year. Fixed assets are recognized only when their relevant economic benefits flow into the Company and their costs are reliably measured.

(1) Measurement of Fixed Assets

Acquired or constructed fixed assets are measured by their actual costs; the costs of fixed assets acquired from non-monetary assets exchange, debt restructuring, business merger and finance lease are determined in accordance with "Accounting Standard for Business Enterprises ---- Non-monetary Assets Exchange", "Accounting Standard for Business Enterprises ---- Debt Restructuring", "Accounting Standard for Business Enterprises ---- Business Merger" and "Accounting Standard for Business Enterprises ---- Lease" respectively.

(2)Depreciation of Fixed Assets

The fixed assets of the Company are depreciated by average years. The estimated service life, estimated residual rate and yearly depreciation of all fixed assets are as the table followed:

| The fixed asset classes | Estimated Residuals rate | Estimated | Yearly |
|---|---|---|---|
| Houses & Buildings | 5 | 10-35 | 2.71-9.50 |
| Machinery equipment | 5 | 10 | 9.50 |
| Transportation | 5 | 10 | 9.50 |
| Electronic & other equipment | 5 | 4-5 | 19.00-23.75 |

As for the fixed assets with impairment provision withdrawn, the depreciation rate and amount are re-valued according to the book value (computed as original prices of fixed assets minus the accumulative depreciation and the withdrawn impairment provision) of the fixed assets and their remaining service life The Company at least review service life, estimated net residuals rate and depreciation of fixed assets once at the end of year and makes adjustment if necessary.

(3)Subsequent Expenditure of Fixed Assets

The subsequent expenditure of fixed assets are recognized when their related economic benefits flow into the Company and their costs can be reliably measured, otherwise recorded into the current profits and losses.

(4)The Recognition Basis and Pricing Method of the Fixed Assets under Financial leasing

The fixed assets under the financial leasing can be withdrawn the depreciation when the leasing assets are in the service life if the ownership of leasing assets can be reasonably recognized to acquire at the expiration of lease term. If the ownership of leasing assets can not be reasonably recognized to acquire at the expiration of lease term, the depreciation shall be withdrawn in the shorter period between the lease term and the service life of leasing assets.

(5)Overhaul Cost

When the Company makes the regular checking for the fixed assets and the overhaul costs occur, there is clear evidence showing that the recognition requirement of the fixed assets is met, which shall be recorded into the costs of the fixed assets. If not met, recorded into the current profits and losses. The depreciation shall still be withdrawn for the fixed assets overhauled periodically in the interval period.

**14. Project under Construction**

(1)Accounting Principle for Projects under Construction

The projects under construction are valued at their actual costs and recorded into fixed assets when they meet the expected serviceable condition.

(2)Standard and Time-point of Projects under Construction carried forward Fixed Assets

All expenditures arising from the projects constructed to the expected serviceable condition are recorded as the book values of fixed assets. The fixed assets are recorded at their estimated values according to the engineering budget, construction cost or actual cost as of the date of expected serviceable condition met and depreciated in accordance with the fixed assets depreciation policy of the Company when they reach the expected serviceable condition but have not settle the final accounts yet. Estimated values will be adjusted according to the actual cost after the final accounts are settled but the created depreciation amount won't be adjusted.

(3)Impairment Test on Projects under Construction and Provision of Impairment Reserve

The Company judges whether the projects under construction have impairment at the end of period from the evidences including:

①Projects under construction stops for long and are estimated to stay stopped within three years;

②Projects under construction are both functionally and technically outdated and their potential economic benefits for enterprises are of great uncertainty.

③Projects under construction are sufficiently proved to have impairment.

Recoverable amounts shall be estimated when projects under construction have signs of impairment. If one project under construction is likely to have impairment, the Company shall estimate the recoverable amount of single project under construction. The recoverable amount is the higher of fair value of the project under construction, net of deposition expenses, or the present value of future cash flow of this project under construction. When the recoverable amount of the project under construction is lower than its book value, its book value shall be deducted to the recoverable amount and the deducted amount is recognized as the impairment of the project under construction and recorded into the current profits and losses, meanwhile impairment reserve of the project under construction shall be created. The impairment of the project under construction is recognized and won't carried forward in future accounting period.

**15. Intangible Assets**

(1)Recognition and Initial Measurement of Intangible Assets

Recognition criteria of intangible assets of the Company include:

①Ownership of control of identifiable non-monetary assets with non-physical forms;

②Estimated future economic benefits of this asset may flow into the enterprise;

③The cost of the asset is reliably measured.

Intangible assets of the Company include land use right, patented technologies and non-patented technologies.

Intangible assets are initially measured at their costs.

(2)Amortization of Intangible Assets

Intangible assets with limited service life are systematically and reasonably amortized over their requisite service period and their amortized amounts are recorded into the current profits and losses. If expected realization way cannot be reliably determined, they are amortized on a straight-line basis.

The Company reviews the service life and the amortization of intangible assets with limited service periods at least once at the end of the year and makes adjustment if necessary.

Intangible assets whose realization periods of their potential economic benefits are not predicted are viewed as those with indefinite service life. No amortization is made to intangible assets with indefinite service life, but their service life shall be reviewed every year and impairment test shall be made.

The book value of an intangible asset that is predicted to have no future economic benefits for the Company at the end of year is recorded into the current profit and loss.

**16. Research and Development Expenditure**

The Company divides the expenditure of the internal research and development projects into the research expense and the development expense.

The research expense shall be recorded into the current profits and losses when occurring.

The development expense can be capitalized if the following requirements are simultaneously met. Namely, the intangible assets should be finished and ready for use and sale, and have the feasibility in the technique; the intangible assets should be completed and intended to use or sell; the way to produce the economic benefits from the intangible assets includes the evidence that proves the products generated by the intangible assets have the market or the intangible assets themselves have the market, and the usefulness if the intangible assets are used internally; there are sufficient technology, financial resources and other resource support to complete the development of the intangible assets and able to use or sell the intangible assets; the development expense belong to the intangible assets can be reliably measured. The development expense that doesn’t meet above requirements shall be recorded into the current profits and losses.

The relevant projects of the Company shall enter into the development stage if they have met above requirements, passed the study of technical feasibility and economic feasibility, and approved and initiated projects.

**17. Accounting Method for Long-term Unamortized Expenses**

Long-term unamortized expenses are those already paid and their amortization period is longer than one year (one year excluded).

Except for the fixed assets acquired and constructed, the Company carries forward for once all expenses occurred during the preparation periods into the profit and loss of the month when production and operation start; if one long-term unamortized expense on the book is not beneficial al to future accounting periods, the remaining unamortized amount shall be recorded into the current profit and loss.

**18. Goodwill**

(1)Goodwill Recognition

The initial cost of the goodwill acquired from the merger of enterprises under different control is computed as the merger cost minuses the fair value of identifiable assets of the acquired party from the merger.

(2)Goodwill Impairment Test and Provision of Impairment Reserve

The Company makes impairment test on goodwill at the end of the reporting period. The book value of the goodwill acquired from the business merger is reasonably amortized into relevant asset groups as of the acquisition date; the parts not amortized into relevant asset groups is amortized into relevant asset portfolio. The book values of the goodwill are amortized into relevant asset group or portfolio according to the proportion of fair values of asset groups or portfolios in total asset group or portfolio. The fair values that are hardly reliably measured are amortized according to the proportion of the book values of asset groups or portfolios in total asset group or portfolio.

When an impairment test is made on relevant asset groups or portfolios including goodwill, firstly an impairment test shall be made on asset groups or portfolios excluding goodwill if the asset groups or portfolios related to the goodwill have signs of impairment, their recoverable amounts are computed and compared with their book values to determine the impairment. Secondly an impairment test shall be made on asset groups or portfolios including goodwill, and their recoverable amounts are compared with their book values (including the amortized book value of goodwill). If the recoverable amounts of relevant asset groups or portfolios are less than their book values, a goodwill impairment is recognized.

The goodwill impairment is recorded into the current profit and loss at its occurrence and won't carry forward in future accounting periods.

**19. Borrowing Costs**

The borrowing costs refer to interests of borrowings and other relevant costs including loan interest, discount or premium amortization, subsidiary expenses and exchange balance due to foreign currency loans.

(1)The Recognition Principle of Capitalized and Expensed Borrowing Costs

The borrowing costs shall be capitalized if they are arisen from construction or production of the assets meeting capitalization conditions. The assets meeting capitalization conditions refer to fixed assets, investment properties and inventories that reach estimated serviceable or merchantable condition after long-time construction or production.

The borrowing costs shall be capitalized if the following requirements are simultaneously met: ①the assets expenses have occurred; ②The borrowing costs have occurred; ③The necessary construction or production activities have been ready for the estimated serviceable or merchantable assets.

When the constructed or production capitalization-qualified assets reach the estimated serviceable or merchantable conditions, the borrowing costs stop to be capitalized and that occurred afterwards are recorded into the current profits and losses.

When the capitalization- qualified assets suspend construction or production for more than three months, the borrowing costs suspend to be capitalized and that occurred during the suspension are recorded into the current profits and losses.

(2)The Recognition of Capitalized Amount

Special borrowings are recognized as the actual interests in current period, net of provisional deposit interest earnings or investment incomes; occupied general borrowings are computed as weighted average amount that the accumulative asset expenditure exceeds special borrowings, multiplied by the capitalization ratio of occupied general borrowings. The capitalization ratio is determined based on weighted average interest of general borrowings.

**20. Accrued Liabilities**

(1)The Recognition Standard for Accrued Liabilities

Accrued liabilities are recognized when the obligations relevant to contingencies meet the following conditions:

① The obligation is the current obligation undertaken by the Company.

② The implementation of the obligation is likely to result in the outflow of economic benefit from the Company.

③ The amount of the obligation can be reliably measured.

(2)Measurement of Accrued Liabilities

Accrued liabilities are measured at the best estimates on debt payment. If the debt payment fluctuates within a range, it shall be determined according to the average amount of upper and lower amounts of this range; if the debt payment is not within a range and the accrued liabilities involves only one project, the best estimate is determined based on the probable amount; if the accrued liabilities involve many projects, the best estimate is determined based on all probable amounts and their probabilities.

If all or part accrued amounts paid for the recognized accrued liabilities are compensated by the third party or other parties, the amount of compensation shall be recognized as an individual asset only when they are virtually received. The recognized compensation amount shall not exceed the book value of the recognized liabilities.

**21. Income Recognition**

(1)The Sale of Goods

The goods revenue is recognized as the contracted or agreed amount collected or receivable from the buyer when the goods of the Company are sold at the following conditions:

①Risks and rewards arising from the ownership of the goods are transferred to the buyer;

②The Company either no longer reserves the continual management right usually relevant to the ownership, or implements the effective control on the sold goods

③The income amount can be reliably measured;

④The relevant economic benefits may flow into the enterprise;

⑤The relevant costs occurred or to occur can be reliably measured.

The contracted or agreed prices are collected in deferred way, which actually is financing. Goods revenue is recognized at the fair value of contracted or agreed amount receivable.

(2)Service Offering

The Company shall recognize the income by the completion percentage method at the end of period if the transaction result of services offering can be reliably estimated. The Company determines the completion schedule of service transactions according to the measurement of completed services.

If the results of service transactions cannot be reliably estimated at the balance sheet, follow the conditions as below:

①As for the service cost occurred and estimated to get compensations, the service income is recognized as the amount of service cost occurred and the service cost is carried forward at the same amount.

②As for the service cost occurred but estimated to get no compensations, the service cost occurred is recorded into the current profit and loss and the service income is not recognized.

(3)The Use Right of Assets Transferring

The income of transferring the right to use assets shall be recognized when the use right of assets transferring simultaneously meets that the relevant economic benefits are likely to outflow and the income amount can be reliably measured.

## 22.Lease

The Company shall recognize finance lease when one or more of following lease conditions is met:

(1)The ownership of leasing assets is transferred to the lessee when the lease is matured;

(2)The lessee has the right to purchase the leasing assets at a price of at least 5% (5% included) off the fair values of the leasing assets at the exercise of the right.

(3)The lease term lasts for most of the remaining service period of the leasing asset. The lease not meeting the conditions above is recognized as operating lease.

The Company makes accounting of the lease business in accordance with "Accounting Standard for Business Enterprises -- Lease".

**23. Government Subsidies**

(1)Recognition Conditions of Government Subsidies

Government subsidies are recognized when the following conditions are met:

①The Company is able to meet the conditions attached to government subsidies;

② The Company is able to receive government subsidies.

(2)Government Subsidy Measurement

The government subsidies shall be measured as per the received or receivable amount if it is the monetary asset. If the government subsidies are the non-monetary asset, it shall be measured at the fair value, and it shall be measured at the nominal amount (RMB1 Yuan) if the fair value can't be reliably gained.

The government subsidies relevant to the asset should be recognized as the deferred income, made the equal distribution within the service life of the relevant asset and recorded into the current profits and losses. However, the government subsidies at the measurement of the nominal amount shall be directly recorded into the current profits and losses. The government subsidies relevant to the earnings should be handled respectively as per the following requirements: If the government subsidies are to compensate the relevant expenses or losses of the company in the future period, it shall be recognized as the deferred income and recorded into the current profits and losses during the period of the recognition of the relevant expenses; If the government subsidies are to compensate the relevant expenses or losses that have happened, it shall be directly recorded into the current profits and losses.

The recognized government subsidies to be returned are handled according to the respective conditions: if relevant deferred earnings exist, they offset the balance of deferred earnings and the exceeding amount is recorded into the current profits and losses; if there are no relevant deferred earnings, they are directly recorded into the current profits and losses.

**24. Income Tax**

The income tax of the Company is reviewed by balance sheet approach. If the book values of assets and liabilities differ from their tax basis, deferred income tax assets and liabilities are recognized as required.

On the balance sheet date, the Company shall calculate the current income tax liabilities (or assets) formed in current and previous period based on the expected payable (or returnable) income tax amount measured as per the provisions of Tax Law. The Company shall calculate the deferred income tax assets and liabilities based on the effective tax rate within the period when assets are expected to recover or liabilities are expected to pay off.

The deferred income tax is recognized no more than the amount of income tax payable for deductible temporary difference, deductible losses and tax credit of the Company.

The book value of deferred income tax assets shall be reviewed at the balance sheet date. Except for the income tax arising from the transactions or events confirmed in business merger and directly in ownership equity, the Company shall record the current income tax and deferred income tax as income tax expense or income into the current profits and losses.

**25. Asset Impairment**

The Company shall recognize the assets impairment on the long-term equity investment of subsidiaries, affiliated enterprises and joint ventures, the investment property subsequently measured by the cost model, the fixed assets, the productive biological assets, the intangible assets, the business reputation, the equity of the proved oil and gas diggings, wells and the relevant facilities (except for the inventory, the investment property at the measurement of fair value model, the deferred income tax assets and the financial assets), as per the following treatments.

The Company shall make the judgment of the assets whether there exists the possible impairment on the balance sheet date. If there exists the impairment, the Company shall estimate the recoverable amount and make the impairment test. The business reputation from the business combination, the intangible assets with uncertain service life and the intangible assets with unusable situation should be made the impairment test every year whether there exists the impairment.

The recoverable amount shall be determined according to the higher one between the net amount of fair value of assets minus treatment cost and the current value of the expected future cash flow. The Company shall estimate the recoverable amount based on the single asset. If the recoverable amount of the single asset is hard to estimate, the Company shall recognize the recoverable amount of asset group on the basis of the subordinate asset group. In addition, the recognition of asset group should be based on the main cash inflow from the asset group whether is independent of the cash inflow of other assets or asset group.

When the recoverable amount of assets or asset group is less than the book value, the Company shall write the book value down to the recoverable amount, the write-down amount shall be recorded into the current profits and losses, and the corresponding asset impairment provision should be withdrawn.

In terms of the goodwill impairment test, the book value of goodwill from the business combination shall be distributed to the relevant asset group from the purchase date according to the reasonable method. Otherwise, the book value shall be distributed to the relevant asset group portfolio if it is difficult to distribute to the relevant asset group. The relevant asset group and asset group portfolio are those benefited from the synergistic effect of business combination, and not more than the reporting portion confirmed by the Company.

When conducting the impairment test and if there exists the impairment for the asset group or the asset group portfolio relevant to the business reputation, the Company shall firstly conduct the impairment test for the asset group or the asset group portfolio without the goodwill, calculate the recoverable amount, and recognize the corresponding impairment losses, and then conduct the impairment test for the asset group or the asset group portfolio with the goodwill, make comparison of the book value and the recoverable amount, and recognize the goodwill impairment losses if the recoverable amount is less than the book value.

The asset impairment loss is no longer returned back in the future accounting period once recognized.

**26. Employment Compensation**

Employment compensation refers to a wide variety of rewards or compensation the Company gives to employees in exchange for their services or employment. It includes short-term compensation, employment benefits, demission benefits and other long-term employee benefits like salary, bonus, allowance, subsidy, welfare, social insurance, maternity insurance, industrial insurance, housing fund, labor union expenditure and employee education expenditure, recognized in the accounting period when the employees are providing their services. Employment welfare is non-monetary and measured at the fair value. All obligation of assigned beneficial plans are cashed in, including the obligations paid in 12 months after the reporting period when employees are providing services. The discount rate is determined based on the balance sheet date, obligation term of assigned beneficial plans, currency-matched national debt or the market return of quality bonds in active markets. For the compensation expires with more than 1 year after the balance sheet date and the discounting amount with significant influence, the current value shall be listed.

**27. Discontinuing Operation and Held-for-sale**

(1)Discontinuing Operation

Discontinuing operation refers to the components that satisfies the one of the following conditions, is deposed by the Company or allocated to held-for-sale, and is separated in operations and compiling financial statements:

①The component represents one individual major business or one major operation area;

②The component is to depose one individual major business or one major operation area;

③The component is the acquired subsidiary for re-selling.

(2)Held-for-sale Components or Non-current Asset Recognition

The company's components or non-current assets meeting the following conditions shall be allocated to the held-for-sale components or held-for-sale non-current assets.

① The component or non-current asset can be immediately sold under present condition according to usual terms on such component sales;

②The Company has made the final decision on the deposition of non-current assets;

③The Company has signed an **unchangeable** transfer agreement with the transferee;

④ This transfer shall be completed within one year.

Held-for-sale fixed assets include single asset and deposition group, which refers to a group of assets sold or deposed as a whole.

(3)Accounting arrangement method for held-for-sale assets

The Company adjusts the estimated net residual values of held-for-sale assets into the amount reflecting their fair values, net of deposition costs, but not exceeding their original book values under the held-for-sale condition. If the original book values are higher than the adjusted net residual values, the differences shall be recorded as asset impairment into the current profits and losses.

The same accounting method is applied to held-for-sale intangible assets and other non-current assets, except for deferred income tax assets, financing assets specified in "Accounting Standard for Business Enterprises No.22 ---- Recognition and Measurement of Finance Instruments", investment properties and biological assets measured at their fair values, and contract rights in insurance contracts.

A held-for-sale asset or deposition group, when it no longer satisfies the recognition condition of held-for-sale fixed assets, is no longer allocated into the held-for-sale assets by the Company, and measured at the lower amount of the two followed:

①The amount adjusted from the book value of the asset or deposition group when it's not held-for-sale after depreciation, amortization or impairment;

②The recovered amount at the date when re-selling stops.

**28. Changes in Principal Accounting Policy and Accounting Estimation**

(1)The changes in the accounting policy in the current period: N/A

(2)The Changes in accounting estimation in current period: N/A

**29. Correction of Accounting Error in Previous Period**

There are no major correction items of accounting errors in the current period.

## IV. Taxes

Tax categories and tax rate

| Tax category | Taxation base | Tax Rate |
|---|---|---|
| VAT | VAT on sales computed on the basis of sold goods and taxable services according to tax laws, less deductible input VAT in current period | 17% |
| Business tax | Provide taxable services, transfer intangible assets or sell real estates | 5% |
| Urban construction tax | Based on the sum of paid business tax, VAT and consumption tax | 7% |
| Educational surtax | Based on the sum of paid business tax, VAT and consumption tax | 3% |
| Local educational surtax | Based on the sum of paid business tax, VAT and consumption tax | 2% |
| Corporate income tax | Based on the income tax payable | 25% |

## V. Equity in other entities

### 1. Equity in subsidiary

| Name of the subsidiary | Main operating place | Registration place | Nature of business | Proportion of shareholding | | Way of gaining |
|---|---|---|---|---|---|---|
| | | | | Directly | Indirectly | |
| Tianjin T&B Holdings Co., Ltd | Tianjin Airport | Tianjin Airport | Investment | 100 | | Investment |
| Tianjin Port FTZ Investment Co., Ltd. | Tianjin Airport | Tianjin Airport | Investment | 100 | | Investment |
| Tianjin T&B Finance Co., Ltd | Tianjin Airport | Tianjin Airport | Finance | 100 | | Investment |
| Tianjin T&B Jiashun Investment Co., Ltd | Binhai New District | Binhai New District | Investment | 100 | | Investment |
| Tianjin T&B Jiaye Investment Co., Ltd | Binhai New District | Binhai New District | Investment | 100 | | Investment |
| Tianjin T&B Jiashun Investment Co., Ltd | Binhai New District | Binhai New District | Investment | 100 | | Investment |
| Tianjin T&B Micro-credit Co., Ltd. | Binhai New District | Binhai New District | Finance | 100 | | Investment |
| Tianjin Tianbao Leasing Co., Ltd. | Tianjin Airport | Tianjin Airport | Lease | 100 | | Investment |
| Tianjin T&B Financial Management Co., Ltd. | Tianjin Airport | Tianjin Airport | Agency | 100 | | Investment |
| Tianjin T&B Commercial Factoring Co., Ltd. | Tianjin Airport | Tianjin Airport | Factoring | 100 | | Investment |

### 2. Statement on Changes of Consolidation Scope

New Entities included into the Consolidation Scope :N/A

The Company indirectly holds 100% shares of Tianjin T&B Public Utility Co., Ltd, 60% shares of Tianjin T&B Huari International Logistics Base Co., Ltd, and 100% shares of Tianjin Free Trade Zone Development Co., Ltd, The stockholder meeting of the Company makes final decision of liquidation of abovementioned companies due to the changes of overall operation strategy of the Company. The finance and relevant materials of abovementioned companies are delivered to the liquidation group and the liquidation is still in progress until the end of this year, so the three companies abovementioned are excluded from the consolation scope.

## VI. Notes to Consolidated Financial Statements

The beginning of year refers to January 1, 2015 and the end of year refers to June30,2015, the current period refers to January-June 2015 while the prior period refers to January-June 2014 in the following notes unless otherwise stated.

**1. Monetary fund**

| Items | Year-end balance | Year-beginning balance |
|---|---|---|
| Monetary fund | 341,903.85 | 105,731.72 |
| Bank deposit | 19,502,729,062.99 | 12,113,805,554.31 |
| Other monetary capitals | 257,145,429.18 | 845,584,147.24 |
| **Total** | **19,760,216,396.02** | **12,959,495,433.27** |

Notes: (1) Other monetary capitals include the deposits of LC and acceptance bills.

(2) The deposit of monetary capitals under limit amounts to RMB 522,860,338.47. Thereinto, the pledge of fixed deposit receipts in bank deposits values RMB317,500,000.00 yuan while others are mainly L/C Guarantee deposits and the bank acceptance deposits.

**2.Notes Receivable**

| Type | Year-end balance | Year-beginning balance |
|---|---|---|
| Bank acceptance | 6,801,870.00 | 8,075,510.99 |
| Trade acceptance | | |
| **Total** | **6,801,870.00** | **8,075,510.99** |

Notes: there are no matured but unaccepted notes, endorse or discount in current period.

**3.Account Receivable**

(1)Account receivable classified by risk

| Type | Year-end balance | | | | |
|---|---|---|---|---|---|
| | Book balance | | Bad-debt provision | | Book value |
| | Amount | Proportion (%) | Amount | Accrual proportion (%) | |
| Account receivable with significant single amount and single provision for bad debt | 469,865,641.02 | 28.81 | | | 469,865,641.02 |
| Account receivable with provision for bad debt created by credit risk | 1,160,519,014.43 | 71.16 | 16,204,839.47 | 1.40 | 1,144,314,174.96 |

| Type | Year-end balance | | | | |
|---|---|---|---|---|---|
| | Book balance | | Bad-debt provision | | Book value |
| | Amount | Proportion (%) | Amount | Accrual proportion (%) | |
| portfolio | | | | | |
| In which: aging group | 173,219,697.43 | 10.62 | 8,157,499.72 | 4.71 | 165,062,197.71 |
| Risk group | 987,299,317.00 | 60.54 | 8,047,339.75 | 0.82 | 979,251,977.25 |
| Account receivable with insignificant single amount but single provision for bad debt | 498,298.95 | 0.03 | 249,218.95 | 50.01 | 249,080.00 |
| Total | 1,630,882,954.40 | 100.00 | 16,454,058.42 | | 1,614,428,895.98 |

(Continued)

| Type | Year-end balance | | | | |
|---|---|---|---|---|---|
| | Book balance | | Bad-debt provision | | Book value |
| | Amount | Proportion (%) | Amount | Accrual proportion (%) | |
| Account receivable with significant single amount and single provision for bad debt | 827,914,326.86 | 74.21 | | | 827,914,326.86 |
| Account receivable with provision for bad debt created by credit risk portfolio | 145,017,574.32 | 13.00 | 8,157,499.72 | 5.63 | 136,860,074.60 |
| In which: aging group | 145,017,574.32 | 13.00 | 8,157,499.72 | 5.63 | 136,860,074.60 |
| Risk group | | | | | |
| Account receivable with insignificant single amount but single provision for bad debt | 142,725,465.02 | 12.79 | 225,154.57 | 0.16 | 142,500,310.45 |
| Total | 1,115,657,366.20 | 100.00 | 8,382,654.29 | | 1,107,274,711.91 |

(2)Account receivables stated by aging

| Aging | Year-end balance | | | | Year-beginning balance | | | |
|---|---|---|---|---|---|---|---|---|
| | Amount | Proportion % | Bad-debt provision | Accrual proportion % | Amount | Proportion % | Bad-debt provision | Accrual proportion % |
| Within 3 months | 95,898,627.03 | 55.36 | | | 44,296,503.92 | 30.55 | | |
| Within 1 year | 40,852,146.40 | 23.59 | 2,042,607.32 | 5 | 87,652,146.40 | 60.44 | 4,382,607.32 | 5 |
| 1-2 years | 24,128,924.00 | 13.93 | 2,412,892.40 | 10 | 728,924.00 | 0.50 | 72,892.40 | 10 |
| 2-3 years | 12,340,000.00 | 7.12 | 3,702,000.00 | 30 | 12,340,000.00 | 8.51 | 3,702,000.00 | 30 |
| Over 3 years | | | | | | - | | |
| Total | 173,219,697.43 | 100.00 | 8,157,499.72 | | 145,017,574.32 | 100.00 | 8,157,499.72 | |

(3) Presentation of Receivables in the Form of Risk Portfolio:

According to the classification of Guidance on Loan Risk Classification formed by China Banking Regulatory Commission, the borrower is able to perform the contract, and there is no reason to doubt the punctual repayment in full amount containing the principal and interest. The risk level is normal.

Receivables considering provision for bad debt in the form of risk portfolio at the end of term:

| Content | Balance | Bad-debt Provision | Accruing Proportion | Reason For Accrual |
|---|---|---|---|---|
| Receivable factoring payment | 987,299,317.00 | 8,047,339.75 | 0.82% | Risk level: normal |
| **Total** | **987,299,317.00** | **8,047,339.75** | | |

(4)**Bad-debt Provision**

| Items | Year-beginning balance | Increase in current period | Decrease in current period | | Year-end balance |
|---|---|---|---|---|---|
| | | | Return | Charge-off | |
| Amount | **8,382,654.29** | **8,071,404.13** | | | **16,454,058.42** |

(5)Top 5 debtors with their ending balances of account receivables

In current period the total of top 5 debtors with their ending balances of account receivables reaches RMB969,962,910.00, 69.47% of their total account receivables; the corresponding bad-debt provision for the ending balance is RMB0.00 yuan.

| Company Name | Amount | Aging | % of total account receivables |
|---|---|---|---|
| Tianjin Iron Plant | 410,000,000.00 | Within 1 year | 25.14 |
| Tianjin Trust Co., Ltd. | 300,000,000.00 | Within 1 year | 18.39 |
| Dongzhao Changtai Investment Group Co., Ltd. | 100,003,000.00 | Within 1 year | 6.13 |
| Bohai Iron & Steel Group International Trade Co., Ltd. | 83,400,000.00 | Within 1 year | 5.11 |
| Qingdao Lujintong Business Co., Ltd | 76,559,910.00 | 1-2 years | 4.69 |
| **Total** | **969,962,910.00** | | **59.47** |

**4.Advance Payment**

(1)Aging Analysis & Percentage

| Aging | Year-end balance | | Year-beginning balance | |
|---|---|---|---|---|
| | Amount | Proportion% | Amount | Proportion% |
| Within 1 year | 437,133,654.71 | 58.00 | 1,325,331,825.62 | 89.33 |
| 1-2 years | 158,618,947.39 | 21.05 | 36,069,767.57 | 2.43 |
| 2-3 years | 35,784,861.13 | 4.75 | 395,923.71 | 0.03 |
| Over 3 years | 122,155,178.72 | 16.20 | 121,759,255.01 | 8.21 |

| | | | | |
|---|---|---|---|---|
| **Total** | **753,692,641.95** | **100.00** | **1,483,556,771.91** | **100.00** |

(2)Top 5 Payees with their ending balances of advance payments

| Company name | Relation | Amount | % of total advance pay ments | Aging | Reason for unsettleme |
|---|---|---|---|---|---|
| Tangshan Xinxin Special Steel Co., Ltd | Non-related party | 308,300,725.32 | 40.91 | Within 1 year to 1-2 years | Engineering Unsettled |
| Tianjin Lingang Industrial Area Management Committee | Non-related party | 105,680,000.00 | 14.02 | Over 3 years | Project suspended |
| Tangshan Great Wall Iron & Steel Group Yanshan Iron & Steel Co., Ltd. | Non-related party | 61,755,329.69 | 8.19 | 1-2 years | Engineering Unsettled |
| Heibei Xinwuan Iron&Steel Group Import & Export Co., Ltd | Non-related party | 44,948,010.83 | 5.96 | Within 1 year | Engineering Unsettled |
| Hebei Tianye Economic & Trade Co., Ltd. | Non-related party | 41,650,000.00 | 5.53 | Within 1 year | Engineering Unsettled |
| **Total** | | **562,334,065.84** | **74.61** | | |

**5. Other account receivables**

(1)Other account receivables by risk

| Type | Year-end balance | | | | |
|---|---|---|---|---|---|
| | Book balance | | Bad-debt provision | | Book value |
| | Amount | Proportion (%) | Amount | Accrual proportion % | |
| Other account receivable with significant single amount and single provision for bad debt | 6,363,277,528.06 | 54.33 | 62,516,103.90 | 0.98 | 6,300,761,424.16 |
| Other account receivable with provision for bad debt created by credit risk portfolio | 5,085,033,240.40 | 43.42 | 35,814,189.57 | 0.70 | 5,049,219,050.83 |
| In which: aging group | 77,782,360.97 | 0.66 | 35,814,189.57 | 46.04 | 41,968,171.40 |

| Type | Year-end balance | | | | |
|---|---|---|---|---|---|
| | Book balance | | Bad-debt provision | | Book value |
| | Amount | Proportion (%) | Amount | Accrual proportion % | |
| No-risk group | 5,007,250,879.43 | 42.76 | | | 5,007,250,879.43 |
| Account receivable with insignificant single amount but single provision for bad debt | 263,529,996.72 | 2.25 | 18,320,077.71 | 6.95 | 245,209,919.01 |
| **Total** | **11,711,840,765.18** | **100.00** | **116,650,371.18** | | **11,595,190,394.00** |

(continued)

| Type | Year-beginning balance | | | | |
|---|---|---|---|---|---|
| | Book balance | | Bad-debt provision | | Book value |
| | Amount | Proportion (%) | Amount | Accrual proportion % | |
| Account receivable with significant single amount and single provision for bad debt | 5,218,743,719.18 | 50.37 | 62,516,103.90 | 1.20 | 5,156,227,615.28 |
| account receivable with provision for bad debt created by credit risk portfolio | 5,055,744,478.40 | 48.80 | 35,814,189.57 | 0.71 | 5,019,930,288.83 |
| In which: aging group | 69,046,797.43 | 0.67 | 35,814,189.57 | 51.87 | 33,232,607.86 |
| No-risk group | 4,986,697,680.97 | 48.13 | | - | 4,986,697,680.97 |
| Account receivable with insignificant single amount but single provision for bad debt | 85,852,257.57 | 0.83 | 18,320,077.71 | 21.34 | 67,532,179.86 |
| **Total** | **10,360,340,455.15** | **100.00** | **116,650,371.18** | | **10,243,690,083.97** |

Other account receivables with significant single amount and single provision for bad debt at end of year

| Contents of other account receivables | Book balance | Provision for bad debt | Accrual Proportion (%) | Accrual Reason |
|---|---|---|---|---|
| Tianjin Airport Free trade zone Land Development Investment Company | 12,260,204.40 | 12,260,204.40 | 100% | Dead account |
| Tianjin T&B Public Utility Co., Ltd | 50,255,899.50 | 50,255,899.50 | 100% | Dead account |
| **Total** | **62,516,103.90** | **62,516,103.90** | | |

(2)Account receivables stated by aging

| Aging | Year-end balance | | | | Year-beginning balance | | | |
|---|---|---|---|---|---|---|---|---|
| | Amount | Proportion(%) | Provision for bad debt | Accrual Proportion(%) | Amount | Proportion (%) | Provision for bad debt | Accrual Proportion (%) |
| Within 3 months | 19,139,180.51 | 24.61 | | | 6,403,616.97 | 9.27 | | |
| Within 1 year | 20,189,211.00 | 25.96 | 1,009,460.55 | 5 | 28,189,211.00 | 40.83 | 1,409,460.55 | 5 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1-2 years | 4,053,282.30 | 5.21 | 405,328.23 | 10 | 53,282.30 | 0.08 | 5,328.23 | 10 |
| 2-3 years | 1,837.67 | 0.00 | 551.3 | 30 | 1,837.67 | 0.00 | 551.3 | 30 |
| Over 3 years | 34,398,849.49 | 44.22 | 34,398,849.49 | 100 | 34,398,849.49 | 49.82 | 34,398,849.49 | 100 |
| **Total** | **77,782,360.97** | **100.00** | **35,814,189.57** | | **69,046,797.43** | 100.00 | **35,814,189.57** | |

(3)**Bad-debt Provision**

| Items | Year-beginning balance | Increase in current period | Decrease in current period | | Year-end balance |
|---|---|---|---|---|---|
| | | | Return | Charge-off | |
| Amount | 116,650,371.18 | | | | 116,650,371.18 |

(4)Top 5 debtors with their ending balances of other account receivables

| Company Name | Nature | Year-end balance | Aging | % of ending balances of other account receivables | Bad-debt provision Ending balance |
|---|---|---|---|---|---|
| Finance Bureau of Tianjin Airport Free trade zone | Subsidies | 9,415,523,963.97 | Roll | 80.39 | |
| Tianjin Airport Free trade zone Construction Service Company | Current account | 404,109,295.21 | Over 3 years | 3.45 | |
| Finance Management Center of Tianjin Binhai New District | Current account | 200,000,000.00 | Over 3 years | 1.71 | |
| Tianjin T&B Public Utility Co., Ltd | Current account | 50,255,899.50 | Over 3 years | 0.43 | 50,255,899.50 |
| T&B Binhai Investment Service Co., Ltd | Current account | 49,707,919.43 | Over 3 years | 0.42 | |
| **Total** | | **10,119,597,078.11** | | **86.40** | **50,255,899.50** |

**6.Inventory**

(1)Inventory Classification

| Items | Year-end balance | | |
|---|---|---|---|
| | Book Balance | Falling price reserve | Book Value |
| Development cost | 10,199,951,166.33 | | 10,199,951,166.33 |
| Development indirect cost | 725,279,010.84 | | 725,279,010.84 |
| Development product | 1,561,700,508.57 | | 1,561,700,508.57 |
| Inventory | 268,394,722.36 | | 268,394,722.36 |

| | | | |
|---|---|---|---|
| Low-value consumable products | 223,791.50 | | 223,791.50 |
| Raw materials | 6,826,077.98 | | 6,826,077.98 |
| Products in production | 0.00 | | 0.00 |
| Engineering construction | 233,473.23 | | 233,473.23 |
| **Total** | **12,762,608,750.81** | | **12,762,608,750.81** |

(continued)

| Items | Year-beginning balance | | |
|---|---|---|---|
| | **Book Balance** | **Falling price reserve** | **Book Value** |
| Development cost | 7,145,531,360.61 | | 7,145,531,360.61 |
| Development indirect cost | 572,446,335.85 | | 572,446,335.85 |
| Development product | 4,357,916,747.21 | | 4,357,916,747.21 |
| Inventory | 236,536,682.44 | | 236,536,682.44 |
| Low-value consumable products | 16,211,863.41 | | 16,211,863.41 |
| Raw materials | 483,723.94 | | 483,723.94 |
| Products in production | 20,794,483.06 | | 20,794,483.06 |
| Engineering construction | 452,169.35 | | 452,169.35 |
| **Total** | **12,350,373,365.87** | | **12,350,373,365.87** |

The book value of development costs for pledge on June 30, 2015 was RMB 6,771,184,096.23 yuan, mainly including：1. The development costs of “8 squaremeters”, “4 square meters” and “2 square meters” and their rights to yields are guarantee for Tianjin Dongli Branch of Agricultural Development Bank of China for a loan of RBM4.5 billion yuan. This loan starts from June 27, 2013 and ends at June 26, 2017. 2.“Plot A”, “ Plot A and B”, and the corresponding development costs were mainly used as the pledge for the loan valuing 700 million yuan granted by Shanghai Pudong Development Bank. The term of borrowing started from November 23, 2010 and will end on November 23, 2015.

**7. Non-current Assets due within one year**

| Items | Year-end balance | Year-beginning balance |
|---|---|---|
| Lease financing receivables | 2,527,032,115.43 | 1,635,082,898.61 |
| **Total** | **2,527,032,115.43** | **1,635,082,898.61** |

**8. Other Current Assets**

| Items | Year-end balance | Year-beginning balance |
|---|---|---|
| Finance products | 4,128,000,000.00 | 820,805,033.00 |

| | | |
|---|---|---|
| Factoring account receivables | | |
| **Total** | **4,128,000,000.00** | **820,805,033.00** |

**9.Financial assets available for sale**

(1)Financial assets available for sale

| Items | Year-end balance | | | Year-beginning balance | | |
|---|---|---|---|---|---|---|
| | Book Balance | Impairment reserve | Book Value Book Value | Book Balance | Impairment reserve | Book Value Book Value |
| Available-for-sale debt tool | | | | | | |
| Available-for-sale equity tool | 1,650,316,211.02 | 20,097,500.00 | 1,630,218,711.02 | 2,276,779,291.35 | 34,247,500.00 | 2,242,531,791.35 |
| In which: measured by fair value | 162,111,266.94 | | 162,111,266.94 | 771,904,526.37 | | 771,904,526.37 |
| Measured by cost | 1,488,204,944.08 | 20,097,500.00 | 1,468,107,444.08 | 1,504,874,764.98 | 34,247,500.00 | 1,470,627,264.98 |
| **Total** | **1,650,316,211.02** | **20,097,500.00** | **1,630,218,711.02** | **2,276,779,291.35** | **34,247,500.00** | **2,242,531,791.35** |

(2)Financial assets available for sale measured by cost at end of year

| Invested company | Book balance | | | | Shareholding ratio (%) | Cash dividends |
|---|---|---|---|---|---|---|
| | Year-beginning balance | Increase | Decrease | Year-end balance | | |
| Tianjin High-core Electronics Co., Ltd | 4,150,000.00 | | 4,150,000.00 | 0.00 | | |
| Tianjin Junda Textile Industrial Co., Ltd | 18,230,000.00 | | | 18,230,000.00 | 18.00 | |
| Tianjin Lanchao Hi-tech Co., Ltd | 1,867,500.00 | | | 1,867,500.00 | 15.00 | |
| Tianjin Deyuan International Investment Consultant Co., | 1,655,400.00 | | | 1,655,400.00 | 12.50 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Ltd | | | | | | |
| Tieyu International Transportation (Tianjin) Co., Ltd | 2,826,539.00 | | | 2,826,539.00 | 6.54 | |
| Tianjin Airport International Logistics Development Co., Ltd | 22,500,000.00 | | | 22,500,000.00 | 5.00 | |
| Tianjin Airport Natural Gas Co., Ltd | 6,000,000.00 | | 6,000,000.00 | 0.00 | | |
| Tianjin Automobile Inspection Service Co., Ltd | 5,600,000.00 | | | 5,600,000.00 | 10.00 | |
| Tianjin Airport Huayu Air Freight Terminal Co., Ltd | 7,584,146.49 | | | 7,584,146.49 | 0.05 | |
| Tianjin Yanshan Equity Investment Fund Management Co., Ltd | 15,676,092.33 | | | 15,676,092.33 | 10.00 | |
| Tianjin International Sports Development Co., Ltd | 16,040,910.11 | | | 16,040,910.11 | 19.05 | |
| Tianjin North International Trust Investment Co., Ltd | 21,348,095.90 | | | 21,348,095.90 | 2.00 | |
| Tianjin Economic Development Investment Co., Ltd | 10,018,356.58 | | | 10,018,356.58 | 14.29 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Tianjin Dawufeng Investment Co., Ltd | 15,000,000.00 | | | 15,000,000.00 | 1.49 | |
| Tianjin Guoneng Investment Co., Ltd | 10,000,000.00 | | | 10,000,000.00 | 2.00 | |
| Tianjin Binhai New District Investment Holding Co., Ltd | 15,000,000.00 | | | 15,000,000.00 | 1.50 | |
| MCC TianGong Construction Co., Ltd | 9,104,000.00 | | | 9,104,000.00 | 2.00 | |
| Tianjin Taiyang Photoelectricity Hi-tech Co., Ltd | 10,000,000.00 | | | 10,000,000.00 | 20.00 | |
| Zhonghuan TIG Group Instrument Co., Ltd | 1,571,429.00 | | | 1,571,429.00 | 1.20 | |
| Guoke Ruihua Investment | 44,389,249.97 | | | 44,389,249.97 | 4.94 | |
| Tiantian Jiexi (Tianjin) Trade Co., Ltd | 3,426,325.00 | | | 3,426,325.00 | 5.00 | |
| Tianjin Airlines LLC | 400,000,000.00 | | | 400,000,000.00 | 15.38 | |
| Tianjin Yanshan Equity Investment Fund Co., Ltd | 200,000,000.00 | | | 200,000,000.00 | 18.83 | |
| Tianjin Fusu Bio-tech Co., Ltd | 20,000,000.00 | | | 20,000,000.00 | 9.84 | |
| Guangda Jinkong (Tianjin) Investment Co., Ltd | 101,000,000.00 | | | 101,000,000.00 | 9.17 | |
| Airlines Industrial Equity Investment | 100,000,000.00 | | | 100,000,000.00 | 8.30 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| (Tianjin) Co., Ltd | | | | | | |
| Tianjin Anxunda Hi-tech Co., Ltd | 4,007,144.00 | | | 4,007,144.00 | 3.92 | |
| Tianjin Zhanrong Botong Hi-tech Co., Ltd | 3,000,000.00 | | 3,000,000.00 | 0.00 | | |
| Tianjin Tianchuang Baoxin Investment Partnership | 60,000,000.00 | | | 60,000,000.00 | 0.14 | |
| Tianjin Tiancheng Tunnel Equipment Manufacture Co., Ltd | 5,000,000.00 | | | 5,000,000.00 | 12.50 | |
| Rongtong Equity Investment (Tianjin) Partnership | 39,879,576.60 | | | 39,879,576.60 | 4.55 | |
| Tianjin Harbor Industrial Park Development Co., Ltd | 320,000,000.00 | | | 320,000,000.00 | 5.33 | |
| Tangshan Shengshi International Automobile Park Development Co., Ltd | 10,000,000.00 | | 10,000,000.00 | 0.00 | | |
| Orient Securities Co., Ltd. | | 5,038,430.08 | | 5,038,430.08 | 0.10 | |
| Nanjing Yinfei Storage Equipment Co., Ltd. | | 225,964.97 | | 225,964.97 | 0.23 | |
| Jinchengxin Mining Management | | 1,130,362.80 | | 1,130,362.80 | 3.01 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Co., Ltd. | | | | | | |
| Xunyou Technology | | 85,421.25 | | 85,421.25 | 0.85 | |
| Total | **1,504,874,764.98** | **6,480,179.10** | **23,150,000.00** | **1,488,204,944.08** | | |

(3)Financial assets available for sale measured by fair value at end of year

| **Invested company** | **Book balance** | | | | **Shareholding ratio (%)** | **Cash dividends** |
|---|---|---|---|---|---|---|
| | **Year-beginning balance** | **Increase** | **Decrease** | **Year-end balance** | | |
| Zhongjin Gold Corporation Limited | 4,100,382.00 | | | 4,100,382.00 | | |
| Tianjin International Card Corporation Limited | 151,242,640.77 | | 144,156,395.57 | 7,086,245.20 | | |
| Bohai Lease Corporation Limited | 615,987,533.56 | | 465,062,893.82 | 150,924,639.74 | | |
| Zhejiang Jianan Hi-tech Co., Ltd | 266,934.14 | | 266,934.14 | - | | |
| Guangdong Zhengye hi-tech Co., Ltd | 246,075.90 | | 246,075.90 | - | | |
| Guosen Securities | 60,960.00 | | 60,960.00 | - | | |
| **Total** | **771,904,526.37** | **-** | **609,793,259.43** | **162,111,266.94** | | |

(4)Impairment reserve for Financial assets available for sale

| **Invested company** | **Year-beginning balance** | **Increase in current period** | **Decrease in current period** | **Year-end balance** |
|---|---|---|---|---|
| Tianjin High-core Electronics Co., Ltd | 4,150,000.00 | | 4,150,000.00 | - |
| Tianjin Junda Textile Industrial Co., Ltd | 18,230,000.00 | | | 18,230,000.00 |
| Tianjin Lanchao Hi-tech Co., Ltd | 1,867,500.00 | | | 1,867,500.00 |

| | | | | |
|---|---|---|---|---|
| Tangshan Shengshi International Automobile Park Development Co., Ltd | 10,000,000.00 | | 10,000,000.00 | - |
| **Total** | **34,247,500.00** | **0.00** | **14,150,000.00** | **20,097,500.00** |

**10. Held-to-maturity investments**

The held-to-maturity investments of the Company as of June 30, 2015 include entrust loan and trust product , whose total balance is RMB 3,398,775,784.73 yuan. Details are stated as followed:

(1)Entrust Loan

| Items | Year-end balance | Year-beginning balance |
|---|---|---|
| Tianjin Dongli District Land Management Center | 24,953,959.36 | 175,000,000.00 |
| Tianjin Airport Free Trade Zone Land Development Investment Co., Ltd | 1,280,500,000.00 | 1,280,500,000.00 |
| Tianjin T&B International Hotel Co., Ltd | 14,810.13 | 14,810.13 |
| Tianjin T&B Baiheng Investment Co., Ltd | | |
| Tianjin New Yansh Outlets Business Co., Ltd | 40,000,000.00 | 40,000,000.00 |
| Tianjin Airport Economic Zone Water Co., Ltd | | |
| Tianjin Airlines Industrial Development Co., Ltd | 21,288,250.00 | 21,288,250.00 |
| Tianjin T&B Baide Asset Management Co., Ltd | 32,753,241.54 | 18,000,000.00 |
| China Minsheng Bank. Small debts | 574,902,783.97 | 667,424,581.55 |
| Tianjin Port Free Trade Zone Land Reserve Center | 125,000,000.00 | |
| Total | **2,099,413,045.00** | **2,202,227,641.68** |

(2)Entrust Financial Product

①Principal

| Invested company | Time | Interest | Amount | Notes |
|---|---|---|---|---|
| Northern International Trust Co., Ltd. | 3 years | 7.50% | 350,000,000.00 | |
| Northern International Trust Co., Ltd. | 2 years | 7.50% | 500,000,000.00 | |
| Northern International Trust Co., Ltd. | 2 years | 7.50% | 150,000,000.00 | |
| Tianjin Trust Co., Ltd. | 0.5 year | 9.00% | 250,000,000.00 | |
| Tianjin Trust Co., Ltd. | 1 year | 8.60% | 12,000,000.00 | |
| **Total** | | | **1,262,000,000.00** | |

②Accrued interest

| Invested company | Year-end balance | Year-beginning balance |
|---|---|---|
| North International Trust Co., Ltd | 37,362,739.73 | |
| Total | **37,362,739.73** | |

Notes: 1. The accrued but uncollected interests of a principal of RMB1,000,000,000.00 yuan trust product of North International Trust Co., Ltd is RMB37,362,739.73 yuan at end of year.

2. It's held to maturity where no impairment reserve in current period.

**11. Long-term account receivables**

| Items | Year-end balance | Year-beginning balance |
|---|---|---|
| Finance Bureau of Tianjin Airport Free Trade Zone | 15,524,642,801.87 | 2,543,128,136.48 |
| Financial leasing | 511,107,555.98 | 2,007,070,902.91 |
| Non final account | 83,192,992.20 | |
| **Total** | **16,118,943,350.05** | **4,550,199,039.39** |

According to the published files of Finance Bureau of Tianjin Airport Free Trade Zone, the Company is responsible for land development and supporting facilities of airport logistics processing zone, air passenger A320 project land development and supporting facilities and other non-operational constructions assigned by the Management Committee of Tianjin Airport Free Trade Zone.As of June 30, 2015, The total accrued interests in current year is RMB15,524,642,801.87 yuan, and is the account receivables from the Finance Bureau of Tianjin Airport Free Trade Zone.

**12.Long-term Equity Investment**

(1)Details of long-term equity investment

| Type | Beginning balance | Increase in current period | Decrease in current period | Ending Balance |
|---|---|---|---|---|
| Investment on subsidiaries | | | | |
| Investment on joint ventures | | | | |
| Investment on affiliated ventures | 7,517,552,038.46 | 451,875,404.92 | 143,602,681.45 | 7,825,824,761.93 |
| Other equity investment | 552,817,071.03 | 54,150,000.00 | | 606,967,071.03 |
| Subtotal | **8,070,369,109.49** | **506,025,404.92** | **143,602,681.45** | **8,432,791,832.96** |
| Less: impairment reserve for long-term equity investment | 214,541,415.36 | 4,150,000.00 | | 218,691,415.36 |

| | | | | |
|---|---|---|---|---|
| Total | **7,855,827,694.13** | **501,875,404.92** | **143,602,681.45** | **8,214,100,417.60** |

(2)Book Value

| Items | Year-end balance | | |
|---|---|---|---|
| | Balance of long-term equity investment | Impairment reserve | Net Book Value |
| Cost method | 606,967,071.03 | 214,900,111.90 | 392,066,959.13 |
| Equity method | 7,825,824,761.93 | 3,791,303.46 | 7,822,033,458.47 |
| **Total** | **8,432,791,832.96** | **218,691,415.36** | **8,214,100,417.60** |

(3)Equity-accounted long-term equity investment

| Invested company | Investment cost | Beginning balance | Increase/ decrease | Ending balance |
|---|---|---|---|---|
| Tianjin CPC T&B Oil Sales Co., Ltd | 3,649,850.93 | 7,671,508.89 | | 7,671,508.89 |
| Tianjin Binhai New District Xianfeng Culture Investment Co., Ltd | 20,000,000.00 | 18,818,414.93 | | 18,818,414.93 |
| Tianjin Airport Second-hand Automobile Trade Market Co., Ltd | 16,131,776.31 | 61,482,981.39 | -1,362,266.24 | 60,120,715.15 |
| Tianjin Binhai Shengshi International Automobile Park Investment Co., Ltd | 80,000,000.00 | 35,030,565.12 | -16,943,643.06 | 18,086,922.06 |
| Tianjin CPC JinHai Oil Sales Co., Ltd | 9,800,000.00 | 6,119,216.00 | -645,370.85 | 5,473,845.15 |
| T&B Mingmen (Tianjin) International Freight Agency | 9,144,813.82 | 4,498,982.53 | | 4,498,982.53 |
| Tianjin International Logistics Park Co., Ltd | 11,920,000.00 | 10,739,716.06 | | 10,739,716.06 |
| Tianjin North International Chemical Products Co., Ltd | 1,703,282.93 | 3,000,000.00 | | 3,000,000.00 |
| Tianjin Bank Co., Ltd | 1,319,784,495.35 | 6,287,041,823.17 | 327,251,056.62 | 6,614,292,879.79 |
| Air China Helicopter Co., Ltd | 1,100,000,000.00 | 875,535,234.50 | | 875,535,234.50 |

| | | | | |
|---|---|---|---|---|
| Airbus (Tianjin) Tools and Fixture Co., Ltd | 619,687,193.71 | 36,269,541.73 | -6,027,053.00 | 30,242,488.73 |
| Tianjin T&B Development Investment Co., Ltd | 23,910,900.00 | 33,667,769.24 | | 33,667,769.24 |
| Tianjin Airlines Industrial Development Co., Ltd | 50,000,000.00 | 37,676,284.90 | | 37,676,284.90 |
| Xinyuan Finance Lease (Tianijn) Co., Ltd | 100,000,000.00 | 100,000,000.00 | | 100,000,000.00 |
| Tianjin Airport Natural Gas Co., Ltd | 6,000,000.00 | 6,000,000.00 | | 6,000,000.00 |
| **Total** | **3,371,732,313.05** | **7,523,552,038.46** | **302,272,723.47** | **7,825,824,761.93** |

(4)Cost-accounted long-term equity investment

| **Invested company** | **Shareholding ratio at end of year%** | **Investment cost** | **Beginning balance** | **Increase/ Decrease** | **Ending balance** | **Cash dividends in current period** |
|---|---|---|---|---|---|---|
| Tianjin T&B Public Utility Co., Ltd | 100.00 | 192,428,529.13 | 192,428,529.13 | | 192,428,529.13 | |
| Tianjin T&B Huari International Logistis Base Co., Ltd | 60.00 | 10,750,111.90 | 10,750,111.90 | | 10,750,111.90 | |
| Tianjin Airport Economic Zone Water Co., Ltd | 50.00 | 60,000,000.00 | 60,000,000.00 | | 60,000,000.00 | |
| Tianjin Times Software Co., Ltd | 45.00 | 2,250,000.00 | 2,250,000.00 | | 2,250,000.00 | |
| Tianjin TsingHua Spreadtrum Hi-tech Co., Ltd | 75.00 | 75,000,000.00 | 75000000 | | 75,000,000.00 | |
| Tianjin Free Trade Zone Development Co., Ltd, | 100.00 | 12,388,430.00 | 12,388,430.00 | | 12,388,430.00 | |
| Tianjin Jinjulian Joint Guarantee Investment | 25.00 | 200,000,000.00 | 200,000,000.00 | | 200,000,000.00 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Partnership | | | | | | |
| Tianjin High-core Electronics Co., Ltd | 20.00 | 4,150,000.00 | | 4,150,000.00 | 4,150,000.00 | |
| Tianjin Airlines Logistics Development Co., Ltd. | 60.00 | 50,000,000.00 | | 50,000,000.00 | 50,000,000.00 | |
| **Total** | | **556,967,071.03** | **552,817,071.03** | **54,150,000.00** | **606,967,071.03** | |

(5)Impairment reserve for long-term equity investment

| Invested company | Beginning balance | Accrual in current period | Decrease in current period | Ending balance |
|---|---|---|---|---|
| Tianjin T&B Huari International Logistics Base Co., Ltd | 10,750,111.90 | | | 10,750,111.90 |
| Tianjin T&B Public Utility Co., Ltd | 200,000,000.00 | | | 200,000,000.00 |
| Tianjin North International Chemical Products Co., Ltd | 3,000,000.00 | | | 3,000,000.00 |
| T&B Mingmen (Tianjin) International Freight Agency | 791,303.46 | | | 791,303.46 |
| Tianjin High-core Electronics Co., Ltd | | 4,150,000.00 | | 4,150,000.00 |
| **Total** | **214,541,415.36** | **4,150,000.00** | | **218,691,415.36** |

**13. Investment Property**

| Items | Houses & Buildings | Land use right | Project under construction | Total |
|---|---|---|---|---|
| I. Original book value | | | | |
| 1. Beginning balance | 1,687,369,029.08 | 78,900,042.77 | | 1,766,269,071.85 |
| 2.Increase in current period | 162,154,697.10 | | | 162,154,697.10 |
| 3. Decrease in current period | 114,620,842.98 | | | 114,620,842.98 |
| 4.Ending balance | 1,734,902,883.20 | 78,900,042.77 | | 1,813,802,925.97 |
| II.Accumulated Depreciation and amortization | | | | |
| 1.Beginning balance | 247,036,524.18 | 7,256,886.44 | | 254,293,410.62 |
| 2.Increase in current period | 42,594,293.68 | 759,209.16 | | 43,353,502.84 |
| 3.Decrease in current period | 7,259,320.00 | | | 7,259,320.00 |
| 4.Ending balance | 282,371,497.86 | 8,016,095.60 | | 290,387,593.46 |
| III.Impairment reserve | | | | |
| 1.Beginning balance | | | | |

| Items | Houses & Buildings | Land use right | Project under construction | Total |
|---|---|---|---|---|
| 2.Increase in current period | | | | |
| 3.Decrease in current period | | | | |
| 4.Ending balance | | | | |
| IV.Book Value | | | | |
| 1.Ending Book Value | 1,452,531,385.34 | 70,883,947.17 | | 1,523,415,332.51 |
| 2.Beginning Book Value | 1,440,332,504.90 | 71,643,156.33 | | 1,511,975,661.23 |

Notes 1: investment properties whose title certificates are not granted yet.

| Items | Book Value | Reason for Title Certificate not |
|---|---|---|
| Huijin Plaza | 84,300,103.24 | In process |
| Tianbao Golden Coastline Plot B01 | 18,318,995.75 | On lease, title certificate not granted |
| Tianbao Golden Coastline Plot B01 | 7,644,514.92 | On lease, title certificate not granted |
| Tianbao Golden Coastline Plot B05 B01 | 13,850,651.84 | Public project, no title certificate |

Notes 2: On June 30, 2015,The book value of mortgaged and guaranteed investment properties (including land use right) at end of year is RMB11,967,499.95 yuan; the mortgages are properties and land use rights locating in No. 20 and 22 middle road in automobile park of Tianjin Airport Economic Zone. Pledge assets of the No.22 middle road in automobile park of Tianjin Airport Economic Zone is valued at RMB10.6 million yuan and its pledge maturity is from October 29, 2014 to October 29, 2015. Pledge assets of the No.20 middle road in automobile park of Tianjin Airport Economic Zone is valued at RMB21 million yuan and its pledge maturity is from October 20, 2014 to October 20, 2015.

**14. Fixed Assets & Accumulated Depreciation**

| Items | Houses & Buildings | Machinery & equipment | Transportation equipment | Office equipment | Other equipment | Total |
|---|---|---|---|---|---|---|
| I.Original book value | | | | | | |
| 1.Beginning balance | 3,696,358,725.00 | 672,972,050.87 | 57,659,088.11 | 59,070,222.68 | 71,721,324.94 | 4,557,781,411.60 |
| 2. Increase in current period | 856,051,311.00 | 2,792,281.27 | 719,562.84 | 1,008,196.37 | 5,596,102.82 | 866,167,454.30 |
| 3.Decrease in current period | 1,068,088,035.59 | 51,875,903.79 | 6,750,257.54 | 13,359.00 | 77,454.98 | 1,126,805,010.90 |
| 4.Ending balance | 3,484,322,000.41 | 623,888,428.35 | 51,628,393.41 | 60,065,060.05 | 77,239,972.78 | 4,297,143,855.00 |
| II.Accumulated Depreciation and amortization | | | | | | |
| 1.Beginning balance | 570,840,963.49 | 278,687,169.63 | 37,467,652.78 | 45,084,094.93 | 30,928,839.48 | 963,008,720.31 |
| 2.Increase in current period | 62,123,586.31 | 14,760,417.62 | 2,995,111.23 | 6,294,653.88 | 1,609,966.71 | 87,783,735.75 |

| Items | Houses & Buildings | Machinery & equipment | Transportation equipment | Office equipment | Other equipment | Total |
|---|---|---|---|---|---|---|
| 3.Decrease in current period | 50,978,805.64 | 43,513,902.55 | 3,217,645.06 | 12,070.75 | 73,937.00 | 97,796,361.00 |
| 4.Ending balance | 581,985,744.16 | 249,933,684.70 | 37,245,118.95 | 51,366,678.06 | 32,464,869.19 | 952,996,095.06 |
| III.Impairment reserve | | | | | | |
| 1.Beginning balance | | 81,464.98 | | | | 81,464.98 |
| 2.Increase in current period | | | | | | |
| 3.Decrease in current period | | | | | | |
| 4.Ending balance | | 81,464.98 | | | | 81,464.98 |
| IV.Book Value | | | | | | |
| 1.Ending Book Value | 2,902,336,256.25 | 373,873,278.67 | 14,383,274.46 | 8,698,381.99 | 44,775,103.59 | 3,344,066,294.96 |
| 2.Beginning Book Value | 3,125,517,761.51 | 394,203,416.26 | 20,191,435.33 | 13,986,127.75 | 40,792,485.46 | 3,594,691,226.31 |

Notes 1: the Company has no held-for-sale fixed assets in current period.

Notes 2: the Company has no idle fixed assets in current period.

Notes 3: fixed assets whose title certificates are not granted yet.

| Items | Book Value | Reason for Title Certificate not Granted yet |
|---|---|---|
| T&B Thermoelectricity Production Room | 189,367,539.29 | In process |
| T&B Thermoelectricity Office Room | 3,356,222.54 | In process |
| T&B Thermoelectricity Other Rooms | 13,031,378.48 | In process |
| **Total** | **205,755,140.31** | |

Notes 4: On June 30, 2015,The book value of mortgaged and guaranteed fixed assets is RMB28,098,168.14 yuan at end of year. The mortgages are Jinguang 4S store( RMB16,014,888.40) locating in No.1 of No.8 Huanhe West Road of Tianjin Airport Economic Zone, properties locating in No.12( RMB8,824,508.99) middle road in automobile park of Tianjin Airport Economic Zone and properties(RMB3,258,770.75) of Tianjin Airport Automobile Inspection Co., Ltd.

**15.Projects under Construction**

| Projects | Beginning balance | Increase in current period | Decrease in current period | Ending balance |
|---|---|---|---|---|
| T&B commercial square | 222,453,004.68 | 1,249,799.25 | | 223,702,803.93 |
| Land development and supporting facility | 11,682,931,297.38 | 60,561,427.21 | 6,937,203,014.71 | 4,806,289,709.88 |

| | | | | |
|---|---|---|---|---|
| constructions for Tianjin airport logistics processing area | | | | |
| Land development and supporting facility constructions for Airport passenger A320 bus project | 8,097,159,954.16 | 41,973,675.16 | 4,808,009,309.89 | 3,331,124,319.43 |
| Municipal, environmental and greening projects for Tianjin airport logistics processing area | 26,649,767.43 | 55,720.95 | | 26,705,488.38 |
| Airport passenger A320 transport fixture | 364,057,378.74 | 756,335.06 | | 364,813,713.80 |
| Airport passenger A320 training equipment | 9,446,414.30 | | | 9,446,414.30 |
| Phase 1 project for airport Hubin square | 10,200,888.00 | 1,433,240.08 | | 11,634,128.08 |
| Qixin solar building materials project | 17,269,296.90 | | | 17,269,296.90 |
| Tianjin POLY project | 5,517,300.00 | | | 5,517,300.00 |
| C4 hotel apartment | 975,345,239.41 | 128,967.15 | | 975,474,206.56 |
| C4 hotel | 140,564,445.15 | 71,398.14 | | 140,635,843.29 |
| 4# Zhongtianyuan Stokehold | 3,697,068.60 | | | 3,697,068.60 |
| 3# Zhongying Stokehold | 1,004,800.00 | | | 1,004,800.00 |
| 6#4X35T/H Stokehold | 38,406,766.10 | | | 38,406,766.10 |
| Yuanyi Stokehold | 572,629.72 | | | 572,629.72 |
| The project of 240T/H combined heat and power generation in Airport | 140,789,133.65 | 90,849,308.20 | 33,216,450.69 | 198,421,991.16 |
| Optimization of pipe network | 2,954,776.00 | | | 2,954,776.00 |
| 6# pipe network for hot water | 74,807,124.40 | | | 74,807,124.40 |
| Heat converting station of geothermal well of Ocean Express | 35,150,390.19 | | | 35,150,390.19 |
| Geothermal resources of benefiting housing | 21,989,491.65 | 318,488.30 | | 22,307,979.95 |
| Metering system procurement, installation and | 5,814,000.00 | | | 5,814,000.00 |

| | | | | |
|---|---|---|---|---|
| debugging project of heat exchange station in Seaport Free Trade Zone | | | | |
| Steam pipelines from the hundred-tons stokehold in the free trade zone to the 11th Binhai Road | 1,849,062.49 | | | 1,849,062.49 |
| Transformation of heat-supply pipe network in the logistics park of the free trade zone | 667,435.00 | | | 667,435.00 |
| Updating of heat exchanger in 3# heat exchange station | 526,000.00 | | | 526,000.00 |
| Condensation network in Seaport | 788,836.00 | | | 788,836.00 |
| Alteration of steam insulating layer | 2,068,500.00 | | | 2,068,500.00 |
| Heating power pipeline on the 3rd East Ring | 510,369.00 | | | 510,369.00 |
| Heating power pipeline on the 4th East Ring | 720,253.62 | | | 720,253.62 |
| Cooling tower regeneration of 4# refrigeration station in Seaport | 983,659.34 | | | 983,659.34 |
| Heat-supply pipeline transformation in Seaport Free Trade Zone | 1,216,839.00 | | | 1,216,839.00 |
| Introduction of Haihui heat source | 885,768.59 | 116,365.00 | | 1,002,133.59 |
| Geothermal tail water heating in the gym of Airport | 4,054,787.85 | | | 4,054,787.85 |
| The remote communication engineering | 4,430,250.00 | | | 4,430,250.00 |
| Removing and alteration of heating power pipeline for Total Oil in Seaport | 1,110,000.00 | | | 1,110,000.00 |
| Relay-pump station in | 5,683,871.73 | 1,273,738.00 | | 6,957,609.73 |

| | | | | |
|---|---|---|---|---|
| Airport | | | | |
| Updating of cooling tower in 1# refrigeration station in Seaport | 702,998.73 | 40,804.00 | | 743,802.73 |
| 7# heat exchange station in the 1# main line | 1,297,037.59 | | | 1,297,037.59 |
| 2#20MW heat exchange station | 1,038,212.11 | | | 1,038,212.11 |
| Airbus heat exchange station Project | 3,012,399.20 | 36,500.00 | | 3,048,899.20 |
| Binhai World Trade Center heat exchange station | 3,058,604.05 | 1,162,124.00 | | 4,220,728.05 |
| Bayonet-style heat exchange station in the Airport Customs | 829,137.99 | | | 829,137.99 |
| 2013 heating pipe network project | 17,421,806.97 | 4,136,704.20 | | 21,558,511.17 |
| 2012 Airport Pipe netwrk project | 15,475,177.69 | 29,467.00 | | 15,504,644.69 |
| Heat exchange station of the international center (Ligang Building) | 1,301,558.00 | | | 1,301,558.00 |
| Heat exchange station of Vanke new mileage | 726,097.06 | 26,826.00 | | 752,923.06 |
| Heat exchange station of Tianbao Lakefront City·Mingju Garden | 574,519.33 | 51,120.00 | | 625,639.33 |
| Heating supporting project for enterprises in Airport | 2,256,410.26 | 279,355.00 | | 2,535,765.26 |
| Heat exchange station in Forte-Shangling Homeland | 4,534,367.40 | | | 4,534,367.40 |
| Heat exchange station in Wanhua Apartment | 1,360,371.75 | | | 1,360,371.75 |
| Minglang International Spuare Heat exchange station | 625,112.08 | | | 625,112.08 |
| Heating power pipelines in the 3rd East Ring, 4th East Ring and Middle East Ring | 2,041,019.14 | | | 2,041,019.14 |
| 2010 pipe network in | 19,965,538.71 | | | 19,965,538.71 |

| | | | | |
|---|---|---|---|---|
| Air Economic Zone | | | | |
| 2011 heat supply network in Airport Economic Zone | 13,844,356.76 | | | 13,844,356.76 |
| DLR-64D geothermal recharge well in the golf course of Airport Economic Zone | 5,539,361.81 | | | 5,539,361.81 |
| Transformation of 75T/H combined heat and power generation in Airport | 20,949,656.03 | 5,096,644.50 | | 26,046,300.53 |
| Denitration transformation of combined heat and power generation in Haigang in Tianjin Free Trade Zone | 5,144,854.28 | 184,736.07 | | 5,329,590.35 |
| Drainage recycling improvement of the chemical water workshop in Seaport Power Source Plant | 1,420,282.54 | | | 1,420,282.54 |
| Construction project: SM heat exchange station in Air | 124,762.17 | 4,997,903.00 | | 5,122,665.17 |
| Construction project： Airport Zhongxing Heat exchange station | 22,641.51 | 1,398,776.00 | | 1,421,417.51 |
| Construction project： Airport Datang Heat exchange station | 15,094.34 | 1,130,763.00 | | 1,145,857.34 |
| Construction project： Airport Junan Heat exchange station | 7,264.15 | 745,930.00 | | 753,194.15 |
| 2014 hot-water supply network | 122,493.77 | 27,508,965.25 | | 27,631,459.02 |
| Heat exchange station of Airport International Hospital | | 1,253,675.19 | | 1,253,675.19 |
| Heat exchange station of the 3rd fire station | | 505,818.00 | | 505,818.00 |

| | | | | |
|---|---|---|---|---|
| Heat exchange station of China Railway 18th Bureau Group Co. , Ltd. | | 1,021,188.00 | | 1,021,188.00 |
| Tianbao Service Center | 13,669,576.64 | 6,893.44 | | 13,676,470.08 |
| Airport white-collar apartment | 446,366,509.88 | 12,879,320.20 | | 459,245,830.08 |
| Free transferred assets from the management committee | 726,081,504.41 | | | 726,081,504.41 |
| Bonded warehouse of the customs | 929,195.00 | | | 929,195.00 |
| Discharging pipe transformation of sewage-pumping station | 2,870,043.41 | | | 2,870,043.41 |
| Pile foundation of first-stage Schroter Plant | 1,647,081.10 | 469,365.00 | | 2,116,446.10 |
| The feasibility study and design of first-stage Bombardier | 511,712.00 | 29,509.00 | | 541,221.00 |
| An overall contract of civil construction of first-stage Schroter Plant | 22,933,538.50 | 8,571,844.39 | | 31,505,382.89 |
| Communication pipeline construction of the No. 1,2 and 7 Airbus Planning Roads as well as Weiqi Road and Jingsan Road in second-stage Airport | 2,434,888.00 | | | 2,434,888.00 |
| Communication pipeline | | 642,400.00 | | 642,400.00 |
| Geotechnical investigation in first-stage Bombardier | 246,750.98 | 23,438,018.00 | 14,678,100.00 | 9,006,668.98 |
| Engineering design of first-stage Schroter Plant | 1,984,664.30 | 30,745.00 | | 2,015,409.30 |
| Communication pipeline construction of ten roads including Weier Road in second-stage Airport | 3,730,000.00 | | | 3,730,000.00 |

| | | | | |
|---|---|---|---|---|
| An overall contract of civil construction of first-stage Schroter Plant | 19,684,754.64 | 14,993,038.10 | 12,033,135.00 | 22,644,657.74 |
| Mechanical and electrical installation of first-stage Schroter Plant | 18,989,267.00 | | | 18,989,267.00 |
| High and low voltage power distribution equipment procurement of first-stage Schroter Plant | 1,897,288.40 | 235,519.00 | | 2,132,807.40 |
| Foundation engineering of 1# sewage-pumping station | 5,546,332.05 | | | 5,546,332.05 |
| Main part of 1# sewage-pumping station | 13,880,765.00 | | | 13,880,765.00 |
| Equipment procurement of sewage-pumping station in the expansion area of Tianjin Free Trade Zone | 929,600.00 | | | 929,600.00 |
| High and low voltage power distribution equipment procurement, installation and service of 1# sewage-pumping station | | 5,005,788.55 | | 5,005,788.55 |
| Sea view promotion - sidewalk overhaul | 2,555,603.00 | | | 2,555,603.00 |
| Mobile public restrooms procurement, installation and renovation in Airport Economic Zone | 840,000.00 | | | 840,000.00 |
| Transportation facilities improvement of roads including Haijiu Road and Haiwu | 536,549.00 | | | 536,549.00 |

| | | | | |
|---|---|---|---|---|
| Road | | | | |
| Outer eave refurbishment of sewage treatment plant in the expansion area | 975,011.00 | | | 975,011.00 |
| sewage treatment plant overhaul of the expansion area in 2013 | 771,000.00 | | | 771,000.00 |
| Introduction of public utility | 6,836,151.00 | | | 6,836,151.00 |
| Temporary drainage pumping station of second-stage Airport - equipment procurement of water pump and generator set | 1,370,000.00 | | | 1,370,000.00 |
| Temporary drainage pumping station of second-stage Airport | 1,226,153.00 | | | 1,226,153.00 |
| Vacuum preloading engineering in port-surrounding bonded logistics center | 17,680,787.39 | | | 17,680,787.39 |
| No.3 Storehouse of port-surrounding bonded logistics center | 10,566,389.33 | 4,088,476.40 | 46,447.90 | 14,608,417.83 |
| Logistics processing base transformation | | 8,031,532.31 | | 8,031,532.31 |
| The customs import and export inspection center | 1,500,602.80 | 880,631.00 | | 2,381,233.80 |
| Other project | 32,530,068.10 | 5,892,630.34 | 23,406,261.16 | 15,016,437.28 |
| Total | **23,387,409,720.43** | **333,591,472.44** | **11,828,592,719.35** | **11,892,408,473.52** |

Notes: projects under construction have no impairment.

**16. Intangible Assets**

| Items | Land Use right | Management and application software | Surveillance software for logistics dept. | Funds for customs video surveillance system | Patent right | Total |
|---|---|---|---|---|---|---|
| I.Original book value | | | | | | |
| 1.Beginning balance | 9,794,026,214.57 | 6,166,921.94 | 143,488.89 | 80,000.00 | | 9,800,416,625.40 |
| 2.Increase in current period | 41,781,149.04 | 296,210.26 | | | 4,235.00 | 42,081,594.30 |

| Items | Land Use right | Management and application software | Surveillance software for logistics dept. | Funds for customs video surveillance system | Patent right | Total |
|---|---|---|---|---|---|---|
| 3.Decrease in current period | 7,728,002.35 | | | | | 7,728,002.35 |
| 4.Ending balance | 9,828,079,361.26 | 6,463,132.20 | 143,488.89 | 80,000.00 | 4,235.00 | 9,834,770,217.35 |
| II.Accumulated Depreciation and amortization | | | | | | |
| 1.Beginning balance | 28,860,224.66 | 2,169,532.69 | 129,665.13 | 80,000.00 | | 31,239,422.48 |
| 2.Increase in current period | 3,257,056.90 | 544,218.34 | | | 70.62 | 3,801,345.86 |
| 3.Decrease in current period | 153,992.71 | | | | | 153,992.71 |
| 4.Ending balance | 31,963,288.85 | 2,713,751.03 | 129,665.13 | 80,000.00 | 70.62 | 34,886,775.63 |
| III.Impairment reserve | | | | | | |
| 1.Beginning balance | | | | | | |
| 2.Increase in current period | | | | | | |
| 3.Decrease in current period | | | | | | |
| 4.Ending balance | | | | | | |
| IV. Book Value | | | | | | |
| 1.Ending Book Value | 9,796,116,072.41 | 3,749,381.17 | 13,823.76 | | 4,164.38 | 9,799,883,441.72 |
| 2. Beginning Book Value | 9,765,165,989.91 | 3,997,389.25 | 13,823.76 | | | 9,769,177,202.92 |

Of which .On December 31, 2006, according to “Approval of Free Transfer of lands to Tianjin Port FTZ Investment Co., Ltd. at Estimated Value” issued by the Management Committee, and files issued by Finance Bureau of Tianjin Airport Free Trade Zone, the Management Committee free transfers some lands of the free trade zone and the airport processing area to the Company at a value of RMB6,517,566,105.00 yuan estimated by Tianjin Zhongdi Property Evaluation Consultation Company, as an equity investment from Finance Bureau of Tianjin Airport Free Trade Zone. The Company receives these transferred lands and gets relevant certificates of use of land, and records these as “intangible assets – land use right” into statements according to the notice of Finance Bureau of Tianjin Airport Free Trade Zone and treats them as additional capital reserve.

On June 29, 2007, according to “Approval of Free Transfer of lands to Tianjin Port FTZ Investment Co., Ltd. at Estimated Value” issued by the Management Committee, and files issued by Finance Bureau of Tianjin Airport Free Trade Zone, the Management Committee free transfers use of national lands and road lands of the Tianjin Airport Logistics Processing Area (phase II) to the Company at a value of RMB3,051,427,610.00 yuan confirmed in “Tianjin Keyi Land Price (2007) Estimation No.52”, a land evaluation report issued by Land Evaluation Office of Tianjin Keyi Co., Ltd, as an equity investment from Finance Bureau of Tianjin Airport Free Trade Zone. The capital reserve increases RMB3,051,427,610.00 yuan. The Company receives these transferred lands and gets relevant certificates of use of land, and records these as “intangible assets – land use right” into statements according to the notice of Finance Bureau of Tianjin Airport Free Trade Zone and treats them as additional capital reserve.

**17.Goodwill**

| Invested company | Beginning balance | Increase in current period | Decrease in current period | Ending balance | Impairment reserve at end of year |
|---|---|---|---|---|---|
| Tianjin T&B Property Development Co., Ltd | 30,879,343.11 | | | 30,879,343.11 | |
| Tianjin Baili Construction Engineering Co., Ltd | 8,528,035.13 | | | 8,528,035.13 | |
| Total | **39,407,378.24** | | | **39,407,378.24** | |

100% shares of Tianjin T&B Property Development Co., Ltd was purchased according to “Assets Exchange Agreement” signed between Tianjin T&B Holding Co., Ltd and Tianjin Construction Materials Group (Holding) Co., Ltd in 2007 and recorded as a value of RMB620,646,783.20 yuan. The fair value of net assets of the Company is RMB589,767,440.09 yuan; the balance is RMB30,879,343.11 yuan, recorded as a goodwill in the consolidated financial statements.

Tianjin T&B Property Development Co., Ltd, a wholly-owned subsidiary of the Company, purchases 51% shares of Tianjin Construction Materials Group (Holding) Co., Ltd at a book value of RMB25,500,000.00 yuan; it shares net assets of the invested party at a value of RMB16,971,964.87 yuan according to its shareholding ratio; the balance is RMB8,528,035.13 yuan, recorded as a goodwill in the consolidated financial statements.

The Company makes a goodwill impairment test at end of year and finds no impairment, so no impairment reserve is withdrawn.

**18. Long-term expenses to be amortized**

| Items | Beginning balance | Increase in current period | Amortized in current period | Other decrease | Ending balance | Reason |
|---|---|---|---|---|---|---|
| Steel Pallet | 58,333.51 | | 12,987.08 | | 45,346.43 | |
| Improvement Expenditure of Fixed Assets | 7,468,782.89 | | 1,662,812.45 | | 5,805,970.44 | |
| Transformation of Detection Line | 1,174,422.62 | | 261,467.58 | | 912,955.04 | |
| Establishment charges | 101,739.08 | | 22,650.68 | | 79,088.40 | |
| Dining Room Engineering | 11,000.00 | | 2,448.98 | | 8,551.02 | |
| Renovation Costs | 3,756,312.58 | | 836,286.64 | | 2,920,025.94 | |
| **Total** | **12,570,590.68** | | **2,798,653.41** | | **9,771,937.27** | |

**19.Deferred Income Tax Assets and Liabilities**

| Items | Ending balance | | Beginning balance | |
|---|---|---|---|---|
| | **Temporary difference of tax payable (or deductible)** | **Book Balance** | **Temporary difference of tax payable (or deductible)** | **Book Balance** |
| I.Non-offset deferred income tax assets | | | | |
| 1.Deductible temporary difference arising from withdrawing impairment reserve | 371,974,809.94 | 92,993,702.49 | 414,770,000.77 | 103,692,500.21 |
| 2.Employment compensation | - | | | |
| 3.Exclusive account payable | 29,774,393.16 | 7,443,598.29 | 49,623,988.62 | 7,443,598.29 |
| 4.Unrealized internal profits and losses | 9,189,986.00 | 2,297,496.50 | 10,515,641.48 | 2,628,910.37 |
| 5.Withholding land VAT | 113,998,258.29 | 28,499,564.57 | 111,049,805.19 | 27,762,451.29 |
| 6.Evaluated margin of housing fund receivable in advance | 194,571,709.91 | 48,642,927.48 | 141,167,632.25 | 35,291,908.07 |
| 7.Interest payable | 544,000.00 | 136,000.00 | 544,000.00 | 136,000.00 |
| 8.Available-for-sale finance assets --- Tianjin Card | 1,783,189.22 | 445,797.30 | 38,058,836.33 | 9,514,709.08 |
| 9.Deductible losses | 10,945,693.76 | 2,736,423.44 | 10,944,623.48 | 2,736,155.87 |
| 10. Withholding fee | 67,172,341.96 | 16,793,085.49 | 68,095,034.04 | 17,023,758.51 |
| Total | **799,954,382.24** | **199,988,595.56** | **844,769,562.16** | **206,229,991.69** |
| II.Non-offset deferred income tax liabilities | | | | |
| 1.Prepaid land VAT | 3,438,594.35 | 859,648.59 | 3,438,594.35 | 859,648.59 |

| | | | | |
|---|---|---|---|---|
| 2.Available-for-sale finance assets – Pulin electricity | | | | |
| 3.Available-for-sale finance assets – Bohai lease | 304,024,905.97 | 76,006,226.49 | 304,024,905.97 | 76,006,226.49 |
| 4.Available-for-sale finance assets – Jianan hi-tech | 81,525.34 | 20,381.33 | 81,525.34 | 20,381.33 |
| 5.Available-for-sale finance assets – Zhengye hi-tech | 75,216.25 | 18,804.06 | 75,216.25 | 18,804.06 |
| 6.Available-for-sale finance assets – Guosen securities | 25,980.00 | 6,495.00 | 25,980.00 | 6,495.00 |
| 7.Available-for-sale finance assets– Zhongjin Gold | 4,010,039.44 | 1,002,509.86 | 4,010,039.44 | 1,002,509.86 |
| 8.Long-term account receivables and unrealized finance income | 237,457,482.26 | 59,364,370.57 | 237,457,482.26 | 59,364,370.57 |
| Total | **549,113,743.61** | **137,278,435.90** | **549,113,743.61** | **137,278,435.90** |
| III.Offset amount | | | | |
| IV.Offset deferred income tax assets | **799,954,382.24** | **199,988,595.56** | **844,769,562.16** | **206,229,991.69** |
| Offset deferred income tax liabilities | **549,113,743.61** | **137,278,435.90** | **549,113,743.61** | **137,278,435.90** |

**20. Short-term Borrowings**

(1)Short-term borrowings classification

| **Classification** | Ending balance | Beginning balance |
|---|---|---|
| Credit borrowings | 5,145,000,000.00 | 9,813,450,000.00 |
| Guarantee borrowings | 1,785,339,456.00 | 3,711,350,629.79 |
| Mortgage borrowings | 79,612,734.64 | 278,600,000.00 |
| Pledge borrowings | 993,044,420.79 | 106,691,751.29 |
| Entrusted loan | 40,000,000.00 | |
| **Total** | **8,042,996,611.43** | **13,910,092,381.08** |

Notes 1: The Company has no matured and outstanding short-term borrowings in the accounting period.

Notes 2: Guarantee borrowings at end of current period amount to RMB1,785,339,456.00 yuan. The guarantee companies include Tianjin Port FTZ Investment Co., Ltd., Tianjin T&B Holding Co., Ltd, Tianjin Airport International Logistic Co., Ltd.,Tianjin T&B Finance Co., Ltd. and Tianjin Airport International Automobile Park Development Co., Ltd.

Notes 3: The mortgage borrowings at end of current period amount to RMB79,612,734.64 yuan. The mortgages include Jinguang 4S store locating in No.1 of No.8 Huanhe West Road of Tianjin Airport Economic Zone, properties and land use rights locating in No. 20 and 22 middle road in automobile park of Tianjin Airport Economic Zone, properties locating in No.12 middle road in automobile park of Tianjin Airport Economic Zone and properties of Tianjin Airport Automobile Inspection Co., Ltd, 6282.78 ㎡ properties and 14277 ㎡ lands in No.185 Jinbin Road of Free Trade Zone, No. 115031302216 Tianjin Certificate of Property Ownership and future transfer incomes and rights to yields of 8 ㎡, 4 ㎡, 2 ㎡ lands, and properties (No. 115031401028 Tianjin Certificate of Property Ownership) in No.131 Binhai Road 9 of Free Trade Zone.

Notes 4: The pledge borrowings at end of current period amount to RMB993,044,420.79 yuan. The pledges include certificates of vehicle quality, certificates of vehicle import and export and the Company’s fixed deposit receipts.

**21.Bills payable**

| Type | Closing balance | Opening balance |
|---|---|---|
| Bank Acceptance | 509,168,059.84 | 711,500,391.95 |
| Trade acceptance | | |
| **Total** | 509,168,059.84 | 711,500,391.95 |

**22. Accounts Payable**

(1) Listed as per the account aging

| Aging | Closing balance | Opening balance |
|---|---|---|
| Within 1 year | 495,254,811.32 | 784,978,498.32 |
| 1-2 years | 211,617,069.92 | 307,495,642.62 |
| 2-3 years | 115,477,642.13 | 359,144,374.54 |
| Over 3 years | 266,915,303.66 | 57,294,098.14 |
| **Total** | **1,089,264,827.03** | **1,508,912,613.62** |

(2) The top 5 units of accounts payable amount on June 30, 2015 are as follows.

| Entity Name | Business | Closing balance | Proportion (%) |
|---|---|---|---|
| Tianjin Chengtou Real estate Investment Development Co., Ltd. | Finance lease payment | 250,000,000.00 | 22.95 |

| | | | |
|---|---|---|---|
| Bositeng International Trading Co., Ltd. in Tianjin Port Free Trade Zone | Project Funds | 112,676,817.00 | 10.34 |
| China Construction 5th Engineering Bureau Co., Ltd. | Project Funds | 102,719,081.70 | 9.43 |
| China Construction 8th Engineering Bureau Co., Ltd. | Project Funds | 86,145,108.40 | 7.91 |
| China Construction 3nd Engineering Bureau Co., Ltd. | Project Funds | 73,805,378.00 | 6.78 |
| **Total** | | **625,346,385.10** | **57.41** |

**23.Payment receivable in advance**

(1)Stated by aging

| Items | Closing balance | |
|---|---|---|
| | **Amount** | **Proportion(%)** |
| Within 1 year | 900,911,647.19 | 80.79 |
| 1-2 years | 117,290,603.89 | 10.51 |
| 2-3 years | 64,067,192.47 | 5.75 |
| Over 3 years | 32,874,782.85 | 2.95 |
| **Total** | **1,115,144,226.40** | **100.00** |

Continuous

| Items | Beginning balance | |
|---|---|---|
| | **Amount** | **Proportion(%)** |
| Within 1 year | 1,352,822,192.31 | 88.94 |
| 1-2 years | 128,446,666.83 | 8.45 |
| 2-3 years | 32,500,760.62 | 2.14 |
| Over 3 years | 7,203,829.56 | 0.47 |
| **Total** | **1,520,973,449.32** | **100.00** |

(2) The top 5 units of the deposit received amount on June 30, 2015 are as follows.

| Entity Name | Business | Closing balance | Proportion |
|---|---|---|---|
| Tangshan Fengrun Gangsheng Trade Co., Ltd. | Goods | 220,026,639.24 | 19.73 |
| Tianjin Expressway Group Co., Ltd. | Lease | 68,649,300.00 | 6.16 |
| Tangshan Xinxin Special Steel Co., Ltd. | Goods | 62,529,059.00 | 5.61 |
| Tianjin Haihe Construction Development Investment Co., Ltd. | Lease | 20,361,200.00 | 1.83 |
| Jiacheng International Trade Co., Ltd. | Goods | 25,369,280.00 | 2.27 |

| | | | |
|---|---|---|---|
| **Total** | | **396,935,478.24** | **35.60** |

**24. Wage payable**

| Items | Beginning amount payable | Amount payable in current period | Paid in current period | Ending amount payable |
|---|---|---|---|---|
| I. Salary, bonus, allowance & subsidy | 24,986,848.65 | 122,264,472.30 | 133,983,436.17 | 13,267,884.78 |
| II.Employee welfare | 8,258.00 | 4,660,055.38 | 4,656,241.38 | 12,072.00 |
| III.Social insurance and housing fund | 428,500.10 | 44,815,847.71 | 44,575,792.42 | 668,555.39 |
| IV.Labor union expenditure and employee education | 7,358,803.53 | 3,542,476.83 | 1,005,086.65 | 9,896,193.71 |
| V.Non-monetary benefits | | | | |
| VI.Short-term paid absence | | | | |
| VII.Short-term profit sharing | | | | |
| VIII.Annuity | | 3,723,831.60 | 3,663,797.28 | 60,034.32 |
| Including:: cash dividends | | | | |
| **Total** | **32,782,410.28** | **179,006,683.82** | **187,884,353.90** | **23,904,740.20** |

**25. Tax Payable**

| **Items** | **Closing balance** | **Opening balance** |
|---|---|---|
| VAT | -25,492,633.07 | -38,661,642.76 |
| Business tax | 15,515,927.78 | -7,161,045.95 |
| Construction tax | 1,336,746.01 | 307,196.12 |
| Enterprise income tax | 108,749,369.50 | 155,201,701.16 |
| Individual income tax | 146,864.92 | 2,135,917.61 |
| Property tax | -762,913.43 | 1,147,237.26 |
| Land VAT | -65,492,512.47 | -55,134,266.54 |
| Stamp tax | 802,509.61 | 2,696,222.31 |
| Land use tax | -551,081.97 | 18,194.11 |
| Educational surtax | 599,820.55 | 179,097.67 |
| Local educational surtax | 701,097.85 | 383,353.55 |
| Flood fee | 177,720.03 | 23,655.10 |

| | | |
|---|---|---|
| Others | -721,862.04 | 37,188.06 |
| **Total** | **35,009,053.27** | **61,172,807.70** |

**26. Interest Payable**

| Items | Closing balance | Opening balance |
|---|---|---|
| Interests of long-term borrowings whose principal is paid at maturity date and whose interests are paid in installments | | |
| Enterprise bond interests | 190,667,598.94 | 240,262,727.91 |
| Interests payable for bank borrowings | 10,849,635.25 | 17,504,442.95 |
| Interests of preferred stock\perpetual capital securities as finance debts | | |
| **Total** | **201,517,234.19** | **257,767,170.86** |

**27. Other Payables**

(1)Other payables stated by aging

| Items | Closing balance | Opening balance |
|---|---|---|
| Within 1 year | 1,058,664,725.19 | 790,467,419.78 |
| 1-2 years | 104,881,985.91 | 24,881,985.91 |
| 2-3 years | 121,294,432.92 | 121,294,432.92 |
| Over 3 years | 231,982,000.66 | 231,982,000.66 |
| **Total** | **1,516,823,144.68** | **1,168,625,839.27** |

(2) The top 5 units of other payables amounts are as follows on June 30, 2015.

| Company name | Content | Closing balance | Proportion(%) |
|---|---|---|---|
| Tianjin Airport Free Trade Zone Land Development Investment Co., Ltd | Current account | 222,739,279.33 | 14.68 |
| Tianjin Harbor Investment Holding Co., Ltd | Intention | 200,000,000.00 | 13.19 |
| Tianjin Juchuan Investment Corp. Ltd | Intention | 150,000,000.00 | 9.89 |
| Tianjin Ziguang Zhanxun Technology Co., Ltd. | The 3rd party | 75,000,000.00 | 4.94 |
| Tianjin Airport Economic Zone Land Bureau | Land compensation | 110,000,000.00 | 7.25 |
| **Total** | | **757,739,279.33** | **49.95** |

**28. Non-current Liabilities due within one year**

| Items | Closing balance | Opening balance |
|---|---|---|
| Long-term loans due within one year | 2,952,518,756.42 | 1,416,280,000.00 |

| | | |
|---|---|---|
| Bond payables due within one year | 31,936,704,575.35 | |
| **Total** | **34,889,223,331.77** | **1,416,280,000.00** |

**29.Other Current Liabilities**

| Items | Closing Balance | Opening Balance |
|---|---|---|
| Provision for Land VAT | 113,998,258.29 | 96,924,001.45 |
| **Total** | **113,998,258.29** | **96,924,001.45** |

**30.Long-term borrowings**

(1)Long-term borrowings s Classification

| Classification | Closing balance | Opening balance |
|---|---|---|
| Credit borrowings | 8,865,500,000.00 | 8,245,200,000.00 |
| Mortgage borrowings | 500,000,000.00 | 3,740,130,000.00 |
| Guarantee borrowings | 8,836,490,000.00 | 4,189,338,756.42 |
| Pledge borrowings | 1,873,930,000.00 | 1,078,100,000.00 |
| **Total** | **20,075,920,000.00** | **17,252,768,756.42** |

Notes 1: The Company has no matured and outstanding long-term borrowings in the accounting period.

Notes: Guarantee borrowings at end of current period amount to RMB8,836,490,000.00 yuan. The guarantee companies include Tianjin Free Trade Zone Investment Holding Group Co., Ltd , Tianjin T&B Holding Co., Ltd., Tianjin T&B Finance Co., Ltd. , Tianjin Port FTZ Investment Co., Ltd. And Tianjin T&B Thermal power Co., Ltd.

Notes 2: The mortgage borrowings at end of current period amount to RMB500,000,000.00 yuan. The mortgages include future transfer incomes and rights to yields of Fuguang House.

Besides the mortgages, Tianjin Port FTZ Investment Co., Ltd. provides the joint liability guaranty.

Notes 3: The pledge borrowings at end of current period amount to RMB1,873,930,000.00 yuan. The pledges include development costs and yields of consolidation lands, and yields of other finance leases. Tianjin Port FTZ Investment Co., Ltd. provides the joint liability guaranty.

**31. Bonds Payable**

| Bond Name | Book Value | Issue Date | Maturity | Interest | Beginning interest payable | Accrued interest in current year | Interest paid in current year | Ending interest payable | Ending balance |
|---|---|---|---|---|---|---|---|---|---|
| 2015Perpet | | 2015-5-4 | 2020-5-4 | 6 | | 18,739,726.03 | | 18,739,726.03 | 18,739,726.03 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| ual Bond phase I | | | | | | | | | |
| 07 T&B Investment Bond | 1,200,000,000.00 | 2007-6-19 | 2017-6-18 | 4.7 | 30,550,000.00 | 27,576,153.33 | 56,402,820.00 | 1,723,333.33 | 1,200,000,000.00 |
| 10 T&B Investment Bond | 2,000,000,000.00 | 2010-3-15 | 2020-6-14 | 4.99 | 79,008,333.33 | 32,379,721.42 | 79,008,333.33 | 32,379,721.42 | 2,000,000,000.00 |
| 11 T&B Investment Bond | 2,000,000,000.00 | 2011-6-8 | 2017-6-7 | 6.256 | 8,284,222.22 | 35,340,777.78 | 36,395,333.33 | 7,229,666.67 | 2,000,000,000.00 |
| **Total** | 10,200,000,000.00 | | | | 293,638,171.98 | 220,640,762.13 | 454,206,486.66 | 60,072,447.45 | 5,218,739,726.03 |

Notes: accrued interests of T&B investment bonds at end of year are included into interest payable.

**32. Long-term Account Payable**

| Items | Closing balance | Opening balance |
|---|---|---|
| Finance Bureau of Tianjin Airport Free trade zone | 17,703,194.44 | 17,703,194.44 |
| CIT Finance Lease Co., Ltd | 11,945.96 | 15,654.37 |
| Bohai Steel Group (Tianjin) Finance Lease Co., Ltd | 344,000,000.00 | 133,470,355.73 |
| Xinyuan Financing Lease (Tianjin) Co., Ltd. | 783,364,462.49 | 0.00 |
| Everbrght Finance Lease | 736,000,000.00 | 0.00 |
| **Total** | **1,881,079,602.89** | **151,189,204.54** |

**33. Special Account Payable**

| Company Name | Content | Ending balance |
|---|---|---|
| Finance Bureau of Tianjin Airport Free trade zone Management Committee | Other appropriation – others | 140,000,000.00 |
| | Special appropriation –special project | 44,627,741.41 |
| | Infrastructure appropriation – infrastructure project | 13,620,488.00 |
| | Other appropriation – T&B construction project | 2,652,143.50 |
| | Other appropriation – T&B investment projects | 1,366,923.00 |
| Tianjin Environment Bureau | Special appropriation –special projects | 2,898,000.00 |
| Old Thermal Restruction | Change appropriation – change projects | 1,822,991.00 |
| Tianjin Finance Bureau | Special appropriation –special projects | 1,550,000.00 |

| | | |
|---|---|---|
| Jiusan Group Tianjin Bean Hi-Tech Co., Ltd | Other appropriation – airport projects | 640,000.00 |
| Finance Bureau of Tianjin Binhai New District | Special appropriation –special projects | 500,000.00 |
| Tianjin Heat Supply Office | Other appropriation – others | 395,986.40 |
| Tianjin Government Information Office | Special appropriation –special projects | 100,000.00 |
| Tianjin JPY Ion-tch Co., Ltd | Other appropriation – airport projects | 8,075.00 |
| Chinatex Oil (Tianjin) Co., Ltd. | Airport projects | 400,000.00 |
| CHIMBUSCO marine Bunker(Tianjin) Co., Ltd. | Airport projects | 320,000.00 |
| Finance Bureau of Tianjin Airport Free trade zone | Finance appropriation | 500,000.00 |
| Finance Bureau of Tianjin Airport Free trade zone | Overhaul | 6,376,629.55 |
| Finance Bureau of Tianjin Airport Free trade zone | Change projects | 5,961,857.29 |
| Finance Bureau of Tianjin Airport Free trade zone | Change & delivery | 690,181.71 |
| Tianjin T&B Public Utility Co., Ltd | Public appropriation | 526,102.24 |
| Finance Bureau of Tianjin Airport Free trade zone | Infrastructure projects | 13,923,2081.03 |
| Finance Bureau of Tianjin Airport Free trade zone | Infrastructure delivery | 20,037,923.45 |
| Finance Bureau of Tianjin Airport Free trade zone | Overhaul | 175,608.36 |
| Finance Bureau of Tianjin Airport Free trade zone | Special projects | 19,793.25 |
| Tianjin Municipal Science & Technology Commission | Special projects of science & technology commission | 15,806.56 |
| Finance Bureau of Tianjin Airport Free trade zone | Equipment depreciation | -62,912,675.87 |
| Tianjin Municipal Finance Bureau | Special projects of municipal administration | 7,500,000.00 |
| Finance Bureau of Tianjin Airport Free trade zone | Special projects | 5,362,059.31 |
| Tianjin Drainage Management Bureau | Pipeline reconstruction for rain water pump station | 2,868,188.00 |
| Finance Bureau of Tianjin Airport Free trade zone | Nanyang walls | 690,000.00 |
| Tianjin Municipal Science & Technology Commission | Tianjin 2014 science & technology activities | 90,000.00 |
| Finance Bureau of Tianjin Airport Free trade zone | Innovation contest | 365,169.64 |

| | | |
|---|---|---|
| Tianjin Municipal Finance Bureau | Self design and development of equipment, supporting facilities and raw materials | 7,000,000.00 |
| Tianjin Municipal Finance Bureau | Fuso biological special projects | 10,000,000.00 |
| Tianjin Municipal Finance Bureau | Heat source and sewage treatment subsidies for textile industrial park | 600,000.00 |
| Tianjin Municipal Finance Bureau | 2010 tourism development subsidies | 100,000.00 |
| Finance Bureau of Tianjin Airport Free trade zone | Sewage treatment plant reconstruction and network construction | 137,900,000.00 |
| Finance Bureau of Tianjin Binhai New District | Airport passenger tourism | 7,960,650.00 |
| Tianjin Municipal Finance Bureau | The incubation transforming carrier project of the national digital publishing industry | 12,000,000.00 |
| Tianjin Municipal Finance Bureau | Circular transformation demonstration garden special fund subsidies | 630,000.00 |
| **Total** | | **514,591,722.83** |

**34. Capital Stock**

| Items | Beginning balance | | Increase in current period | Decrease in current period | Ending balance | |
|---|---|---|---|---|---|---|
| | Amount | Proportion (%) | | | Amount | Proportion (%) |
| Tianjin Port Free Trade Zone State-Asset Supervision and Administration Commission | 17,471,000,000.00 | 100 | | | 17,471,000,000.00 | 100 |
| **Total** | **17,471,000,000.00** | **100** | | | **17,471,000,000.00** | **100** |

**35. Other Equity Instruments**

(1) The company issued perpetual bonds valuing RMB 2,000,000,000 on April 29, 2014, and CITIC Securities Co ., Ltd. was the principal underwriter. Issuing period: available consistently before the date of agreed redemption according to the issuance provisions. Issuing interest: issued at par, the issuing interest will be recorded and filed and the centralized allocation will be determined ultimately. The raised fund will be used to repay the bank loan and optimize the debt structure.

(2)Changes of financial instruments including the outstanding preferred shares and perpetual capital securities at the end of the term

| Outstanding Financial Instruments | Balance at the Beginning | | Increase in current Period | | Reduction in This Period | | Balance at the End | |
|---|---|---|---|---|---|---|---|---|
| | Quantity | Book | Quantity | Book Value | Quantity | Book | Quantity | Book Value |

| | | Value | | | | Value | | |
|---|---|---|---|---|---|---|---|---|
| First-stage perpetual capital securities in 2015 | | | | 2,000,000,000.00 | | | | 2,000,000,000.00 |
| **Total** | | | | **2,000,000,000.00** | | | | **2,000,000,000.00** |

### 36. Capital Reserve

| Items | Beginning balance | Increase in current period | Decrease in current period Amount | Ending balance |
|---|---|---|---|---|
| Free transfer of fixed assets | 726,081,504.41 | | | 726,081,504.41 |
| Special appropriation | 1,590,325,689.34 | | | 1,590,325,689.34 |
| Other capital reserve | 8,468,535,908.54 | | | 8,468,535,908.54 |
| **Total** | **10,784,943,102.29** | | | **10,784,943,102.29** |

### 37. Other Comprehensive Income

| Items | Beginning Balance | Amount in the current year | | | | | Ending Balance |
|---|---|---|---|---|---|---|---|
| | | Amount before income tax in current year | Less: amount recorder into other comprehensive income in prior period and carried forward to current profits and losses | Less: income tax | Attributable to parent company after tax | Attribut able to minority after tax | |
| I.Other comprehensive income not reclassified into future profits and losses | | | | | | | |
| Including: Changes of net liabilities or assets of beneficial plans after remeasurement | | | | | | | |
| Shares of other comprehensive income of invested party not reclassified into profits | | | | | | | |

| Items | Beginning Balance | Amount in the current year | | | | | Ending Balance |
|---|---|---|---|---|---|---|---|
| | | Amount before income tax in current year | Less: amount recorder into other comprehensive income in prior period and carried forward to current profits and losses | Less: income tax | Attributable to parent company after tax | Attributable to minority after tax | |
| and losses under the equity method | | | | | | | |
| …… | | | | | | | |
| II.Other comprehensive income reclassified into future profits and losses | | | | | | | |
| Including:Shares of other comprehensive income of invested party reclassified into profits and losses under the equity method | | | | | | | |
| Profits and losses of fair value changes of Financial assets available for sale | 209,622,531.87 | | 193,442,081.05 | | -193,442,081.05 | | 16,180,450.82 |
| Profits and losses of held-to-maturity investment reclassified as Financial assets available for sale | | | | | | | |
| Significant part of profits and losses of cash flow hedge | | | | | | | |
| Currency translation differences in financial | | | | | | | |

| Items | Beginning Balance | Amount in the current year | | | | | Ending Balance |
|---|---|---|---|---|---|---|---|
| | | Amount before income tax in current year | Less: amount recorder into other comprehensive income in prior period and carried forward to current profits and losses | Less: income tax | Attributable to parent company after tax | Attributable to minority after tax | |
| statements | | | | | | | |
| …… | | | | | | | |
| Other total comprehensive income | **209,622,531.87** | | **193,442,081.05** | | **-193,442,081.05** | | **16,180,450.82** |

**38. Surplus Reserve**

| Items | Beginning balance | Increase in current period | Decrease in current period | Ending balance |
|---|---|---|---|---|
| Earned Surplus | 311,111,111.11 | | | 311,111,111.11 |
| Discretionary surplus reserve | | | | |
| Reserve fund | | | | |
| Corporate development fund | | | | |
| **Total** | **311,111,111.11** | | | **311,111,111.11** |

**39.Undistributed Profits**

| Items | Amount | Withdrawing or distribution ratio |
|---|---|---|
| Unadjusted undistributed profits at end of prior period | -49,617,363.47 | |
| Total beginning undistributed profits under adjustment (increase +, decrease -) | -8,868,255.43 | |
| Beginning adjusted undistributed profits | -58,485,618.90 | |
| Plus: net profits attributable to owners of the parent company in current period | 819,265,703.46 | |
| Less: legal surplus reserve | | |
| Discretionary surplus reserve | | |
| General risk reserve | | |
| Common stock dividends | | |
| Common stock dividends transferred to stock capital | | |
| Director reward fund | | |
| **Ending Undistributed Profits** | 760,780,084.56 | |

**40. Operating income and Cost**

| Items | Amount in the current year | | Amount in the last year | |
|---|---|---|---|---|
| | Income | Cost | Income | Cost |
| Main Business | 3,241,749,753.44 | 2,770,875,376.94 | 4,735,603,199.42 | 4,069,957,288.42 |
| Other business | 73,288,795.38 | 6,109,248.08 | 120,457,974.47 | 9,056,477.33 |
| Interest income | 235,830,113.81 | 196,300,336.56 | 192,512,019.20 | 165,134,591.08 |
| Procedure charges and commissions | 7,770,776.71 | 39,710.81 | 7,195,322.64 | 114,820.85 |
| **Total** | **3,558,639,439.34** | **2,973,324,672.39** | **5,055,768,515.73** | **4,244,263,177.68** |

All business incomes are as followed:

| Items | Amount in the current year | |
|---|---|---|
| | Income | Cost |
| Main Business | | |
| Including: Property sales | 393,983,445.60 | 252,510,439.44 |
| Transportation | 2,434,473,692.74 | 2,229,583,251.17 |
| Municipal public | 375,213,706.85 | 327,170,216.10 |
| Finance investment | 243,600,890.52 | 140,946,955.02 |
| Others | 38,078,908.25 | 17,004,562.58 |
| Subtotal | 3,485,350,643.96 | 2,967,215,424.31 |
| Other Business | | |
| Including：Property sales | | |
| Transportation | 5,135,882.28 | 252,800.76 |
| Municipal public | 2,621,410.25 | 5,816,736.51 |
| Finance | | |
| Others | 65,531,502.85 | 39,710.81 |
| Subtotal | 73,288,795.38 | 6,109,248.08 |
| Total | **3,558,639,439.34** | **2,973,324,672.39** |

**41.Financial Expense**

| Items | June 30, 2015 | June 30, 2014 |
|---|---|---|
| Interest Expense | 790,386,117.55 | 746,917,043.66 |
| Less: interest income | 56,795,857.32 | 58,843,410.56 |

| | | |
|---|---|---|
| Other | | |
| Exchange loss | | 648,478.88 |
| Less: exchange earnings | 2,958,821.01 | |
| Procedure charges | 26,200,564.98 | 3,961,731.60 |
| **Total** | **756,832,004.20** | **692,683,843.58** |

**42. Assets Impairment**

| Items | June 30, 2015 | June 30, 2014 |
|---|---|---|
| Bad debt loss | 8,071,404.13 | 64,049,060.31 |
| Inventory falling price loss | | |
| Available-for-sale finance assets impairment | | |
| Held-for-maturity investment impairment | | |
| Long-term equity investment impairment | | |
| Investment property impairment | | |
| Fixed assets impairment | | |
| Engineering materials impairment | | |
| Impairment of projects under construction | | |
| Productive biological assets impairment | | |
| Oil & gas assets impairment | | |
| Intangible assets impairment | | |
| Loan impairment | 56,628,000.00 | 24,526,443.40 |
| Other | | |
| **Total** | **64,699,404.13** | **88,575,503.71** |

Notes: bad debt losses include impairment of long-term account receivables.

**43. Investment income**

| Investment Name | June 30, 2015 | June 30, 2014 |
|---|---|---|
| Income of long-term equity investment accounted by cost method | 1,640,304.93 | 15,395,158.28 |
| Income of long-term equity investment accounted by equity method | 445,875,097.13 | 479,252,561.88 |
| Investment income arising from disposing long-term equity investment | | |
| Investment income of finance assets measured by fair value and whose changes are recorded into current profits and losses during their holding period | | |

| | | |
|---|---|---|
| Investment income arising from disposing finance investment measured by fair value and whose changes are recorded into current profits and losses | 698,719,399.25 | |
| Investment income of held-to-maturity investment during its holding period | 32,799,318.38 | 100,798,997.63 |
| Investment income of available-for-sale finance investment during its holding period | 862,308.56 | |
| Investment income arising from disposing held-to-maturity investment | | |
| Investment income arising from disposing available-for-sale finance investment | -6,000.00 | 7,660,163.66 |
| **Total** | **1,179,890,428.25** | **603,106,881.45** |

**44.Non-operating Income**

| Items | June 30, 2015 | June 30, 2014 | Amount recorded into current non-recurring profits and losses |
|---|---|---|---|
| Total income from disposing non-current assets | 123,144,281.21 | | 123,144,281.21 |
| Including: Income from disposing fixed assets | 123,144,281.21 | | 120,763,416.42 |
| Income from disposing intangible assets | | | |
| Income from debt restructuring | | | |
| Income from non-monetary asset exchange | | | |
| Denotion received | | 6,380.00 | |
| Governmental subsidies | 439,111,580.43 | 486,754,699.82 | 439,111,580.43 |
| Others | 5,553,851.24 | 51,079,666.59 | 5,553,851.24 |
| **Total** | **567,809,712.88** | **537,840,746.41** | **567,809,712.88** |

All subsidies are as followed:

| Governmental Subsidy Class | | Amount recorded into current profits and losses | |
|---|---|---|---|
| | | June 30, 2015 | June 30, 2014 |
| Income-related government subsidies | Financial discount | 36,698,415.40 | 41,595,619.48 |
| | Financial subsidies | 360,000,000.00 | 270,000,000.00 |
| | Vanke Milestone Deshang Interest subsidy | 3,183,840.00 | |
| | Operation subsidy | 21,931,687.83 | 14,560,019.42 |
| | Depreciation subsidy | 1,490,890.28 | 2,080,744.88 |
| | Finance appropriation | 12,903,984.86 | 4,068,616.00 |

| | | | |
|---|---|---|---|
| | Finance Bureau Commercial square subsidy | | 5,420,000.00 |
| | Other subsidy | 2,902,762.06 | 149,029,700.04 |
| **Total** | | **439,111,580.43** | **486,754,699.82** |

**45. Non-operating Expense**

| Items | June 30, 2015 | June 30, 2014 | Amount recorded into current non-recurring profits and losses |
|---|---|---|---|
| Total loss from disposing non-current assets | 21,136,217.41 | 344,492.47 | 21,136,217.41 |
| Including: Loss from disposing fixed assets | 21,136,217.41 | 344,492.47 | 21,136,217.41 |
| Loss from disposing intangible assets | | | |
| Loss from debt restructuring | | | |
| Loss from non-monetary asset exchange | | | |
| Givings | | 1,228,900.00 | |
| Others | 14,031,059.36 | 12,128,432.14 | 14,031,059.36 |
| **Total** | **35,167,276.77** | **13,701,824.61** | **35,167,276.77** |

**46. Income Tax Expense**

| Items | June 30, 2015 | June 30, 2014 |
|---|---|---|
| Current income tax | 205,047,435.64 | 127,418,152.04 |
| Deferred income tax | 6,241,396.13 | 16,090,381.54 |
| Others | | |
| **Total** | **211,288,831.77** | **143,508,533.58** |

**47. Supplement to Statement of Cash Flow**

(1)Supplement to Statement of Cash Flow

| Supplement | June 30, 2015 | June 30, 2014 |
|---|---|---|
| **I. Adjust net profits to cash flow of operations** | | |
| Net profits | 894,862,002.14 | 566,792,869.53 |
| Plus: impairment reserve | 76,199,404.13 | 43,422,947.11 |
| Depreciation of fixed assets, oil & gas assets, and productive biological assets | 131,137,238.59 | 68,425,194.41 |
| Intangible assets amortization | 3,801,275.24 | 27,913,045.23 |
| Long-term unamortized expense | 2,798,653.41 | 1,399,326.71 |
| Losses from disposing fixed assets, intangible assets and other long-term assets (income -) | -102,008,063.80 | 344,492.47 |

| | | |
|---|---|---|
| Losses on retirement of fixed assets (income -) | | |
| Losses on fair value changes (income -) | | |
| Financial expense (income -) | 785,097,838.85 | 747,565,522.54 |
| Investment loss (income -) | -1,179,890,428.25 | -603,106,881.45 |
| Decreases of deferred income tax assets (increase -) | -1,350,435.13 | -16,090,381.54 |
| Increase of deferred income tax liabilities (decrease -) | | |
| Inventory decrease (increase -) | -412,235,384.94 | 340,138,061.67 |
| Decrease of operational receivables (increase -) | 1,369,626,063.79 | 265,131,857.93 |
| Increase of operational payables (decrease -) | -714,653,460.72 | 61,759,000.64 |
| Others | | |
| Net cash flow of operations | 853,384,703.31 | 1,503,695,055.24 |
| **II.Major investments and fundraising not involving cash** | | |
| Capital transferred from debt | | |
| Convertible enterprise bonds due within one year | | |
| Fixed assets transferred from finance lease income | | |
| **III.Net changes of cash and cash equivalents** | | |
| Ending cash balance | 19,237,356,057.55 | 9,129,349,041.06 |
| Less: beginning cash balance | 12,121,519,295.59 | 9,723,371,117.84 |
| Plus: ending cash equivalent balance | | |
| Less: beginning cash equivalent balance | | |
| Net increase of cash and cash equivalents | 7,115,836,761.96 | -594,022,076.78 |

(2)Components of Cash and Cash Equivalents

| Items | End balance | Beginning balance |
|---|---|---|
| I.Cash | 19,237,356,057.55 | 12,121,519,295.59 |
| Including ： Treasury cash | 341,903.85 | 105,731.72 |
| Bank deposit on hand | 19,235,229,062.99 | 12,113,805,554.31 |
| Other currency cash on hand | 1,785,090.71 | 7,608,009.56 |
| Deposit in central bank on hand | | |
| Deposits in other banks | | |
| Loans from other banks | | |
| II.Cash equivalent | | |
| Including :Bond investment due within three months | | |
| III.Ending cash and cash equivalent balance | 19,237,356,057.55 | 12,121,519,295.59 |
| Including ： Cash and cash equivalents with limited use for parent or subsidiaries | | |

**48.Assets with Limited Ownership or Use Right**

(1)Investment properties not granted with certificate of title yet

| Items | Book Value | Reason for Title Certificate not Granted yet |
|---|---|---|
| Monetary funds | 522,860,338.47 | Deposit pledged, acceptance draft,L/C Deposit |
| Development Cost | 6,771,184,096.23 | Mortgage loans |
| Account receivables | 2,709,660,000.00 | Accounts receivable pledge loan |
| Fixed assets | 370,089,365.18 | Mortgage loans |
| Fixed assets-T &B Thermoelectric production Room | 205,755,140.31 | Property certificate is not completed |
| Investment real estate | 11,967,499.95 | Mortgage loans |
| Construction in process | 159,035,600.00 | Mortgage loans |
| Long-term equity Investment | 1,000,000,000.00 | Equity pledge |
| Total | **11,750,552,040.14** | |

## VII. Related Parties and Transactions

1. Investors of the Company

| **Investor** | **Proportion (%)** | **Investor's voting ratio in the Company (%)** |
|---|---|---|
| Tianjin Port Free Trade State-owned Asset Administration Commission | 100 | 100 |

The final controlling party of the Company is Tianjin Port Free Trade State-owned Asset Administration Commission.

2.Subsidiaries of the Company
Refer to Notes V. 1. Equity in subsidiary.

3. Joint and Affiliated Ventures of the Company

Refer to Notes VI "12 (3) long-term equity investment accounted by equity method" for more information about joint and affiliated ventures.

4.The Company has no need to disclose transactions and balances of affiliated parties in current period.

## VIII. Lease

(1)The balance of unrecognized finance expense of finance lease is RMB569,236,124.49 yuan.

①Beginning and ending amount, accumulative depreciation and accumulative impairment reserve of all types of lease fixed assets are as followed:

| Lease Project | Beginning amount | Increase in current period | Depreciation in current period | Ending amount | Lease type |
|---|---|---|---|---|---|
| Technology Building | 249,466,661.09 | | 7,475,464.05 | 241,991,197.04 | Fixed assets |
| Road 2 of No.1 Bridge in Airline | 302,820,000.00 | | | 302,820,000.00 | Projects under construction |

| | | | | | |
|---|---|---|---|---|---|
| Town | | | | | |
| Airport business park B 8# | 372,420,000.00 | | | 372,420,000.00 | Development products |
| Air passenger A320 large component transport fixture | 159,035,600.00 | | | 159,035,600.00 | Projects under construction |
| CIT office equip. | 12,886.07 | | 2,026.26 | 10,859.81 | Fixed assets |
| 19 Infrastructure | 849,938,900.00 | | | 849,938,900.00 | Projects under construction |
| Wanshun Ronghe 6 apartments | 39,458,707.68 | | 1,170,584.64 | 38,288,123.04 | Fixed assets |
| Commercial park, blg 5 &9 | 500,780,000.00 | | | 500,780,000.00 | Development products |
| Commercial park, west district, bldg. 5, 7, 8 | 353,090,000.00 | | | 353,090,000.00 | Development products |
| Air passenger A320 small component fixed assets, other facilities | 144,000,000.00 | | | 144,000,000.00 | Projects under construction |
| Fuguang Blue-collar Apartment | | 500,000,000.00 | 3,958,333.34 | 496,041,666.66 | Fixed assets |
| 7 items of Infrastructure | | 135,000,000.00 | | 135,000,000.00 | Projects under construction |
| Nine-year education school and library | | 400,000,000.00 | | 400,000,000.00 | Projects under construction |
| 23 items of Infrastructure | | 600,000,000.00 | | 600,000,000.00 | Projects under construction |
| The second lane of Guihua Road and drainage project | | 300,000,000.00 | | 300,000,000.00 | Projects under construction |
| Aviation industry support center | | 101,860,000.00 | | 101,860,000.00 | Investment real estate |
| Sport center | | 83,917,080.00 | | 83,917,080.00 | Investment real estate |
| 21 items of infrastructure including first-stage sewage pumping station in the north | | 800,000,000.00 | | 800,000,000.00 | Projects under construction |
| **Total** | **2,971,022,754.84** | **2,920,777,080.00** | **12,606,408.29** | **5,879,193,426.55** | |

(2)All leaseback transactions and their contract terms are as followed:

①Tech Building

On May 17, 2012 the Company signed a transfer contract with Tianjin Tianbao Leasing Co., Ltd. (T&B

Leasing), transferring houses and buildings whose original book value amounts to RMB202.03 million and book value amounts to RMB178.84 million from fixed assets to T&B Leasing at a transfer price of RMB280.07 million. On the same day the Company and T&B Leasing signed a lease contract of these houses and buildings with a term from May 17, 2012 to May 16, 2017, totally 60 months. The actual rents are based on lease cost and interest. Original leas cost amounts to RMB289.69 million. The lease interest is 10%. According to the assets transfer contract and lease agreement, equipment under the contract shall be purchased by the lease at a price of RMB1 yuan if there is no breach of contract until the lease term expires. A supplement agreement was signed in March 2013 to decrease the lease interest to 9% and extend the lease term to March 28, 2018, annual rent shall be paid every March.

②Road 2 of No.1 Bridge in Airline Town

On May 22, 2012 the Company signed a transfer contract with Tianjin Tianbao Leasing Co., Ltd. (T&B Leasing), transferring buildings (Road 2 of No.1 Bridge in Airline Town) whose original book value amounts to RMB312.53 million from projects under construction to T&B Leasing at a transfer price of RMB302.82 million. On the same day the Company and T&B Leasing signed a lease contract of these projects under construction with a term from May 22, 2012 to May 22, 2017, totally 60 months. The actual rents are based on lease cost and interest. Original leas cost amounts to RMB302.82 million. The lease interest is 10%. According to the assets transfer contract and lessee agreement, equipment under the contract shall be purchased by the lease at a price of RMB1 yuan if there is no breach of contract until the lease term expires.

③Airport business park B 8#

On August 30, 2012 the Company signed a transfer contract with Tianjin Tianbao Leasing Co., Ltd. (T&B Leasing), transferring buildings (Airport business park B 8#) whose original book value amounts to RMB217.51 million from projects under construction to T&B Leasing at a transfer price of RMB311.44 million. On the same day the Company and T&B Leasing signed a lease contract of these projects under construction with a term from August 30, 2012 to May 21, 2017, totally 60 months. The actual rents are based on lease cost and interest. Original leas cost amounts to RMB3702.42 million. The lease interest is 10%. According to the assets transfer contract and lessee agreement, equipment under the contract shall be purchased by the lease at a price of RMB1 yuan if there is no breach of contract until the lease term expires.

④Air passenger A320 large component transport fixture

On September 14, 2012 the Company signed a transfer contract with Tianjin Tianbao Leasing Co., Ltd. (T&B Leasing), transferring equipment (air passenger A320 large component transport fixture) whose original book value amounts to RMB190.23 million from projects under construction to T&B Leasing at a transfer price of RMB158.58 million. On the same day the Company and T&B Leasing signed a lease contract of these equipment with a term from September 14, 2012 to September 13, 2017, totally 60 months. The actual rents are based on lease cost and interest. Original leas cost amounts to RMB159.0356million. The lease interest is 10%. According to the assets transfer contract and lessee agreement, equipment under the contract shall be purchased by the lease at a price of RMB1 yuan if there is no breach of contract until the lease term expires.

⑤19 Infrastructures in Tianjin Airport Economic Zone

On March 22, 2013 the Company signed a transfer contract with Tianjin Tianbao Leasing Co., Ltd. (T&B Leasing), transferring infrastructure (19 Infrastructures in Tianjin Airpor Economic Zon) whose original book value amounts to RMB865.0994 million from projects under construction to T&B Leasing at a transfer price of RMB849.9389 million. On the same day the Company and T&B Leasing signed a lease contract of these equipment with a term from March 22, 2013 to March 18, 2022, totally 9 years The actual rents are based on lease cost and interest. Original leas cost amounts to RMB849.9389 million. The lease interest is 9%. According to the assets transfer contract and lessee agreement, equipment under the contract shall be purchased by the lease at a price of RMB1 yuan if there is no breach of contract until the lease term expires.

⑥Wanshan Ronghe 6 apartments

On September 25, 2014 the Company signed a transfer contract with Tianjin Tianbao Leasing Co., Ltd. (T&B Leasing), transferring houses and buildings whose original book value amounts to RMB49.2553 million ,book value of RMB 40.5990 million from fixed assets to T&B Leasing at a transfer price of RMB40.044 million. On the same day the Company and T&B Leasing signed a lease contract of these equipment with a term from September 28, 2014 to September 26, 2015, totally 1 year. The actual rents are based on lease cost and interest. Original leas cost amounts to RMB40.044 million. The lease interest is 5.40%. According to the assets transfer contract and lessee agreement, equipment under the contract shall be purchased by the lease at a price of RMB1 yuan if there is no breach of contract until the lease term expires.

⑦Buildings No.5 &9 in Commercial Park

On June 17, 2014 the Company signed a transfer contract with Tianjin Tianbao Leasing Co., Ltd. (T&B Leasing), transferring Buildings No.5 &9 in commercial park whose original book value amounts to RMB500.78 million from development products to T&B Leasing at a transfer price of RMB500.78 million. On the same day the Company and T&B Leasing signed a lease contract of these equipment with a term from June 17,, 2014 to March 20, 2017, totally 3 years. The actual rents are based on lease cost and interest. Original leas cost amounts to RMB500.78 million. The lease interest is 7.7650%. According to the assets transfer contract and lessee agreement, equipment under the contract shall be purchased by the lease at a price of RMB1 yuan if there is no breach of contract until the lease term expires.

⑧Buildings No.5, 7 &8 in West District of Commercial Park

On July 30, 2014 the Company signed a transfer contract with Tianjin Tianbao Leasing Co., Ltd. (T&B Leasing), transferring Buildings No.5, 7&8 in west district of commercial park whose original book value amounts to RMB353.09 million from development products to T&B Leasing at a transfer price of RMB353.09 million. On the same day the Company and T&B Leasing signed a lease contract of these equipment with a term from July 30, 2014 to July 29, 2015, totally 1 year. The actual rents are based on lease cost and interest. Original leas cost amounts to RMB353.09 million. The lease interest is 5.7%. According to the assets transfer contract and lessee agreement, equipment under the contract shall be purchased by the lease at a price of RMB1 yuan if there is no breach of contract until the lease term expires.

⑨Air Passenger A320 Small Component Fixed Assets and other Facilities

On October 15, 2014 the Company signed a transfer contract with Bohai Steel Group(Tianjin) Co., Ltd, transferring air passenger A320 small component fixed assets and other facilities whose original book value amounts to RMB144 million from development products to T&B Leasing at a transfer price of RMB144 million. Then the Company leases back these equipment and facilities for 540 days. The actual rents are based on lease cost and interest. Original leas cost amounts to RMB144 million. According to the assets transfer contract and lessee agreement, equipment under the contract shall be purchased by the lease at a price of RMB0 yuan if there is no breach of contract until the lease term expires.

⑩Fuguang Blue-collar Apartment

On March 31, 2015,The company signed an agreement of transfer with Tianjin Tianbao Leasing Co., Ltd. (“T&B Leasing”), and transferred the possession of Fuguang Blue-collar Apartment to Tianbao Leasing at the price of 500 million yuan. Leaseback will be carried out. Then the Company leases back these equipment and facilities for 1800 days. Original leas cost amounts to RMB501.22 million. The lease interest is 5.7%. According to the assets transfer contract and lessee agreement, Apartment under the contract shall be purchased by the lease at a price of RMB1 yuan if there is no breach of contract until the lease term expires.

⑪7 items of Infrastructure

On January 4, 2015， The company signed an agreement of transfer with Tianjin Tianbao Leasing Co., Ltd. (“T&B Leasing”), and transferred the possession of 7 infrastructure assets including first-stage accessorial road of International Car Park in Konggang Economic Zone to Tianbao Leasing at the price of 135 million yuan. Leaseback will be carried out. Then the Company leases back these equipment and facilities for 31 months. Original leas cost amounts to RMB135.0638 million. The lease interest is 6.3%. According to the assets transfer contract and lessee agreement, Infrastructure under the contract shall be purchased by the lease at a price of RMB1 yuan if there is no breach of contract until the lease term expires.

⑫Nine-year education school and library

On March 6, 2015,The company signed an agreement of transfer with Tianjin Tianbao Leasing Co., Ltd. (“T&B Leasing”), and transferred the possession of the nine-year education school and library at the price of 400 million yuan. Leaseback will be carried out. Term of lease is 2 years from March 6, 2015 to March 18, 2017. Original leas cost amounts to RMB400.0805 million. The lease interest is 6.55025%. According to the assets transfer contract and lessee agreement, school and library under the contract shall be purchased by the lease at a price of RMB1 yuan if there is no breach of contract until the lease term expires.

⑬23 items of infrastructure

On April 2015,The company signed an agreement of transfer with Xinyuan Financial Leasing (Tianjin) Co., Ltd. ("Xinyuan Leasing"), which transferred the possession of the 23 items of infrastructure at the price of 600 million yuan to Xinyuan. Leaseback will be carried out and the term of lease is 34 months. The initial lease cost is 600.0934 million yuan. When the date April 20, 2015 is assumed as the lease commencement date, the lease will last to December 31, 2015 and the annual rate of lease is 7.504% (6% floating 8.4%+1%). The contract will end on January 1, 2016, and the annual rate of lease is 8.4%+1% growth of benchmark interest rates for one to three-year loans issued by People's Bank of China. According to the assets transfer contract and lessee agreement, infrastructure under the contract shall be purchased by the lease at a price of RMB1 yuan if there is no breach of contract until the lease term expires.

⑭The second lane of Guihua Road and drainage project

On June 1, 2015, The company signed an agreement of transfer with Tianjin Tianbao Leasing Co., Ltd. ("T&B Leasing"), and transferred the possession of the second lane of Guihua Road and drainage project at the price of 300 million yuan to T&B. Leaseback will be carried out and the term of lease is 3 years. The initial lease cost is 300.077 million yuan and the annual rate of lease is 6.075%. Based on the asset transfer contract and lessee agreement, when there is no breach of contract during the lease term, the second lane of Guihua Road and drainage project stated in the contract will be repurchased at the price of 1 yuan by the lease.

⑮Aviation industry support center

On January 29,2015,The company signed an agreement of transfer with Xinyuan Financial Leasing (Tianjin) Co., Ltd. ("Xinyuan Leasing"), and transferred the possession of the aviation industry support center at the price of 100 million yuan to Xinyuan. Leaseback will be carried out. Term of lease is 3 years. Original leas cost amounts to RMB100.0686 million. The lease interest is 6%. According to the assets transfer contract and lessee agreement, Aviation industry support center under the contract shall be purchased by the lease at a price of RMB1 yuan if there is no breach of contract until the lease term expires.

⑯ Sport Center

On January 29, 2015, The company signed an agreement of transfer with Xinyuan Financial Leasing (Tianjin) Co., Ltd. ("Xinyuan Leasing"), and transferred the possession of the aviation industry sport center at the price of 83.4 million yuan to Xinyuan. Leaseback will be carried out. Term of lease is 1 year. Original leas cost amounts to RMB83.4542 million. The lease interest is 6%. According to the assets transfer contract and lessee agreement, Sport Center under the contract shall be purchased by the lease at a price of RMB1 yuan if there is no breach of contract until the lease term expires.

⑰21 items of infrastructure including first-stage sewage pumping station in the north

On June 29, 2015,The company signed an agreement of transfer with Tianjin Tianbao Leasing Co., Ltd. ("T&B Leasing"), and transferred the possession of 21 items of infrastructure including first-stage sewage pumping station in the north at the price of 800 million yuan to T&B. Leaseback will be carried out and the term of lease is 8 years. The annual rate of lease is 5.484%. According to the assets transfer contract and lessee agreement, 21 items of infrastructure including first-stage sewage pumping station in the north under the contract shall be purchased by the lease at a price of RMB1 yuan if there is no breach of contract until the lease term expires.

**IX. Guaranties**

(In RMB'0000)

| Guaranteed company | Lending Bank | Amount Guaranteed | Due Date |
|---|---|---|---|
| Tianjin T&B Holdings Co., Ltd. | Construction Bank. Tianjin Development Branch | 44,500.00 | 2015.07.04 |
| Tianjin T&B Holdings Co., Ltd. | Bohai Bank. Binhai New District Branch | 50,000.00 | 2015.08.22 |
| Tianjin T&B Holdings Co., Ltd. | North International Trust Co., Ltd. | 15,000.00 | 2017.07.25 |
| Tianjin T&B Holdings Co., Ltd. | North International Trust Co., Ltd. | 85,000.00 | 2017.07.25 |
| Tianjin T&B Holdings Co., Ltd. | Tianjin Bank. Free Trade Zone Sub-branch | 20,000.00 | 2017.06.15 |
| Tianjin T&B Holdings Co., Ltd. | Tianjin Rural Commercial Bank.Hexi Sub-branch | 20,000.00 | 2015.11.27 |
| Tianjin T&B Thermalelectricity Co., Ltd | Tianjin Binhai Rural Commercial Bank. Harbour Sub-branch | 10,000.00 | 2016.02.10 |
| Tianjin T&B Thermalelectricity Co., Ltd | Bohai Bank. Binhai New District Branch | 25,000.00 | 2017.08.16 |
| Tianjin T&B Property Co., Ltd | Agricultural development | 450,000.00 | 2017.06.26 |

| | | | |
|---|---|---|---|
| | Bank | | |
| Tianjin Port FTZ Investment Co., Ltd. | Shanghai Pudong Development Bank | 67,000.00 | 2021.07.31 |
| Tianjin Port FTZ Investment Co., Ltd. | China Construction Bank.Hedong Branch | 160,000.00 | 2019.01.12 |
| Tianjin Port FTZ Investment Co., Ltd. | China Construction Bank..Hedong Branch | 170,000.00 | 2018.03.16 |
| Tianjin Port FTZ Investment Co., Ltd. | Bank of China. Binhai Branch | 113,500.00 | 2023.12.30 |
| Tianjin Port FTZ Investment Co., Ltd. | Huaxia Bank. Binhai New District Branch | 30,000.00 | 2017.09.04 |
| Tianjin Port FTZ Investment Co., Ltd. | Huaxia Bank. Binhai New District Branch | 20,000.00 | 2017.09.23 |
| Tianjin Port FTZ Investment Co., Ltd. | Ping An Bank. Tianjin Branch | 30,000.00 | 2016.05.31 |
| Tianjin Tianbao Leasing Co., Ltd. | Bank of communication. Tianjin Branch | 10,000.00 | 2016.12.21 |
| Tianjin Tianbao Leasing Co., Ltd. | Zheshang Bank.. Tianjin Branch | 30,000.00 | 2017.08.30 |
| Tianjin Tianbao Leasing Co., Ltd. | Huaxia Bank. Tianjin Branch | 30,000.00 | 2015.12.24 |
| Tianjin Tianbao Leasing Co., Ltd. | Bank of communication. Tianjin Branch | 11,360.00 | 2017.09.15 |
| Tianjin Tianbao Leasing Co., Ltd. | Tianjin Rural Commercial Bank.Binhai Branch | 63,500.00 | 2022.03.21 |
| Tianjin Tianbao Leasing Co., Ltd. | Bank of China. Tianjin Free trade zone Branch | 23,000.00 | 2018.03.28 |
| Tianjin Tianbao Leasing Co., Ltd. | China Construction Bank. Tianjin Branch | 38,000.00 | 2016.08.07 |
| Tianjin Tianbao Leasing Co., Ltd. | China Construction Bank. Tianjin Branch | 40,000.00 | 2017.03.13 |
| Tianjin Tianbao Leasing Co., Ltd. | Agricultural Bank of China. Tianjin Free trade zone Branch | 50,000.00 | 2017.03.20 |
| Tianjin Tianbao Leasing Co., Ltd. | Bohai Bank. Binhai New District Branch | 38,000.00 | 2018.01.08 |
| Tianjin Tianbao Leasing Co., Ltd. | Industrial Bank | 40,000.00 | 2017.03.18 |
| Tianjin Tianbao Leasing Co., Ltd. | Agricultural Bank of China. Tianjin Free trade zone Branch | 50,000.00 | 2020.03.31 |
| Tianjin Tianbao Leasing Co., Ltd. | Jincheng Bank | 30,000.00 | 2018.06.02 |
| Tianjin Tianbao Leasing Co., Ltd. | China Everbright Financial leasing | 80,000.00 | 2018.06.30 |
| T&B Micro-credit | Bank of China. Free trade | 25,000.00 | 2015.12.28 |

| | | | |
|---|---|---|---|
| | zone Branch | | |
| T&B Micro-credit | Industrial Bank. Tianjin Branch | 5,000.00 | 2015.11.12 |
| T&B Micro-credit | Tianjin Rural Commerical Bank. Airport Sub-branch | 4,900.00 | 2015.09.24 |
| T&B Micro-credit | Tianjin Rural Commerical Bank. Airport Subbranch | 3,000.00 | 2015.09.24 |
| T&B Micro-credit | Tianjin Rural Commerical Bank. Airport Sub-branch | 1,970.00 | 2016.03.22 |
| Tianjin Port FTZ Investment Co., Ltd. | Bank of communication. Tianjin Branch | 5,000.00 | 2015.10.29 |
| Tianjin Port FTZ Investment Co., Ltd. | Bank of communication. Tianjin Branch | 20,000.00 | 2015.12.25 |
| Tianjin Port FTZ Investment Co., Ltd. | Bank of communication. Tianjin Branch | 10,000.00 | 2015.12.25 |
| Tianjin Port FTZ Investment Co., Ltd. | Bank of communication. Tianjin Branch | 10,000.00 | 2015.10.25 |
| Tianjin Port FTZ Investment Co., Ltd. | China Construction Bank. Hedong Branch | 50,000.00 | 2017.10.31 |
| Tianjin Port FTZ Investment Co., Ltd. | China Construction Bank. Hedong Branch | 20,000.00 | 2018.04.21 |
| Tianjin Port FTZ Investment Co., Ltd. | Huaxia Bank. Tianjin Branch | 13,600.00 | 2017.08.07 |
| Tianjin Port FTZ Investment Co., Ltd. | Huaxia Bank. Tianjin Branch | 30,000.00 | 2017.08.07 |
| Tianjin Port FTZ Investment Co., Ltd. | Huaxia Bank. Tianjin Branch | 6,400.00 | 2017.08.08 |
| Tianjin Port FTZ Investment Co., Ltd. | Bohai Bank | 20,000.00 | 2017.05.28 |
| Tianjin Tianbao Leasing Co., Ltd. | Weihai Bank | 20,000.00 | 2017.06.28 |
| Tianjin Airport Development Co., Ltd. | Bohai Bank | 2,707.65 | 2017.08.12 |
| Tianjin Free trade zone Investment Holding Group Co., Ltd | North Trust(China Everbright Bank) | 30,000.00 | 2017.01.27 |
| Tianjin T&B Construction Co., Ltd. | Tianjin T&B Finance Co., Ltd. | 4,000.00 | 2016.02.14 |
| Tianjin T&B Construction Co., Ltd. | Tianjin T&B Finance Co., Ltd. | 6,400.00 | 2018.10.27 |
| Tianjin T&B Construction Co., Ltd. | Tianjin T&B Finance Co., Ltd. | 1,100.00 | 2017.10.27 |
| Tianjin T&B Thermalelectricity Co., Ltd | Tianjin T&B Finance Co., Ltd. | 30,000.00 | 2018.10.25 |
| Tianjin T&B Thermalelectricity Co., Ltd | Huaxia Bank. Tianjin Branch | 10,000.00 | 2018.06.22 |

| | | | |
|---|---|---|---|
| Tianjin T&B International Logistics Group Co., Ltd | China CITIC Bank.Tianjin Binhai New District Branch Business Department | 5,000.00 | 2016.4.13 |
| Tianjin T&B International Logistics Group Co., Ltd | China CITIC Bank.Tianjin Binhai New District Branch Business Department | 15,000 | 2016.4.13 |
| Tianjin T&B International Logistics Group Co., Ltd | Agricultural Bank of China. Free trade zone Branch Business Department. | 10,000.00 | 2015.11.3 |
| Tianjin T&B International Logistics Group Co., Ltd | China Merchants Bank. Tianjin Nanmeiwai Subbranch | 6,400.00 | 2015.7.24 |
| Tianjin T&B International Logistics Group Co., Ltd | Shanghai Pudong Development Bank. | 6,700.00 | 2015.9.4 |
| Tianjin T&B International Logistics Group Co., Ltd | Bank of China. Tianjin Free trade zone Branch | 13,000.00 | 2015.8.7 |
| Tianjin T&B International Logistics Group Co., Ltd | Bank of Beijing. Tianjin Branch Business Department | 5,000 | 2015.10.12 |
| Tianjin T&B International Logistics Group Co., Ltd | Shanghai Pudong Development Bank. Tianjin Branch | 6,000 | 2015.9.4 |
| Tianjin T&B International Logistics Group Co., Ltd | Haerbin Bank. Tianjin Branch | 8,000 | 2015.10.29 |
| Tianjin T&B International Logistics Group Co., Ltd | Industrial Bank | 3,000 | 2015.10.8 |
| Tianjin T&B International Logistics Group Co., Ltd | Tianjin Bank. Tiaanjin Free trade zone Subbranch | 15,000.00 | 2015.11.30 |
| Tianjin T&B International Logistics Group Co., Ltd | China Zheshang Bank. Tianjin Branch Business Department | 20,000.00 | 2015.12.14 |
| Tianjin T&B Century Trade Development Co., Ltd. | Huaxia Bank. Tianjin Binhai New District Branch | 4,000.00 | 2015.8.19 |
| Tianjin T&B Century Trade Development Co., Ltd. | Jinzhou Bank. Tianjin Branch | 3,000.00 | 2015.12.4 |
| Tianjin T&B Century Trade Development Co., Ltd. | Tianjin Binhai Jianghuai Town Bank | 2,000.00 | 2016.1.21 |
| Tianjin Free trade zone International Trade Services Co., Ltd. | Tianjin Binhai Jianghuai Town Bank | 2,000.00 | 2015.12.26 |
| Xinyuan Financing Lease(Tianjin) Co., Ltd. | Bank of Tianjin . Free trade zone Sub-branch | 100,000.00 | 2018.2.26 |
| **Total** | | **2,397,037.65** | |

## X. Post Balance Sheet Events

**N/A**

## XI. Other Important Matters

1. Factoring Dispute of Tianjin Huirong Factoring Co., Ltd. Accusing Tianjin T&B Century Trade Development Co., Ltd., the subsidiary of the company

Tianjin Huirong Factoring Co., Ltd. brought a lawsuit to the Second Intermediate People's Court of Tianjin in March, 2015 accusing Tianjin T&B Century Trade Development Co., Ltd. It claimed that the accused should pay the amount payable valuing 22,540,000 yuan as well as the causing interests.

The trial was held in April and June, 2015, and the judgment was made in July of the year. Tianjin T&B Century Trade Development Co., Ltd. was required to pay the debt valuing 22,540,000 yuan, the causing interests and the litigation costs valuing 159,500 yuan. After the judgment, Tianjin T&B Century Trade Development Co., Ltd. and Tianjin Huirong Factoring Co., Ltd. reached an reconciliation in September, 2015. Tianjin T&B Century Trade Development Co., Ltd. paid 20,159,500 yuan to Tianjin Huirong Factoring Co., Ltd. and the lawsuit was settled.

At present, Xinjiang Tianshan Red Tomato Products Co., Ltd. has agreed to bear the losses of Tianjin T&B Century Trade Development Co., Ltd., who claimed for compensation to the Second Intermediate People's Court of Tianjin in September, 2015 concerning the above-mentioned payment to Tianjin Huirong Factoring Co., Ltd. The court trail is about to be started.

2. Dispute of Tianjin T&B Century Trade Development Co., Ltd. Accusing Companies Including Xinjiang Huyanghe Tomato Products Co., Ltd.

Due to the trade debts, Tianjin T&B Century Trade Development Co., Ltd. has brought lawsuits against Xinjiang Huyanghe Tomato Products Co., Ltd., Xinjiang Liugouhong Red Tomato Products Co., Ltd., Xinjiang Beiwei Yangguang Tomato Products Co., Ltd., Xinjiang Tianshan Red Tomato Products Co., Ltd., Xinjiang Haohan Tomato Products Co., Ltd. and Bositeng Trading Co., Ltd. in Tianjin Port Free Trade Zone in December 2014, January 2015 and June 2015. The claimed amounts of the above-mentioned six cases were about 300 million yuan and the cases have been accepted separately by the Higher People's Court of Tianjin, the Second Intermediate People's Court of Tianjin and the People's Court of Binhai New District in Tianjin. Trials are now in progress.

3. Plans on Issuing Corporation Bonds

The subsidiary Tianjin T&B Infrastructure Co., Ltd. has planned to issue corporation bonds with a scale of less than 1.6 billion yuan. Bond period will not excess 10 years (including 10 years) and the par value of bond is 100 yuan. The nominal interest rate of bond is the fixed rate. The funds raised through this issuing will be used to supplement the circulating funds.

China Securities Regulatory Commission approved the public issuing of Tianjin T&B Infrastructure Shares to the society on April 16, 2015 with the document "Securities License No. [2015]637". The issuing scale in the first phase was 800 million yuan and the issuing date was July 21, 2015. The amount valuing 796,775,000.00 yuan will be reflected in the financial condition and business performance.

4. Acquisition of Assets

On February 3, 2013, after the approval of the 14th Meeting of the 5th Board of Directors of Tianjin T&B Infrastructure Co., Ltd., the subsidiary of the company, Tianjin T&B Real Estate Development Co., Ltd. (hereinafter referred to as T&B Real Estate), who was the wholly-owned subsidiary of Tianjin T&B Infrastructure Co., Ltd., purchased Huaqi Information Production R&D Base in Konggang Economic Zone (land use right and construction in process on the plot stated in Jinkongjia (Gua) 2009-30) owned by Tianjin Aigo Industrial Park Construction Development Co., Ltd. After the acquisition, the project was replaced and renamed as T&B Zhigu · Huiying Industrial Park. Due to the industrial access type agreed in the original transfer contract concerning the original lands, sales requirement cannot be satisfied and sales procedures of land condition cannot be handled. According to the reply concerning Opinions on the Change of the Land Transfer Contract of T&B Zhigu · Huiying Industrial Park, to ensure the normal operation after project completion, Land Bureau of Tianjin Konggang Economic Zone planned to complete the change of working condition of the land in the way of transfer after the paid recall. The working condition of the land will be adjusted to industrial R&D (or industrial standard workshop). Land Bureau of Tianjin Konggang Economic Zone will transfer anything on the ground in the way of open selling. T&B Real Estate will participate in recalled land bidding again. If other bidder wins, he/she needs to sign a land compensation agreement with T&B Real Estate based on the amount of ground buildings approved by Tianjin Xingye Engineering Cost Consulting Co., Ltd. On January 14, 2014, after the approval of 24th session of 5th Board of Directors, Tianjin T&B Property Development Co., Ltd, a wholly-owned subsidiary of Tianjin T&B Infrastructure Co., Ltd, is permitted to get a loan of RMB200 million yuan for 3 years with an interest of base rate over the same period plus 5%. The loan is used for constructing houses (phase I) in Tianjin airport commercial park; Tianjin T&B Infrastructure Co., Ltd provides the joint liability guaranty. The loan is not used as it raised RMB1.412 billion from private issuance of common stocks. On January 14, 2014, The 24th session of 5th Board of Directors approves T&B Property to sign "Termination of Tianjin State-owned Construction Land Use Right Transfer Contract No.AF-09045" with Land Bureau of Tianjin Airport Economic Zone and to participate in the auction of this recovered land. Now Land Bureau of Tianjin Airport Economic Zone has already paid back this land and is carrying out procedures of open offering. T&B Property will bid for this land according to the official files when this land is transferred in open market.

5. Acquisition of Tianjin Sky Aviation Shares

On July 25, 2014, the 2rd session of 6th Board of Directors approved the "Proposal on the Company Signing Equity Transfer Agreement with Tianjin Port FTZ Investment Co., Ltd.". Tianjin Port FTZ Investment Co., Ltd. (T&B Investment) is permitted to acquire 60% shares of Tianjin Sky Aviation Industrial Investment Co., Ltd (Sky Aviation) at an estimated value of RMB245.8305 million. The final transaction price refers to the price recorded in SASAC. After the company signed the equity transfer agreement with T&B Investment, both parties have made several negotiations on equity acquisition implementation solution. Now no consensus on the implementation solution has been arrived yet. The assessment report on targeted equity in this transaction stays valid for one year and expires at December 30, 2014. When both parties arrive at an agreement on the acquisition solution, the targeted equity will be re-evaluated and reported to SASAC to fulfill relevant transactions and approval procedures. The implementation solution of equity acquisition is still in discussion. "Equity transfer agreement" is not effective yet. The Company has not paid cash deposit or acquisition consideration for the transferor; it has no material adverse impacts on current operations of the Company and stockholders' equity.

## XII. Notes to Consolidated Financial Statements of Parent Company

### 1.Account Receivables

(1)Account receivables disclosed by class

| Classification | Amount at the end of year | | |
|---|---|---|---|
| | Book balance | Bad-debt provision | Book |

| | | | | | Value |
|---|---|---|---|---|---|
| | Amount | Proportion (%) | Amount | Proportion (%) | |
| Account receivable with significant single amount and single provision for bad debt | | | | | |
| Account receivable with provision for bad debt created by credit risk portfolio | | | | | |
| Aging group | | | | | |
| No-risk group | | | | | |
| **Subtotal** | | | | | |
| Account receivable with insignificant single amount but single provision for bad debt | 505,567.46 | 100 | | | 505,567.46 |
| **Total** | **505,567.46** | **100** | | | **505,567.46** |

Continued

| Classification | Amount at the beginning of year | | | | |
|---|---|---|---|---|---|
| | Book balance | | Bad-debt provision | | Book Value |
| | Amount | Proportion (%) | Amount | Proportion (%) | |
| Account receivable with significant single amount and single provision for bad debt | | | | | |
| Account receivable with provision for bad debt created by credit risk portfolio | | | | | |
| Aging group | | | | | |
| No-risk group | | | | | |
| **Subtotal** | | | | | |
| Account receivable with insignificant single amount but single provision for bad debt | 505,567.46 | 100 | | | 505,567.46 |
| **Total** | **505,567.46** | **100** | | | **505,567.46** |

(3)The account receivables at end of this reporting period exclude the debts of shareholders who have at least 5% (incl. 5%) voting shares of the Company.

(4)Balances of account receivables at end of period as of June 30,2015 are as followed:

| Company Name | Relation | Ending balance | Aging | Proportion(%) |
|---|---|---|---|---|

| | with the Company | | | |
|---|---|---|---|---|
| Tianjin T&B Property Service Co., Ltd | Customer | 505,567.46 | Over 3 years | 100 |
| **Total** | | **505,567.46** | | |

**2.Other account receivables**

(1)Other account receivables disclosed by class

| Classification | Amount at the end of year | | | | |
|---|---|---|---|---|---|
| | Book Balance | | Bad-debt provision | | Book Value |
| | Amount | Proportion (%) | Amount | Proportion (%) | |
| Account receivable with significant single amount and single provision for bad debt | 6,532,983,121.54 | 100 | | | 6,532,983,121.54 |
| Account receivable with provision for bad debt created by credit risk portfolio | | | | | |
| Aging group | | | | | |
| No-risk group | | | | | |
| **Subtotal** | | | | | |
| Account receivable with insignificant single amount but single provision for bad debt | | | | | |
| **Total** | **6,532,983,121.54** | **100** | | | **6,532,983,121.54** |

(Continued)

| Classification | Amount at the beginning of year | | | | |
|---|---|---|---|---|---|
| | Book balance | | Bad-debt provision | | Book Value |
| | Amount | Proportion (%) | Amount | Proportion (%) | |
| Account receivable with significant single amount and single provision for bad debt | 4,472,983,121.54 | 100 | | | 4,472,983,121.54 |
| Account receivable with provision for bad debt created by credit risk portfolio | | | | | |
| Aging group | | | | | |
| No-risk group | | | | | |
| **Subtotal** | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Account receivable with insignificant single amount but single provision for bad debt | | | | | |
| **Total** | **4,472,983,121.54** | **100** | | | **4,472,983,121.54** |

(2)Greater balances of other account receivables at end of period as of June 30,2015are as followed:

| **Company Name** | **Content** | **Relation with the Company** | **Amount** | **Aging** | **Proportion(%)** |
|---|---|---|---|---|---|
| Tianjin T&B Holdings Co., Ltd | Current account | Related party | 2,870,540,720.82 | Within 1 year | 43.94 |
| Finance Bureau of Tianjin Airport Free trade zone | Subsidy | Customer | 2,532,967,425.00 | Within 1 year | 38.77 |
| Tianjin Port FTZ Investment Co., Ltd. | Current account | Related party | 1,110,474,975.72 | Within 1 year | 17.00 |
| Tianjin T&B Jiashun Investment Co., Ltd | Current account | Related party | 19,000,000.00 | Within 1 year | 0.29 |
| Total | | | **6,532,983,121.54** | | **100.00** |

**3. Held-to-maturity Investment**

Held-to-maturity investments of the Company as of June 30, 2015 include entrusted loans and finance products and their balance is RMB10,674,701,983.97 yuan.

(1)Entrusted Loans

| **Items** | **Ending balance** | **Beginning balance** |
|---|---|---|
| Tianjin T&B Holdings Co., Ltd | 2,690,000,000.00 | 1,690,000,000.00 |
| Tianjin T&B Jiayuan Investment Co., Ltd | | 764,000,000.00 |
| Tianjin T&B Jiashun Investment Co., Ltd | 646,299,200.00 | 546,299,200.00 |
| Tianjin Port FTZ Investment Co., Ltd. | 4,974,500,000.00 | 5,610,000,000.00 |
| Tianjin Airport Free Trade Zone Land Development Investment Co., Ltd | 1,216,000,000.00 | 1,216,000,000.00 |
| Tianjin T&B Property Co., Ltd. | 125000000 | |
| Tianjin Tianbao Leasing Co., Ltd. | 140,000,000.00 | 780,000,000.00 |
| Tianjin T&B Commercial Factoring Co., Ltd. | 160,000,000.00 | 40,000,000.00 |
| Tianjin T&B Asset Management Co., Ltd | 48,000,000.00 | 48,000,000.00 |
| China Minsheng Bank. Small loans | 574,902,783.97 | 667,424,581.55 |

| | | |
|---|---|---|
| Tianjin T&B Power Co., Ltd | 100,000,000.00 | |
| **Total** | **10,674,701,983.97** | **11,361,723,781.55** |

**4.Long-term Equity Investment**

(1)Details of long-term equity investments

| Type | Beginning balance | Increase in current period | Decrease in current period | Ending balance |
|---|---|---|---|---|
| Investment on subsidiaries | 31,366,327,794.75 | 3,009,000,000.00 | | 34,375,327,794.75 |
| Investment on joint ventures | | | | |
| Investment on affiliated ventures | 200,000,000.00 | | | 200,000,000.00 |
| Other equity investments | | | | |
| Subtotal | 31,566,327,794.75 | 3,009,000,000.00 | | 34,575,327,794.75 |
| Less: impairment reserve for long-term equity investments | | | | |
| Total | **31,566,327,794.75** | **3,009,000,000.00** | | **34,575,327,794.75** |

(2)Book Value

| **Items** | **Ending balance** | | |
|---|---|---|---|
| | **Balance of long-term equity investments** | **Impairment reserve** | **Net book value** |
| Cost method | **34,575,327,794.75** | | **34,575,327,794.75** |
| Equity method | | | |
| **Total** | **34,575,327,794.75** | | **34,575,327,794.75** |

Continued

| **Items** | **Beginning balance** | | |
|---|---|---|---|
| | **Balance of long-term equity investments** | **Impairment reserve** | **Net book value** |
| Cost method | 31,566,327,794.75 | | 31,566,327,794.75 |
| Equity method | | | |
| **Total** | **31,566,327,794.75** | | **31,566,327,794.75** |

(3)Long-term equity investments accounted by equity method: N/A

(4)Long-term equity investments accounted by cost method:

| Invested Company | Shareholding ratio % | Investment cost | Beginning balance | Increase/ decrease | Ending balance |
|---|---|---|---|---|---|
| Tianjin T&B Financial Management Co., Ltd. | 100 | 20,000,000.00 | 20,000,000.00 | | 20,000,000.00 |
| Tianjin T&B Holdings Co., Ltd | 100 | 4,744,554,660.13 | 4,744,554,660.13 | | 4,744,554,660.13 |
| Tianjin T&B Micro-credit Co., Ltd | 100 | 1,000,000,000.00 | 1,000,000,000.00 | | 1,000,000,000.00 |
| Tianjin T&B Jiaye Investment Co., Ltd | 100 | 1,116,000,000.00 | 1,116,000,000.00 | | 1,116,000,000.00 |
| Tianjin T&B Jiayuan Investment Co., Ltd | 100 | 30,000,000.00 | 30,000,000.00 | 959,000,000.00 | 989,000,000.00 |
| Tianjin T&B Jiashun Investment Co., Ltd | 100 | 1,113,783,136.00 | 1,113,783,136.00 | | 1,113,783,136.00 |
| Tianjin Tianbao Leasing Co., Ltd. | 100 | 1,000,000,000.00 | 1,000,000,000.00 | | 1,000,000,000.00 |
| Tianjin T&B Finance Co., Ltd | 100 | 1,000,000,000.00 | 1,000,000,000.00 | 2,000,000,000.00 | 3,000,000,000.00 |
| Tianjin T&B Commercial Factoring Co., Ltd. | 100 | 500,000,000.00 | 500,000,000.00 | | 500,000,000.00 |
| Tianjin Port FTZ Investment Co., Ltd. | 100 | 20,841,989,998.62 | 20,841,989,998.62 | | 20,841,989,998.62 |
| Tianjin T&B Airlines Logistics Development Co., Ltd. | 60 | | | 50,000,000.00 | 50,000,000.00 |
| Tianjin Jinjulian Guaranteed investment Partnership(Limited partnership) | 25 | 200,000,000.00 | 200,000,000.00 | | 200,000,000.00 |
| **Total** | | **31,566,327,794.75** | **31,566,327,794.75** | **3,009,000,000.00** | **34,575,327,794.75** |

Notes 1: Cash dividends in current period are declared but unpaid.

2.Impairment reserve for long-term equity investments: N/A

**5. Short-term Borrowings**

(1) Short-term borrowings classification

| Items | Ending balance | Beginning balance |
|---|---|---|
| Credit borrowings | 4,945,000,000.00 | 8,495,000,000.00 |
| Guarantee borrowings | | 200,000,000.00 |
| Entrusted loan | | |
| **Total** | **4,945,000,000.00** | **8,695,000,000.00** |

Notes 1: The Company has no matured and outstanding short-term borrowings in the accounting period.

Notes 2: The Company pledges its shares of Tianjin Tianbao Leasing Co., Ltd. to Tianjin Binhai Branch of Bohai Bank for a loan of RMB 500 million yuan. RMB500 million yuan has been withdrawn as of June 30, 2015. Tianjin T&B Holding Co., Ltd provides the joint liability guaranty.

**6.Long-term borrowings**

(1)Long-term borrowings s Classification

| Items | Ending balance | Beginning balance |
|---|---|---|
| Credit borrowings | 3,948,500,000.00 | 1,943,000,000.00 |
| Guarantee borrowings | 299,000,000.00 | 50,018,756.42 |
| Total | **4,247,500,000.00** | **1,993,018,756.42** |

Notes 1: The Company has no matured and outstanding short-term borrowings in the accounting period.

Notes: total guaranteed borrowings at end of this period amount to RMB299,000,000.00 yuan. The guaranty is Tianjin T&B Thermalelectricity Co., Ltd .

Tianjin Free trade zone Investment Holding Group Co., Ltd

October 15, 2015

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# Auditors' Report

ZXCGHSHZD（2015）No.05032

To the entire shareholders of Tianjin Free Trade Zone Investment Holding Group Co., Ltd.

We have audited the Financial Statements of Tianjing T&B Holding Group Co., Ltd. (the Company) attached hereafter, including the Balance Sheet and Consolidated Balance Sheet ended December 31, 2014, Income Statement and Consolidated Income Statement, Cash Flow Statement and Consolidated Cash Flow Statement, Statement of Change in Share Equities and Consolidated Statement of Change in Share Equities of year 2014, as well as the notes to the Financial Statements.

**I. Executives' responsibilities on the Financial Statements**

Preparing and appropriately presenting of the Financial Statements are the responsibilities of the management of The Company. This responsibilities are including: (1) Preparing the financial statements according to Enterprise Accounting Standards and make them reflecting a fair basis. (2) Design, implement and maintain the internal control system related to producing of the Financial Statements, to prevent the Financial Statements from major false presentation due to cheating or error.

**II. Responsibilities of the CPA**

Our responsibilities are to issue auditing opinions on the Financial Statements basing on the auditing works we've done on them. We carried out the auditing works with compliance to Chinese CPA Auditing Standard, which requires us to plan and implement our works on the basis of professional ethic standards, and obtain reasonable guarantee that the Financial Statements are free of major false statements.

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, we consider the internal control relevant to the entity's preparation of financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting polices used and the reasonableness of the 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. Auditors' Opinions**

We believe that the Company has been following with the Enterprise Accounting Standard in preparing of the Financial Statements. The Financial Statements is reflecting, both of the Company and the consolidated, in all important aspects, the financial situation of Hangzhou Steam Turbine Co., Ltd. as of December 31, 2014 and the business performance and cash flow of year 2014 both of the Company and the consolidated.

Zhongxingcai Guanghua Certified Public Accountants (LLP)

Beijing •China

CPA China :

CPA China :

April 28,2015

## Balance sheet

Prepared by :Tianjin Free Trade Zone Investment Holding Group Co., Ltd. In RMB

| Items | Notes | December 31, 2014 | | December 31,2013 | |
|---|---|---|---|---|---|
| | | Consolidated | Parent Company | Consolidated | Parent Company |
| Current asset: | | | | | |
| Monetary fund | VI.1 | 12,959,495,433.27 | 9,765,005,999.28 | 9,772,505,007.94 | 5,563,228,322.58 |
| Financial assets measured at fair value with variations accounted into current income account | | | | | |
| Derivative financial assets | | | | | |
| Notes receivable | VI.2 | 8,075,510.99 | | 7,996,846.90 | |
| Account receivable | VI.3 | 1,107,274,711.91 | 505,567.46 | 1,024,572,253.82 | 505,567.46 |
| Prepayments | VI.4 | 1,483,556,771.91 | | 980,623,284.80 | |
| Interest receivable | | 27,131,264.93 | 57,584,999.80 | 11,864,089.65 | |
| Dividend receivable | | 4,602,050.43 | 1,596,288,111.45 | | 1,462,808,057.07 |
| Other account receivable | VI.5 | 10,243,690,083.97 | 4,472,983,121.54 | 8,342,394,050.29 | 5,382,711,531.23 |
| Inventories | VI.6 | 12,350,373,365.87 | | 13,237,451,241.29 | |
| Assets held for sales | | | | | |
| Non-current asset due in 1 year | VI.7 | 1,635,082,898.61 | | 1,071,470,131.02 | |
| Other current asset | VI.8 | 820,805,033.00 | | 498,840,000.00 | |
| **Total current assets** | | 40,640,087,124.89 | 15,892,367,799.53 | 34,947,716,905.71 | 12,409,253,478.34 |
| Non-current assets: | | | | | |
| Loans and advances issued | | 1,146,223,881.13 | | 1,068,737,415.05 | |
| Financial assets available for sale | VI.9 | 2,242,531,791.35 | 44,879,576.60 | 1,863,440,959.38 | 44,879,576.60 |
| Held- to-maturity investment | VI.10 | 4,959,590,381.41 | 12,641,723,781.55 | 6,522,809,980.12 | 10,878,046,200.00 |
| Long-term receivable | VI.11 | 4,550,199,039.39 | | 3,627,818,886.68 | |
| Long term equity investment | VI.12 | 7,855,827,694.13 | 31,566,327,794.75 | 6,609,678,545.00 | 29,096,327,794.75 |
| Investment Property | VI.13 | 1,511,975,661.23 | 84,601,149.88 | 1,010,818,544.88 | 88,785,521.44 |
| Fixed assets | VI.14 | 3,594,691,226.31 | 146,351,500.17 | 3,344,531,927.82 | 154,450,965.69 |
| Construction in progress | VI.15 | 23,387,409,720.43 | 324,958,622.97 | 22,727,941,363.10 | 396,581,718.39 |
| Engineering material | | 11,528,037.00 | | 13,109,514.00 | |
| Fixed asset disposal | | 10,094,331.38 | | 10,782,401.45 | |
| Production physical assets | | | | | |
| Gas & petrol | | | | | |
| Intangible assets | VI.16 | 9,769,177,202.92 | 11,793,177.63 | 9,825,010,483.37 | 12,041,891.31 |
| R & D expenses | | | | | |
| Goodwill | VI.17 | 39,407,378.24 | | 39,407,378.24 | |
| Long-term expenses to be amortized | | 12,570,590.68 | | 18,497,282.80 | |
| Deffered income tax asset | VI.18 | 206,229,991.69 | | 137,480,986.40 | |
| Other non-current asset | | | | | |
| **Total non-current assets** | | 59,297,456,927.29 | 44,820,635,603.55 | 56,820,065,668.29 | 40,671,113,668.18 |
| **Total assets** | | 99,937,544,052.18 | 60,713,003,403.08 | 91,767,782,574.00 | 53,080,367,146.52 |

**Legal Representative:** **Person in charge of accounting:** **Accounting Dept Leader:**

Balance sheet (Cont'd))

Prepared by :Tianjin Free Trade Zone Investment Holding Group Co., Ltd. In RMB

| Items | Notes | December 31,2014 | | December 31,2013 | |
|---|---|---|---|---|---|
| | | Consolidated | Parent Company | Consolidated | Parent Company |
| Current liabilities: | | | | | |
| Short-term loans | VI.19 | 13,910,092,381.08 | 8,695,000,000.00 | 9,715,061,040.06 | 3,910,000,000.00 |
| Financial liabilities measured at fair value with variations accounted into current income account | | | | | |
| Deposit received and due to banks and other financial institutions | | 32,856,488.48 | | | |
| Derivative financial liabilities | | | | | |
| Notes payable | | 711,500,391.95 | | 528,322,616.35 | |
| Account payable | VI.20 | 1,508,912,613.62 | 15,537,208.37 | 2,608,547,605.69 | 21,705,907.64 |
| Payment receivable in advance | VI.21 | 1,520,973,449.32 | | 1,524,438,894.76 | 23,577,823.80 |
| Wage payable | VI.22 | 32,782,410.28 | | 27,973,945.68 | |
| Tax payable | VI.23 | 61,172,807.70 | 15,307,785.16 | 17,267,651.89 | 12,295,891.46 |
| Interest payable | VI.24 | 257,767,170.86 | | 249,238,404.16 | |
| Dividend payable | | 858,305.28 | | 858,305.28 | |
| Other account payable | VI.25 | 1,168,625,839.27 | 232,243,541.67 | 686,005,057.70 | 43,777,510.33 |
| Liabilities held for sales | | | | | |
| Non-current liability due in 1 year | VI.26 | 1,416,280,000.00 | | 677,610,000.00 | |
| Other current liability | VI.27 | 96,924,001.45 | | 149,038,653.08 | |
| **Total current liability** | | 20,718,745,859.29 | 8,958,088,535.20 | 16,184,362,174.65 | 4,011,357,133.23 |
| Non-current liabilities： | | | | | |
| Long-term loan | VI.28 | 17,252,768,756.42 | 1,993,018,756.42 | 16,673,280,000.00 | 809,000,000.00 |
| Bond payable | VI.29 | 29,222,803,589.04 | 21,222,803,589.04 | 29,226,711,917.80 | 21,226,711,917.80 |
| Including：preferred stock | | | | | |
| Sustainable debt | | | | | |
| Long-term payable | VI.30 | 151,189,204.54 | | 37,937,686.94 | |
| Long-term payable employees’s remuneration | | | | | |
| Special payable | VI.31 | 511,972,924.19 | | 771,126,682.68 | |
| Expected liabilities | | | | | |
| Deferred income | | 201,855,846.02 | | 144,668,472.64 | |
| Deferred income tax liability | VI.18 | 137,278,435.90 | | 44,555,191.35 | |
| Other non-current liabilities | | | | | |
| **Total non-current liabilities** | | 47,477,868,756.11 | 23,215,822,345.46 | 46,898,279,951.41 | 22,035,711,917.80 |
| **Total liability** | | 68,196,614,615.40 | 32,173,910,880.66 | 63,082,642,126.06 | 26,047,069,051.03 |
| Owners’ equity | | | | | |
| Share capital | VI.32 | 17,471,000,000.00 | 17,471,000,000.00 | 16,051,000,000.00 | 16,051,000,000.00 |
| Other equity instruments | | | | | |
| Including：preferred stock | | | | | |
| Sustainable debt | | | | | |
| Capital reserves | VI.33 | 10,784,943,102.29 | 10,749,430,894.31 | 10,308,373,598.14 | 10,749,430,894.31 |
| Less：Shares in stock | | | | | |
| Other comprehensive income | VI.34 | 209,622,531.87 | | -536,155.89 | |
| Special reserves | | | | | |
| surplus reserves | VI.35 | 311,111,111.11 | 311,111,111.11 | 177,777,777.78 | 177,777,777.78 |
| Undistributed profit | VI.36 | -49,617,363.47 | 7,550,517.00 | 614,579,282.96 | 55,089,423.40 |
| Total owner’s equity belong to the parent company | | 28,727,059,381.80 | 28,539,092,522.42 | 27,151,194,502.99 | 27,033,298,095.49 |
| Minority shareholders’ equity | | 3,013,870,054.98 | | 1,533,945,944.95 | |
| **Total owners’ equity** | | 31,740,929,436.78 | 28,539,092,522.42 | 28,685,140,447.94 | 27,033,298,095.49 |
| Total liabilities and owners’ equity | | 99,937,544,052.18 | 60,713,003,403.08 | 91,767,782,574.00 | 53,080,367,146.52 |

Legal Representative: Person in charge of accounting： Accounting Dept Leader:

**Income Statement**

Prepared by :Tianjin Free Trade Zone Investment Holding Group Co., Ltd. In RMB

| Items | Notes | Year 2014 | | Year 2013 | |
|---|---|---|---|---|---|
| | | Consolidated | Parent Company | Consolidated | Parent Company |
| I.Operating income | **VI.37** | 9,104,246,951.91 | 835,457,213.35 | 7,899,066,762.13 | 532,880,886.81 |
| Less：Operating cost | VI.37 | 7,516,589,605.54 | 4,184,371.56 | 6,724,789,035.30 | 9,406,096.89 |
| Operating tax and surcharge | | 338,741,665.49 | 51,901,284.32 | 204,058,167.52 | 31,686,629.47 |
| Sales expense | | 219,079,799.23 | | 189,827,600.64 | |
| Administrative expense | | 406,948,303.22 | 22,021,943.78 | 373,835,048.53 | 15,071,672.68 |
| Financial expenses | VI.38 | 1,132,622,217.52 | 1,511,504,973.19 | 1,077,035,839.68 | 1,222,940,912.65 |
| Asset impairment loss | VI.39 | 614,626,007.75 | | 26,833,866.63 | |
| Add：Gains from change of fair value （“-”for loss） | | | | | |
| Investment gain（“-”for loss） | VI.40 | 1,108,233,074.54 | 1,718,482,389.07 | 648,610,528.73 | 1,233,978,183.60 |
| Incl: investment gains from affiliates | | | | | |
| **II. Operational profit（“-”for loss）** | | -16,127,572.30 | 964,327,029.57 | -48,702,267.44 | 487,753,758.72 |
| Add：Non-operating income | VI.41 | 1,536,975,458.67 | 322,918,889.00 | 1,307,338,422.50 | 513,291,440.28 |
| Including：Income from disposal of non-current assets | | 14,678,830.49 | | 1,524,835.30 | |
| Less：Non-operating expenses | VI.42 | 204,210,004.95 | 255,126.68 | 37,346,805.41 | |
| Incl：Loss from disposal of non-current assets | | 32,882,950.25 | 200,674.39 | 3,391,157.03 | |
| **III.Total profit(“-”for loss)** | | 1,316,637,881.42 | 1,286,990,791.89 | 1,221,289,349.65 | 1,001,045,199.00 |
| Less：Income tax expenses | VI.43 | 354,317,475.60 | | 274,626,473.94 | |
| **IV. Net profit** | | 962,320,405.82 | 1,286,990,791.89 | 946,662,875.71 | 1,001,045,199.00 |
| Net profit attributable to the owners of parent company | | 674,259,206.84 | 1,286,990,791.89 | 720,732,974.40 | 1,001,045,199.00 |
| Minority shareholders’ equity | | 288,061,198.98 | | 225,929,901.31 | |
| **V. Other comprehensive income** | | 210,158,687.76 | | 14,813,525.83 | |
| （I）Other comprehensive income items that will not be reclassified into gains/losses in the subsequent accounting period | | | | | |
| 1.Re-measurement of changes of defined benefit plans' net liabilities or net assets | | | | | |
| 2.Other comprehensive income shares which cannot be reclassfied into gains/losses under the equity method | | | | | |
| （II）Other comprehensive income that will be reclassified into gains/losses. | | 210,158,687.76 | | 14,813,525.83 | |
| 1.Other comprehensive income shares which will be reclassfied into gains/losses under the equity method | | | | | |
| 2.Fair value changes of available for sale financial assets | | 210,158,687.76 | | 14,813,525.83 | |
| 3.Held-to-maturity investments reclassified to gains/losses of available for sale financial assets | | | | | |
| 4.The effective portion of cash flow hedges gains/losses | | | | | |
| 5.Foreign exchange differences | | | | | |
| **VI. Total comprehensive income** | | 1,172,479,093.58 | 1,286,990,791.89 | 961,476,401.54 | 1,001,045,199.00 |
| Total comprehensive income attributable to the owner of the parent company | | 884,417,894.60 | 1,286,990,791.89 | 735,546,500.23 | 1,001,045,199.00 |
| Total comprehensive income attributable to minority shareholders | | 288,061,198.98 | | 225,929,901.31 | |
| **VII. Earnings per share** | | | | | |
| （I）Basic earnings per share | | | | | |
| (II)Diluted earnings per share | | | | | |

There is no business combination under the same control in the report period.

**Legal Representative:** **Person in charge of accounting：** **Accounting Dept Leader:**

Cash flow statement

Prepared by : Tianjin Free Trade Zone Investment Holding Group Co., Ltd.

In RMB

| Items | Year 2014 | | Year 2013 | |
|---|---|---|---|---|
| | Consolidated | Parent Company | Consolidated | Parent Company |
| I.Cash flows from operating activities | | | | |
| Cash received from sales of goods or rending of services | 10,245,567,829.74 | 2,676,048.00 | 8,924,826,624.76 | |
| Net increase in customer deposits and placement from banks and other financial institutions | 32,856,488.48 | | | |
| Cash receipts from interest, handling charges and commission | 175,431,127.41 | | 141,920,755.29 | |
| Tax refunds | 72,973,635.49 | | 38,108,855.87 | 30,090,000.00 |
| Other cash received from operating activities | 5,949,315,324.64 | 20,966,402,241.74 | 7,760,846,282.37 | 9,093,326,877.38 |
| **Sub-total of cash inflow** | 16,476,144,405.76 | 20,969,078,289.74 | 16,865,702,518.29 | 9,123,416,877.38 |
| Cash paid for purchasing of merchandise and services | 9,768,851,315.56 | 815.50 | 9,020,108,324.43 | 1,616,382.96 |
| Net increase of client loan and advance | 409,843,264.00 | | 579,672,386.65 | |
| Net increase of savings in central bank and other financial institutions | -37,497,752.42 | | 497,973,890.10 | |
| Cash paid for interest, processing fee and commission | 7,257,295.05 | | 2,336,778.23 | |
| Cash paid to staffs or paid for staffs | 385,132,415.92 | | 334,998,893.21 | |
| Taxes paid | 1,014,423,214.22 | 64,957,423.60 | 1,380,361,518.29 | 32,096,129.06 |
| Other cash paid for operating activities | 4,256,602,196.93 | 18,728,505,752.49 | 8,057,032,676.34 | 10,107,591,976.29 |
| **Sub-total of cash outflow from operating activities** | 15,804,611,949.26 | 18,793,463,991.59 | 19,872,484,467.25 | 10,141,304,488.31 |
| **Cash flow generated by operating activities, net** | 671,532,456.50 | 2,175,614,298.15 | -3,006,781,948.96 | -1,017,887,610.93 |
| II.Cash flow generated by investment activities | | | | |
| Cash received from investment retrieving | 9,390,346,053.32 | 11,710,033,068.45 | 5,107,480,280.66 | 7,152,676,454.05 |
| Cash received as investment gains | 519,086,053.12 | 1,685,002,334.69 | 564,999,270.21 | 310,950,891.66 |
| Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets | 174,093,294.41 | 55,014,922.08 | 86,978,170.06 | 23,577,823.80 |
| Net cash received from disposal of subsidiaries or other operational units | 353,423,317.32 | | 634,883,644.23 | |
| Other investment-related cash received | 1,661,178,518.28 | | 22,652,636.07 | 16,969,315.07 |
| Sub-total of cash inflow due to investment activities | 12,098,127,236.45 | 13,450,050,325.22 | 6,416,994,001.23 | 7,504,174,484.58 |
| Cash paid for construction and purchase fixed assets, intangible assets and other long-term assets | 1,729,079,534.65 | 7,911,822.22 | 3,305,260,564.52 | 40,021,545.59 |
| Cash paid as investment | 8,392,438,209.25 | 13,574,499,782.00 | 8,022,570,545.95 | 11,328,217,000.00 |
| Net cash received from subsidiaries and other operation units | 46,618,968.66 | 2,481,538,968.66 | 662,746,510.92 | 1,663,513,760.92 |
| Other cash paid for investment activities | 2,703,034,627.00 | | 561,485,857.00 | 500,000,000.00 |
| **Sub-total of cash outflow due to investment activities** | 12,871,171,339.56 | 16,063,950,572.88 | 12,552,063,478.39 | 13,531,752,306.51 |
| **Net cash flow generated by investment activities** | -773,044,103.11 | -2,613,900,247.66 | -6,135,069,477.16 | -6,027,577,821.93 |
| III.Cash flow generated by financing activities | | | | |
| Cash received as investment | 2,814,815,640.00 | 1,420,000,000.00 | 2,564,600,000.00 | 2,301,000,000.00 |
| Incl: Cash received as investment from minor shareholders | | | | |
| Cash received as loans | 24,269,077,790.10 | 13,995,000,000.00 | 18,089,426,322.60 | 3,335,000,000.00 |
| Cash received from bond issuance | 4,650,000,000.00 | 4,650,000,000.00 | 10,649,000,000.00 | 10,649,000,000.00 |
| Other financing –related cash received | 267,569,785.52 | | 122,572,175.92 | |
| **Sub-total of cash inflow from financing activities** | 32,001,463,215.62 | 20,065,000,000.00 | 31,425,598,498.52 | 16,285,000,000.00 |
| Cash paid for debts repayment | 23,929,533,522.30 | 12,675,981,243.58 | 19,992,117,486.02 | 4,306,000,000.00 |
| Cash paid as dividend, profit, or interests | 4,504,359,877.99 | 2,740,011,640.21 | 2,821,741,766.81 | 1,679,805,444.91 |
| Incl: Dividend and profit paid by subsidiaries to minor shareholders | 1,431,595,018.20 | | 1,256,597,235.13 | |
| Other cash paid for financing activities | 555,316,547.27 | 8,943,490.00 | 237,610,159.51 | 39,000,450.00 |
| **Sub-total of cash outflow due to financing activities** | 28,989,209,947.56 | 15,424,936,373.79 | 23,051,469,412.34 | 6,024,805,894.91 |
| **Net cash flow generated by financing activities** | 3,012,253,268.06 | 4,640,063,626.21 | 8,374,129,086.18 | 10,260,194,105.09 |
| IV. Influence of exchange rate alternation on cash and cash equivalents | -13,753,443.70 | | -125,106,495.69 | |
| V.Net increase of cash and cash equivalents | 2,896,988,177.75 | 4,201,777,676.70 | -892,828,835.63 | 3,214,728,672.23 |
| Add: balance of cash and cash equivalents at the beginning of term | 9,224,531,117.84 | 5,563,228,322.58 | 10,117,359,953.47 | 2,348,499,650.35 |
| VI ..Balance of cash and cash equivalents at the end of term | 12,121,519,295.59 | 9,765,005,999.28 | 9,224,531,117.84 | 5,563,228,322.58 |

Legal Representative: Person in charge of accounting： Accounting Dept Leader:

Consolidated Statement on Change in Owners’ Equity

Prepared by :Tianjin Free Trade Zone Investment Holding Group Co., Ltd. In RMB

| | Year 2014 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Owner’s equity Attributable to the Parent Company | | | | | | | | | | | | Minor shareholders’ equity | Total of owners’ equity |
| | Share Capital | Other Equity instrusment | | | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Speciali zed reserve | Specialized reserve | Attributable profit | Othe r | Subtotal | | |
| | | preferre d stock | Sustainab le debt | Other | | | | | | | | | | |
| I.Balance at the end of last year | 16,051,000,000.00 | | | | 10,308,373,598.14 | | -536,155.89 | | 177,777,777.78 | 614,579,282.96 | | 27,151,194,502.99 | 1,533,945,944.95 | 28,685,140,447.94 |
| Add: Change of accounting policy | | | | | | | | | | | | | | |
| Correcting of previous errors | | | | | | | | | | | | | | |
| Merger of entities under common control | | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | | |
| II.Balance at the beginning of current year | 16,051,000,000.00 | | | | 10,308,373,598.14 | | -536,155.89 | | 177,777,777.78 | 614,579,282.96 | | 27,151,194,502.99 | 1,533,945,944.95 | 28,685,140,447.94 |
| III.Changed in the current year | 1,420,000,000.00 | | | | 476,569,504.15 | | 210,158,687.76 | | 133,333,333.33 | -664,196,646.43 | | 1,575,864,878.81 | 1,479,924,110.03 | 3,055,788,988.84 |
| （1）Total comprehensive income | | | | | 476,569,504.15 | | 210,158,687.76 | | | 674,259,206.84 | | 1,360,987,398.75 | 288,061,198.98 | 1,649,048,597.73 |
| （II）Adding or decreasing of capital by owners | 1,420,000,000.00 | | | | | | | | | | | 1,420,000,000.00 | | 1,420,000,000.00 |
| 1．Common Shares invested by shareholders | 1,420,000,000.00 | | | | | | | | | | | 1,420,000,000.00 | | 1,420,000,000.00 |
| 2．Invested capital from holders of other equity instruments | | | | | | | | | | | | | | |
| 3．Shares paid which accounted as owners’ equity | | | | | | | | | | | | | | |
| 4．Other | | | | | | | | | | | | | | |
| （III）Profit allocation | | | | | | | | | 133,333,333.33 | -1,338,455,853.27 | | -1,205,122,519.94 | | -1,205,122,519.94 |
| 1.Providing of surplus reserves | | | | | | | | | 133,333,333.33 | -133,333,333.33 | | | | |
| 2．Allocation to the owners (or shareholders) | | | | | | | | | | -1,200,000,000.00 | | -1,200,000,000.00 | | -1,200,000,000.00 |
| 3．Others | | | | | | | | | | -5,122,519.94 | | -5,122,519.94 | | -5,122,519.94 |
| (IV) Internal transferring of owners’ equity | | | | | | | | | | | | | 1,191,862,911.05 | 1,191,862,911.05 |
| 1. Capitalizing of capital reserves (or to capital shares) | | | | | | | | | | | | | | |
| 2. Capitalizing of surplus reserves (or to capital shares) | | | | | | | | | | | | | | |
| 3．Making up losses with surplus reserves | | | | | | | | | | | | | | |
| 4．Others | | | | | | | | | | | | | 1,191,862,911.05 | 1,191,862,911.05 |
| (V). Special reserves | | | | | | | | | | | | | | |
| 1. Provided in current period | | | | | | | | | | | | | | |
| 2．Used in current period | | | | | | | | | | | | | | |
| （VI）Others | | | | | | | | | | | | | | |
| IV. Balance at the end of this year | 17,471,000,000.00 | | | | 10,784,943,102.29 | | 209,622,531.87 | | 311,111,111.11 | -49,617,363.47 | | 28,727,059,381.80 | 3,013,870,054.98 | 31,740,929,436.78 |

Legal Representative: Person in charge of accounting： Accounting Dept Leader:

Consolidated Statement on Change in Owners' Equity

Prepared by :Tianjin Free Trade Zone Investment Holding Group Co., Ltd. In RMB

| | Year 2013 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Owner's equity Attributable to the Parent Company | | | | | | | | | | | | Minor shareholders' equity | Total of owners' equity |
| | Share Capital | Other Equity instrusment | | | Capital reserves | Less: Shares in stock | Less: Shares in stock Other Comprehensive Incom | Specialized reserve | Surplus reserves | Attributable profit | Other | Subtotal | | |
| | | preferred stock | Sustainable debt | Other | | | | | | | | | | |
| I.Balance at the end of last year | 13,750,000,000.00 | | | | 11,051,617,099.45 | | -15,349,681.71 | | 77,777,777.78 | 759,552,069.24 | | 25,623,597,264.76 | 1,466,470,171.14 | 27,090,067,435.90 |
| Add: Change of accounting policy | | | | | | | | | | | | | | |
| Correcting of previous errors | | | | | | | | | | | | | | |
| Merger of entities under common control | | | | | | | | | | | | | | |
| Others | | | | | | | | | | 134,294,239.32 | | 134,294,239.32 | -158,454,127.50 | -24,159,888.18 |
| II.Balance at the beginning of current year | 13,750,000,000.00 | | | | 11,051,617,099.45 | | -15,349,681.71 | | 77,777,777.78 | 893,846,308.56 | | 25,757,891,504.08 | 1,308,016,043.64 | 27,065,907,547.72 |
| III.Changed in the current year | 2,301,000,000.00 | | | | -743,243,501.31 | | 14,813,525.83 | | 100,000,000.00 | -279,267,025.60 | | 1,393,302,998.92 | 225,929,901.31 | 1,619,232,900.23 |
| （1）Total comprehensive income | | | | | -743,243,501.31 | | 14,813,525.83 | | | 720,732,974.40 | | -7,697,001.08 | 225,929,901.31 | 218,232,900.23 |
| （II）Adding or decreasing of capital by owners | 2,301,000,000.00 | | | | | | | | | | | 2,301,000,000.00 | | 2,301,000,000.00 |
| 1．Common Shares invested by shareholders | 2,301,000,000.00 | | | | | | | | | | | 2,301,000,000.00 | | 2,301,000,000.00 |
| 2．Invested capital from holders of other equity instruments | | | | | | | | | | | | | | |
| 3．Shares paid which accounted as owners' equity | | | | | | | | | | | | | | |
| 4．Others | | | | | | | | | | | | | | |
| （III）Profit allocation | | | | | | | | | 100,000,000.00 | -1,000,000,000.00 | | -900,000,000.00 | | -900,000,000.00 |
| 1.Providing of surplus reserves | | | | | | | | | 100,000,000.00 | -100,000,000.00 | | | | |
| 2．Alloction to the owners (or shareholders) | | | | | | | | | | -900,000,000.00 | | -900,000,000.00 | | -900,000,000.00 |
| 3．Others | | | | | | | | | | | | | | |
| (IV) Internal transferring of owners' equity | | | | | | | | | | | | | | |
| 1. Capitalizing of capital reserves (or to capital shares) | | | | | | | | | | | | | | |
| 2. Capitalizing of surplus reserves (or to capital shares) | | | | | | | | | | | | | | |
| 3．Making up losses with surplus reserves | | | | | | | | | | | | | | |
| 4．Others | | | | | | | | | | | | | | |
| (V). Special reserves | | | | | | | | | | | | | | |
| 1. Provided in current period | | | | | | | | | | | | | | |
| 2．Used in current period | | | | | | | | | | | | | | |
| （VI）Others | | | | | | | | | | | | | | |
| IV. Balance at the end of this year | 16,051,000,000.00 | | | | 10,308,373,598.14 | | -536,155.89 | | 177,777,777.78 | 614,579,282.96 | | 27,151,194,502.99 | 1,533,945,944.95 | 28,685,140,447.94 |

Legal Representative: Person in charge of accounting: Accounting Dept Leader:

Statement of change in owner's Equity of

Prepared by :Tianjin Free Trade Zone Investment Holding Group Co., Ltd.

In RMB

| | Year 2014 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Owner's equity Attributable to the Parent Company | | | | | | | | | | | Total of owners' equity |
| | Share Capita | Other Equity instrusment | | | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Specialized reserve | Surplus reserves | Attributable profit | Other | |
| | | preferred stock | Sustainable debt | Other | | | | | | | | |
| I.Balance at the end of last year | 16,051,000,000.00 | | | | 10,749,430,894.31 | | | | 177,777,777.78 | 55,089,423.40 | | 27,033,298,095.49 |
| Add: Change of accounting policy | | | | | | | | | | | | |
| Correcting of previous errors | | | | | | | | | | | | |
| Others | | | | | | | | | | -1,196,364.96 | | -1,196,364.96 |
| II.Balance at the beginning of current year | 16,051,000,000.00 | | | | 10,749,430,894.31 | | | | 177,777,777.78 | 53,893,058.44 | | 27,032,101,730.53 |
| III.Changed in the current year | 1,420,000,000.00 | | | | | | | | 133,333,333.33 | -46,342,541.44 | | 1,506,990,791.89 |
| （I）Total comprehensive income | | | | | | | | | | 1,286,990,791.89 | | 1,286,990,791.89 |
| （II）Adding or decreasing of capital by owners | 1,420,000,000.00 | | | | | | | | | | | 1,420,000,000.00 |
| 1．Common Shares invested by shareholders | 1,420,000,000.00 | | | | | | | | | | | 1,420,000,000.00 |
| 2．Invested capital from holders of other equity instruments | | | | | | | | | | | | |
| 3．Shares paid which accounted as owners' equity | | | | | | | | | | | | |
| 4．Others | | | | | | | | | | | | |
| （III）Profit allocation | | | | | | | | | 133,333,333.33 | -1,333,333,333.33 | | -1,200,000,000.00 |
| 1.Providing of surplus reserves | | | | | | | | | 133,333,333.33 | -133,333,333.33 | | |
| 2．Alloction to the owners (or shareholders) | | | | | | | | | | -1,200,000,000.00 | | -1,200,000,000.00 |
| 3．Others | | | | | | | | | | | | |
| (IV) Internal transferring of owners' equity | | | | | | | | | | | | |
| 1. Capitalizing of capital reserves (or to capital shares) | | | | | | | | | | | | |
| 2. Capitalizing of surplus reserves (or to capital shares) | | | | | | | | | | | | |
| 3．Making up losses with surplus reserves | | | | | | | | | | | | |
| 4．Others | | | | | | | | | | | | |
| (V )Special reserves | | | | | | | | | | | | |
| 1. Provided in current period | | | | | | | | | | | | |
| 2．Used in current period | | | | | | | | | | | | |
| （VI）Others | | | | | | | | | | | | |
| IV. Balance at the end of this year | 17,471,000,000.00 | | | | 10,749,430,894.31 | | | | 311,111,111.11 | 7,550,517.00 | | 28,539,092,522.42 |

Legal Representative: Person in charge of accounting: Accounting Dept Leader:

Statement of change in owner's Equity

Prepared by :Tianjin Free Trade Zone Investment Holding Group Co., Ltd. In RMB

| | Year 2013 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Owner's equity Attributable to the Parent Company | | | | | | | | | | | Total of owners' equity |
| | share Capita | Other Equity instrusment | | | Capital reserves | Less: Shares in stock | Other Comprehensive Income | Specialized reserve | Surplus reserves | Attributable profit | Other | |
| | | preferred stock | Sustainable debt | Other | | | | | | | | |
| I.Balance at the end of last year | 13,750,000,000.00 | | | | 11,656,412,894.71 | | | | 77,777,777.78 | 53,751,279.01 | | 25,537,941,951.50 |
| Add: Change of accounting policy | | | | | | | | | | | | |
| Correcting of previous errors | | | | | | | | | | | | |
| Others | | | | | | | | | | 292,945.39 | | 292,945.39 |
| II.Balance at the beginning of current year | 13,750,000,000.00 | | | | 11,656,412,894.71 | | | | 77,777,777.78 | 54,044,224.40 | | 25,538,234,896.89 |
| III.Changed in the current year | 2,301,000,000.00 | | | | -906,982,000.40 | | | | 100,000,000.00 | 1,045,199.00 | | 1,495,063,198.60 |
| （1）Total comprehensive income | | | | | -906,982,000.40 | | | | | 1,001,045,199.00 | | 94,063,198.60 |
| （II）Adding or decreasing of capital by owners | 2,301,000,000.00 | | | | | | | | | | | 2,301,000,000.00 |
| 1．Common Shares invested by shareholders | 2,301,000,000.00 | | | | | | | | | | | 2,301,000,000.00 |
| 2．Invested capital from holders of other equity instruments | | | | | | | | | | | | |
| 3．Shares paid which accounted as owners' equity | | | | | | | | | | | | |
| 4．Others | | | | | | | | | | | | |
| （III）Profit allocation | | | | | | | | | 100,000,000.00 | -1,000,000,000.00 | | -900,000,000.00 |
| 1.Providing of surplus reserves | | | | | | | | | 100,000,000.00 | -100,000,000.00 | | |
| 2．Alloction to the owners (or shareholders) | | | | | | | | | | -900,000,000.00 | | -900,000,000.00 |
| 3．Others | | | | | | | | | | | | |
| (IV) Internal transferring of owners' equity | | | | | | | | | | | | |
| 1. Capitalizing of capital reserves (or to capital shares) | | | | | | | | | | | | |
| 2. Capitalizing of surplus reserves (or to capital shares) | | | | | | | | | | | | |
| 3・Making up losses with surplus reserves | | | | | | | | | | | | |
| 4．Others | | | | | | | | | | | | |
| (V). Special reserves | | | | | | | | | | | | |
| 1. Provided in current period | | | | | | | | | | | | |
| 2．Used in current period | | | | | | | | | | | | |
| （VI）Others | | | | | | | | | | | | |
| IV. Balance at the end of this year | 16,051,000,000.00 | | | | 10,749,430,894.31 | | | | 177,777,777.78 | 55,089,423.40 | | 27,033,298,095.49 |

Legal Representative: Person in charge of accounting: Accounting Dept Leader:

# Notes to the Consolidated Financial Statements

## I. The Basic Information of the Company

Tianjin Free Trade Zone Investment Holding Group Co., Ltd. (hereinafter referred to as the Company) is a wholly state-owned limited company, registered and founded in Tianjin Airport Logistics Processing Zone on December 17, 2008, and granted with 120000000007724 business license approved and issued by Tianjin Binhai New District Administration of Industry and Commerce. The legal representative is Xing Guoyou; the Company type is limited liability company. The registered capital amounts to RMB17.471 billion and the paid-in capital amounts to RMB17.471 billion. The investor and its equity ratio is as follows:

| Investor | Amount (RMB'0000) | Investment Ratio |
| --- | --- | --- |
| Tianjin Port Free Trade Zone State-owned Asset Supervision and Administration Commission | 1,747,100.00 | 100% |

Business scope stipulated in its business license: investment, management and consultation services for real estate, international and domestic trade, logistics, financial industry, high-tech industry, infrastructure construction; international trade; warehousing (dangerous goods excluded); freight forwarder; own equipment leasing; property services (subject to the national special provisions).

By the end of reporting period, the Company has ten wholly-owned subsidiaries namely Tianjin T&B Holdings Co., Ltd, Tianjin Port FTZ Investment Co., Ltd., Tianjin T&B Finance Co., Ltd, Tianjin T&B Jiashun Investment Co., Ltd, Tianjin T&B Jiaye Investment Co., Ltd, Tianjin T&B Jiayuan Investment Co., Ltd, Tianjin T&B Micro-credit Co., Ltd., Tianjin Tianbao Leasing Co., Ltd., Tianjin T&B Financial Management Co., Ltd and Tianjin T&B Commercial Factoring Co., Ltd. Refer to Notes 5 for additional information.

## II. Preparation Basis of Financial Statements

### 1. Preparation Basis of Financial Statements

The financial statements are prepared on the basis of continuing operations. In according to actual transactions and events, the financial statements are prepared in accordance with the Accounting Standard for Business Enterprises – Basic Standards issued by Ministry of Finance, specific accounting standards in Article 41, the application guidelines, interpretations and other relevant regulations of following accounting standards for enterprises (generally referred to as the "Accounting Standard for Business Enterprises").

### 2. Declaration on Compliance with Accounting Standard for Business Enterprises

The financial statements prepared by the Company is in accordance with the requirements of Accounting Standard for Business Enterprises, and truly and fully reflect the financial position, results of operations and cash flows of the Company.

### 3. Accounting Period

The Gregorian calendar year is adopted for the fiscal year in the Company, which is from January 1 to December 31.

### 4. Recording Currency

The financial statements of the Company are stated in RMB.

### 5. Accounting Treatment Method of Business Merger under Common Control and not under Common Control

(1) The Business Merger under Common Control

The assets and liabilities acquired in the business merger shall be recorded into the consolidated financial statements at their book value on the date of business merger. For the difference of the book value of net assets acquired by the Company and that of consolidation consideration (or total present value of the issued shares) paid, the stock premium in capital reserve should be adjusted. If the stock premium in capital reserve is insufficient to offset, the retained earnings shall be adjusted.

If the accounting policies adopted by the acquired parties are inconsistent with the Company, the acquired parties shall adjust according to the accounting policies of the Company at the merger date and recognize the book value adjusted on these policies.

All expenses directly relevant to the business merger including audit expense, assessment expense and legal service expense paid for the business merger are recorded into the current profits and losses when occurrence.

Handling charges and commissions for issuing equity securities during the business merger offset the premium income of equity securities. If the premium income is insufficient to offset, the retained earnings shall be written down.

(2) The Business Merger not under Common Control

The merger cost is the assets paid, the liabilities occurred or assumed and the fair value of equity securities issued by the Company for the control power of the acquired party at the purchase date, plus all directly relevant expenses. Thus, the assets paid, the liabilities occurred or assumed by the Company at the purchase date shall be recognized as per the fair value. The balance between the fair value and the book value are recognized into the current profits and losses.

The balance that the merger costs minus the fair value of identifiable net assets of the acquired party in the business merger is recognized as the goodwill by the Company. If the merger costs are less than the fair value of identifiable net assets of the acquired party, the Company shall review the fair values of all identifiable assets, liabilities and contingent liabilities of the acquired party and the measurement of the merger costs. If the merger costs are still less than the fair values of identifiable net assets of the acquired party in the business merger after the review, the balance is recognized into the current profits and losses.

The potential economic benefits of other assets (not limited to the identified assets of the acquired party) except for intangible assets of the acquired party in the business merger may flow into the Company and their fair value can be reliably measured and independently recognized. Intangible assets whose fair value can be reliably measured are separately identified as intangible assets and measured as per the fair value. The potential economic benefits of other liabilities except for the contingent liabilities of the acquired party may flow out from the Company and their fair value can be reliably measured and independently recognized. The contingent liabilities of the acquired party whose fair value can be reliably measured are separately identified as the contingent liabilities and measured as per the fair value.

The acquired companies become subsidiaries of the Company after the merger. All identifiable assets, liabilities and contingent liabilities of the acquired parties in the business merger are recognized as per their fair values at the purchase date into the consolidated balance sheet of the Company.

**6. Preparation Method of Consolidated Financial Statements**

The consolidation scope of the consolidated financial statements is determined on the basis of control. The parent company shall cover all controlled entities (including enterprises, divisible parts of invested companies, and structured entities controlled by enterprises) into the consolidation scope of the consolidated financial statements.

Although an enterprise has at most 50% voting right of the invested party, whether its voting right is enough for it to have the ability of directing activities of the invested party and whether this enterprise is viewed with the possession of the control right, the following facts should be considered:

1.The voting right of the enterprise relative to other voting shares of other investment parties, and the dispersion of voting shares of other investment parties;

2.The potential voting rights of the enterprise and other investment parties in the invested party such as convertible bonds and executable warrants;

3.Other rights in other contracts.

The enterprise shall consider the history implementation of voting rights and other facts of the invested party.

When the voting right has no material impact on the returns of the invested party, for example it’s only related to regular administration of the invested party, and when activities of the invested party are determined in contracts, the enterprise has to assess these contracts and whether its right is powerful enough to control the invested party.

When the enterprise is unable to find out whether its right is powerful enough to control the invested party, it should consider the evidences that prove its actual ability to direct activities of the invested party and then judge whether it has the control right of the invested party. The considerations include but are not limited to:

1.Whether the enterprise has the right to assign or approve the executives of the invested party;

2.Whether the enterprise votes for or against major transactions of the invested party out of its own benefits;

3.Whether the enterprise has the control of appointment of authorities like Board of Directors in the invested party, or gets the attorneyship from other voting shareholders;

4.Whether the enterprise is affiliated with majorities of executives or authorities like Board of Directors in the invested party.

Special relations between the enterprise and the invested party, if exiting, should be considered when it's to assess whether the enterprise has the control right of the invested party. Special relations include key executives of the invested party is or was the employee of the enterprise; the operation of the invested party relies on the enterprise; major activities of the invested party have the enterprise involved in or are taken under the name of the enterprise; the enterprise's risks or earnings with variable returns from the invested party exceed its voting shares or similar right proportion.

When determining whether it has the control of the invested party, the enterprise shall find out firstly that it executes the decision right under the name of principal entity or agency. If other parties have the decision rights, it should find out that whether they execute the decision rights under the name of agency.

The enterprise should find out whether it has the overall control of the invested party. In rare cases when evidences show the following conditions are met and relevant laws and regulations are complies with, the investment party shall view a part ("the part") of invested party as an separate part (individual entity) of invested party and then find out whether it has the control right of this part (individual entity).

1. The assets of the part are the sole source to pay off liabilities or other equities of the part,

and are not used to pay off other liabilities of other parts of the invested party;

2. Except for parties related to the part, other parties are entitled to neither the rights related to assets of the part, nor the rights related to remaining cash flows of the part.

The accounting policies and accounting periods adopted by subsidiaries consolidated to the scope of the consolidated financial statements shall be consistent with that of the Company. If the accounting policies and accounting periods adopted by subsidiaries are inconsistent with that of the Company, necessary adjustment shall be made in consolidated statements according to the accounting policies and periods of the Company. The consolidated financial statements are based on the statements of parent company and subsidiaries and complied by the parent company after all internal transactions between the parent and the subsidiaries and among subsidiaries are written off according to relevant materials.

Unrealized profits and losses arising from the parent company selling assets to its subsidiaries offset “net profit attributable to the parent”.

Unrealized profits and losses arising from the subsidiaries selling assets to their parent company offset “net profit attributable to the parent” and “minority interest income” according to their proportion allocated by the parent company.

Unrealized profits and losses arising from the subsidiaries selling assets among them offset “net profit attributable to the parent” and “minority interest income” according to the selling party’s proportion allocated by the parent company.

Long-term equity investment of the parent company held by the subsidiaries are viewed as the treasury stocks of the enterprise group and the deduction item of ownership equity. It’s stated in “less: treasury stock” under ownership equity of the consolidated balance sheet. Long-term equity investment of the subsidiaries held by other subsidiaries offsets the shares of ownership equity of invested subsidiaries.

Deferred income tax assets or liabilities are recognized in the consolidated balance sheet, income tax expenses are adjusted in the consolidated statement of income when temporary differences between the book values of assets and liabilities in the consolidated balance sheet and their taxation base exist due to offset unrealized profits and losses arising from internal sales, but deferred income tax recorded directly into transactions or events of ownership equity and related with business merger are excepted.

Minority interest is stated in “minority interest” under ownership equity in the consolidated balance sheet. Minority interest income is stated in “minority interest income” under net profit in the consolidated statement of income. The balance that current profits and losses assumed by monitories of subsidiaries exceeding their shares of ownership equity at the beginning period are used to offset the minority interest.

During the reporting period, the subsidiary increased due to the business merger under common control, the Company shall adjust the beginning amount in the consolidated balance sheet and record the revenue, expense and profit of the subsidiary from the beginning to the end of reporting period in the merger period, into the consolidated statement of income, and the cash flow from the beginning to the end of reporting period in the merger period shall be included into the consolidated statement of cash flow. Same items in statement comparison shall be adjusted. The reporting entities after the merger exist since the final controlling party starts to control

During the reporting period, the subsidiary increased due to the business merger under non-common control or other means, the Company shall not adjust the beginning amount in the consolidated balance sheet and then record the revenue, expense and profit of the subsidiary from the beginning to the end of reporting period in the merger period, into the consolidated statement of income, and the cash flow from the beginning to the end of reporting period in the merger period shall be included into the consolidated statement of cash flow. When business merger under non-common control is realized through multiple transactions, the Company re-measures the equity of the acquired party held before the acquisition date at the fair value of the acquisition date. The balance between the fair values and the book values are recorded into the current investment income. The equity of the acquired party held before the acquisition date and involved with other comprehensive income or other ownership equity changes, and other comprehensive income and other ownership equity are transferred into current investment income at the acquisition date, but other comprehensive incomes arising from net debts or assets re-measured by the investment party are accepted.

The Company shall not adjust the beginning amounts in the consolidated balance sheet when depositing subsidiaries and their services within the reporting period; revenue, expense and profit of the subsidiary from the beginning of reporting period to the deposition date are included into the consolidated statement of income; cash flow of the subsidiary from the beginning of reporting period to the deposition date is included into the consolidated statement of cash flow. The Company may lose the control right of the subsidiary due to the deposition of parts of equity investment or other causes, and re-measure the remaining equity investment at the fair value at the date of losing control right. Consideration acquired from equity deposition, plus the fair value of remaining equity, less net assets computed according to original shareholding ratio since the purchase date or the merger date, is recorded into the current investment income after losing the control right and offsets the goodwill. Other comprehensive income and other ownership equity related to the equity investment on original subsidiary are transferred into the current investment income when losing the control right.

The Company disposes its equity investment on subsidiaries through multiple transactions until it losses the control right. If these transactions are a package deal, they shall be treated as one transaction to disposes its equity investment until losing the control right; but before losing the control right, the balance between each deposition price and the net assets of subsidiaries arising from the disposes investment is recognized as other comprehensive income in the consolidated financial statement and transferred into the current profits and losses when losing the control right.

The balance between the new long-term equity investments acquired by the Company from purchasing minority interest and the net identifiable assets of subsidiaries acquired from new holding shares, and the balance between the disposes prices acquired from the disposes of parts of equity investment of subsidiaries when not losing the control right and net assets of subsidiaries acquired from disposes long-term equity investment, are adjusted into stock premium of capital reserve in the consolidated balance sheet. The stock premium of capital reserve, if not offset, is adjusted into retained earnings.

**7. Determination Standard of Cash and Cash Equivalents**

The cash determined by the Company in the preparation of the cash flow statement, refers to the cash on hand and the deposits that can be used to pay at any time in the Company. The cash equivalents refer to the Company's investments with short term, strong liquidity, easy to covert to known amounts cash and low risk of value change.

**8. Foreign Currency Transaction and Foreign Currency Translation in Financial Statements**

The foreign currency amounts shall be translated into China Yuan at the spot exchange rate at the transaction date in the occurrence of the foreign currency transactions of the Company. As for the ending balance in various foreign currency accounts, the foreign currency monetary items shall be translated at the spot exchange rate on the balance sheet date, and any exchange balance shall be recognized into the current profits and losses; the foreign currency non-monetary items with the historical cost measurement shall be translated at the spot exchange rate at the transaction date; the foreign currency non-monetary items with the fair value measurement shall be translated at the spot exchange rate at the date of the fair value determined, and any exchange balance shall be recognized into the variable profit and loss of fair value.

The translation of financial statements of foreign currency shall comply with the following principles:

(1) The assets and the liabilities items in the balance sheet shall be translated at the spot exchange rate on the balance sheet date; other items in the stockholders' equity items should be translated at the spot exchange rate on the occurrence date, except for the "Undistributed Profit".

(2) The income and expense items in the income statements shall be translated at the spot exchange rate on the transaction date.

(3) All translation balances in foreign currency statements are separately reflected under the ownership interest in the balance sheet.

(4) The cash flow statements are translated at the spot exchange rate at the transaction date. The impact of exchange rate change on the cash shall be as the adjustment item and separately reflected in the cash flow statement.

**9. Accounting Method of Financial Assets and Liabilities**

(1) The Financial Instruments Recognition and Derecognition

The financial instrument refers to the contract that the corporate's financial assets, and other units' financial liabilities or equity instruments are formed.

Investments that the Company has no control, joint control or material impacts on the invested entities and which have no quoted prices over the active market and whose fair value cannot be reliably measured are recognized in accordance with relevant codes of financial instruments.

The Company shall recognize one financial asset or liability when entering into the financial instrument contract.

The derecognition shall be made if the followings occur for the financial assets: the contract rights on the acquisition of the financial assets cash flow are terminated; or the financial assets have been transferred in accordance with the derecognition requirements of the Accounting Standard for Business Enterprises No.23 ---- Financial Asset Transfer.

Only when the current obligation of the financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly.

（2）The Financial Assets Classification

The Financial assets at the initial recognition are measured at their fair values and are divided into four categories as followed:

① Financial assets measured by the fair value and whose changes are recognized into the current profits and losses

The financial assets at the measurement of the fair value and whose changes included into the current profits and losses should include the trading financial assets and the financial assets at the initial recognition on the basis of the measurement of the fair value and whose changes included into the current profits and losses. The trading financial assets include the financial assets acquired for the sale in the short term, and the derivative financial instruments. These financial assets are measured by their fair values in subsequent periods, all realized and unrealized profits and losses are recorded into the current profits and losses.

② Held-to-maturity investments

The held-to-maturity investment refers to the non-derivative financial assets with the fixed due date, the fixed or determinable recoverable amounts, and the clear intention and ability to hold till the maturity for the Company, but non-derivative financial assets reclassified into other financial assets are excluded. Such financial assets shall be measured at the effective interest according to the amortized cost in subsequent periods, and the gains or losses produced from the derecognition, impairment or amortization shall be included in the current profits and losses.

③the loans and the receivables

The loans and the accounts receivable refer to the non-derivative financial assets without the quotation but with the fixed or determinable redemption amounts on the active market. Such financial assets shall be measured at the effective interest according to the amortized cost in subsequent periods, and the gains or losses produced from the derecognition, impairment or amortization shall be included in the current profits and losses.

④The available-for-sale financial assets

The available-for-sale financial assets, refer to the non-derivative financial assets available for sale that appointed at the initial recognition, and the non-derivative financial assets with the exception of above three financial assets categories. Such financial assets shall be measured at their fair values in subsequent periods. The premium/discount price shall be amortized at the effective interest and recognized as the interest income; the fair value changes are recorded into the capital reserve, when the investment is derecognized or believed to have impairment, the parts recorded into the ownership interest shall be transferred into the current profits and losses.

（3）The Financial Liabilities Classification

The financial liabilities are measured by their fair values at the initial recognition and classified into two types:

① The financial liabilities that are measured by their fair values and whose changes are recorded into the current profits and losses

The financial liabilities that are measured by their fair values and whose changes are recorded into the current profits and losses, include trading financial liabilities and those are measured by their fair values at the initial recognition and their changes are recorded into the current profits and losses. Such financial liabilities are measured by their fair values in subsequent periods and all realized and unrealized profits and losses are recorded into the current profits and losses.

② Other financial liabilities

Such financial liabilities are measured as per the amortized cost in subsequent periods by the method of the effective interest.

（4）Transaction Expense

As for the financial assets and liabilities that are measured by their fair values and whose changes are recorded into the current profits and losses, their transaction expenses are recorded into the current profits and losses; as for other financial assets or liabilities, their transaction expenses are recorded into the initial recognition amount.

（5）The Fair Value of Financial Instruments

The fair values of financial assets or liabilities in active market are determined based on their quoted prices in active market; the fair values of financial instruments not in active market are reasonably estimated by the Company by references of the prices used by voluntary parties in recent market transactions under familiar situations, the current fair values of identical financial instruments, the discount cash flow method and the option pricing model.

（6）Discount Rate Recognition

The discount rate is determined based on the future cash flow estimated according to all financial assets or liabilities contracts provisions (including prepayment option, call option and similar options) without future credit loss considered.

All charges, transaction expenses and premium or discount paid or received by all parties of financial asset or liability contracts and constituting the discount rate shall be considered when the discount rate is determined. If the future cash flow or the duration of financial assets or liabilities is not reliably estimated, the contract cash flow of the financial asset or liability within the period of the contract shall be adopted.

（7）The Financial Assets Impairment

The Company shall check the book value of the financial assets on the balance sheet date, and the impairment provision shall be recognized if there are objective evidences showing the impairment of the financial assets. The objective evidences indicating the impairment of the financial assets, refer to the events that actual occurrence of the financial assets at the initial recognition, with influence on the expected future cash flow of the financial assets, and the reliable measurement made on the influence by the enterprise.

A separate impairment test shall be made for the financial asset with significant amount. If any objective evidences indicate impairment, the impairment shall be recognized and recorded into the current profits and losses.

① The financial assets at the measurement of amortized cost

If there is objective evidence that the impairment of the financial asset occurred, the book value of the financial asset shall be write-down to the present value of the expected future cash flow (unhappened future credit loss excluded), and the write-down amounts shall be recorded into the current profits and losses. The present value of the expected future cash flow should be determined according to the effective interest rate discount of the financial asset, and the relevant collateral value shall be considered.

After the impairment loss is recognized by the Company for the financial asset at the measurement of amortized cost, and if there is any objective evidence that the financial asset value has been restored and objectively is related to the items occurred after the recognition of the loss, the originally recognized impairment loss shall be switched back and recorded into the current profits and losses. However, the amortized cost of the financial asset at the switch-back date under the condition of impairment provision shall not be calculated if the switched book value is not beyond the supposed one.

②The financial assets at the measurement of costs

If there is any objective evidence that the impairment occurred for the financial asset, the book value of the financial asset shall be recognized as the impairment loss and recorded into the current profit and loss according to the difference of the market return rate of the similar financial asset minus the present value recognized from the discounted future cash flow. The occurred impairment loss shall not be switched back once recognized.

③The available-for-sale financial assets

If there is any objective evidence that the impairment occurred for the financial asset, the accumulative losses formed due to the decline of the fair value for the originally recorded capital reserves, shall be switched out and included into the current profits and losses. The cumulative roll-out losses are the balances of the initially gained costs of the financial assets available for sale minus the redeemed principal, the amortized amounts, the current fair value and the impairment losses originally recorded into the profits and losses.

For the debt instruments available for sale that the impairment loss has been identified, the originally recognized impairment loss shall be switched back and recorded into the current profits and losses if the subsequent fair value during the accounting period has risen and objectively is related to the items occurred after the recognition of the original impairment loss. The impairment loss of the equity instruments available for sale in the occurrence of investment shall not be switched back through the profits and losses.

（8）The Financial Assets Transfer

The transfer of the financial assets means that the financial asset shall be handed over or delivered to another party (transferee) other than the issuer of the financial asset.

The financial asset shall be derecognized if the Company has transferred almost all the risks and rewards on the ownership of the financial asset to the transferee, and the financial asset shall not be derecognized if almost all the risks and rewards on the ownership of the financial asset are reserved.

If the Company neither transfers nor reserves almost all the risks and rewards on the ownership of the financial asset, the treatments are as follows: the financial asset shall be derecognized and the generated asset and liability should be recognized if the control on the financial asset has been given up, and the relevant financial asset shall be recognized according to the transfer degree on the financial asset and the relevant liability shall be accordingly recognized if the control on the financial asset has not been given up.

**10.Account Receivable**

The account receivable includes the payment receivable and other receivables. The account receivable arising from the commodities sold or the services provided by the Company are initially recognized as the fair value of contract or agreed amount of the purchaser. The account receivable adopts the effective interest and equals to the amortized cost, net of bad-debt provision.

（1）The Account Receivables With Significant Single Amount And Single Bad-Debt Provision Withdrawn

| | |
|---|---|
| Criterion or amount of significant single amount | The amount of single account receivable is more than RMB10 million |
| The withdrawing method of bad-debt provision of receivables with significant single amount | If an impairment loss of single account receivable is determined after a separate impairment test, a bad-debt provision shall be withdrawn according to the balance between estimated future cash flow and the book value; no bad-debt provision shall be withdrawn if single account receivable has no impairment. |

（2）The Account Receivables With Bad-debt Provisions Withdrawn Based on Credit Risk Portfolio

The account receivables with insignificant single amount and without single impairment shall be grouped according to the similarity and the correlation of credit risk features. These credit risks usually reflect the debtor’s ability to pay back all matured liabilities according to the asset contract terms and are correlated with the measurement of future cash flow of the reviewed asset.

A． Recognition Criteria for Different Groups

| **Items** | **Criteria on Group Determination** |
|---|---|
| Aging Group | Group by credit feature of the ages of account receivables |
| No-risk Group | Group by credit features of transaction object and amount property of account receivables, including export tax refund receivable, business borrowings of employees, reserve and guarantee deposit. |

B． Withdrawing Method on Bad-debt Provision for Different Mixes

| **Items** | **Withdrawing Method** |
|---|---|
| Aging Group | Bad-debt provision is withdrawn by the aging analysis |
| No-risk Group | No Bad-debt provision withdrawn |

Group withdrawing method of bad-debt provision based on the aging analysis is as follows:

| Aging | Accrual ratio of account receivables (%) | Accrual ratio of other account receivables (%) |
|---|---|---|
| Within 3 months | 0 | 0 |

| | | |
|---|---|---|
| 3 months – 1 year | 5 | 5 |
| 1-2 years | 10 | 10 |
| 2-3 years | 30 | 30 |
| Over 3 years | 100 | 100 |

(3) The Account Receivables with insignificant single amount and single bad-debt provision withdrawn

| | |
|---|---|
| Reason for single bad-debt provision withdrawn | The account receivable with single amount less than RMB10 million and an impairment |
| Withdrawing method of bad-debt provision | The bad-debt provision is withdrawn based on the balance between the future cash flow and the book value |

(4) Return of Bad-debt provision

If any objective evidences indicate the values of account receivables are recovered and correlated with the events after the impairment the determined, the original impairment shall be returned and recorded into the current profits and losses. But the returned book value shall not exceed the amortized cost of the account receivable at the return date assuming bad-debt provision is not withdrawn.

(5) When the Company transfers the non-retroactive account receivables to the financial institutions, the transaction amounts, net of write-off book value of other account receivables and other taxes and expenses, shall be recorded into the current profits and losses.

**11. Inventory**

(1)Inventory Classification: inventory refers to the raw materials, inventory merchandise, goods shipped in transit, development cost, developed products, finished products, the products in the production (development) process, outside processing materials, outsourced semi-finished products, low-value consumption goods and packaging materials for sell or consumption during the operation process.

（2）Pricing method for acquisition and delivery: The inventories of the Company are acquired at the prices of their actual costs and delivered at the weighted average prices.

（3）Amortization method for the low-value consumables and packaging materials: the low-value consumables of the Company shall be amortized by once according to actual situations.

（4）Inventory system: The perpetual inventory system shall be adopted for the inventories of the Company.

（5）The Recognition and Withdrawing Method for Allowance of Inventory Falling Price

Inventories are reported at lower of book value or net realizable value at the end of report period. The allowance of inventory falling price is withdrawn according to the balance between the net realizable value of single inventory and its cost. The net realizable value equals to the estimated sale price of the inventory, net of the cost occurred till the completion, the estimated sale expense and relevant taxes.

The allowance of inventory falling price is created when one of the following events happens:

①The market price continues to fall and is not expected to rise in the foreseeable future;

②The cost of the product using the raw materials is higher than the sale price of the product;

③The inventory materials are no longer suitable for new products due to update and their market prices are lower than their book values;

④The market prices keep falling due to market demand changes caused by outdated products or services or consumer preference changes;

⑤The inventories are proved to have impairment by sufficient evidences.

The book values of inventories are transferred into the current profits and losses and charged off for once if one of the following events happens:

①Inventories are rotten;

②Inventories are outdated and have no transfer values;

③Inventories are no longer needed in the production and have no use or transfer values;

④Inventories are proved to have no use or transfer values by sufficient evidences.

**12.Long-term Equity Investment**

（1）Initial Measurement of Investment Cost

①Long-term Equity Investment in Business Merger

A. In case of business merger under common control, the Company pays cash, transfers non-cash assets or assumes liabilities to make consolidation consideration. The portion of the ownership equity acquired from the acquired party at the merger date in the book value of consolidated financial statement of the controlling party is recorded as the initial investment cost of long-term equity investment. The balance between the initial investment cost of long-term equity investment and the paid consideration is adjusted into capital reserve; if capital reserve is not enough for the offset; it's adjusted into retained earnings.

The acquiring party issues equity securities as consolidation consideration. The portion of the ownership equity acquired from the acquired party at the merger date in the book value of consolidated financial statement of the controlling party is recorded as the initial investment cost of long-term equity investment. The total book value of issued shares is the capital stock; the balance between the initial investment cost of long-term equity investment and the total book value of issued shares is adjusted into capital reserve; if capital reserve is not enough for the offset, it's adjusted into retained earnings.

All expenses directly arising from the merger, including audit expense, assessment expense and legal service charges paid for the ongoing merger, are recorded into the current profits and losses at the occurrence.

Transaction expenses directly related to equity securities issued by the acquiring party for the consolidation consideration shall offset "capital reserve-capital premium or stock premium". If "capital reserve-capital premium or stock premium" is not enough for the offset, it shall then offset surplus reserve and undistributed profits; Transaction expenses directly related to equity securities issued by the acquiring party for the consolidation consideration are recorded into the initial recognized amount of debt securities.

Stock equities of the invested party under common control are acquired through multiple transactions until business merger is settled. Make relevant treatments after making sure these transactions are a package deal or not.

① In case of a package deal, the acquiring party shall take these transactions as one transaction for the control right. If a business merger is realized through multiple transactions, these transactions shall be taken as a package deal for accounting treatment when the terms and conditions of these transactions and the economic factors meet at least one of following conditions: a. these transactions are concluded simultaneously or considering mutual influences; b. a complete commercial result is reached only when these transactions are taken as a whole; c. one transaction is dependent on at least one other transaction; d. one transaction alone is not economic unless it's combined with other transactions.

②If it's not a package deal, the acquiring party shall follow the steps below for accounting treatment at the date when the control right is acquired.

a.The initial investment cost of long-term equity investment arising from the merger of enterprises under common control shall be recognized. At the merger date, the initial investment cost of long-term equity investment is recognized according to the portion of acquired net assets from the acquired party in the book value of consolidated finance statement of the controlling party.

b. The balance between the initial investment cost of long-term equity investment and the book value of consolidation consideration shall be treated. The balance between the initial investment cost of long-term equity investment at the merger date, and the book value of long-term equity investment before the merger, plus the book value of new consideration at the merger date, is adjusted into capital reserve (capital premium or stock premium); if capital reserve is not enough for the offset, it shall offset surplus reserve and undistributed profits.

c. The equity investment held before the merger date, and other comprehensive incomes accounted by equity method or recognized by financial instrument and accounted and recognized by measurement standard, do not undergo the accounting process until it's disposed on the same basis of relevant assets or liabilities of invested party which are to be disposed. The changes of ownership equity of net assets of invested party accounted and recognized by equity method, except for net profits and losses, other comprehensive income and distributed profits, do not undergo the accounting process until the assets are disposed, and then transferred into current profits and losses. If the remaining equity after the disposition is accounted by equity method or cost method, other comprehensive income and other ownership equity shall be carried forward according to their proportions; if the remaining equity after the disposition is recognized by financial instrument and accounted by measurement standard, other comprehensive income and other ownership equity shall be carried forward in full amounts.

d.Consolidated financial statements are compiled. As for the long-term equity investment held by the acquiring party before the merger, the profits and losses, other comprehensive income and other ownership equity changes, recognized between the later of acquired date or final controlling date and the merger date, are to offset the beginning retained earnings or current profits or losses in the reporting period.

B. As for long-term equity investment arising from the merger of enterprises under non-common control, the business merger cost is the initial investment cost. The business merger cost includes assets paid by the acquiring party to get the control right of the acquired party, liabilities occurred or assumed, and fair values of issued equity securities.

Audit expense, assessment expense, legal service charge and other relevant administrative expense paid by the acquiring party for the business merger are recorded into the current profits and losses; transaction expenses of equity or liability securities issued by the acquiring party for the consolidation consideration are recorded as initial recognized amount of equity or liability securities.

②Long-term equity investment acquired by other means

As for the long-term equity investment acquired by cash, the purchase price actually paid is recorded as the initial investment cost, which includes expenses directly related to the acquisition of this long-term equity investment, taxes and other necessary expenditures.

As for the long-term equity investment acquired by issuing equity securities, the fair value of issued equity securities is recorded as the initial investment cost. Handling charges and commissions paid to security underwriting institutions for equity security insurance, and other expenses directly related to the issuance are not recorded into the cost of this long-term equity investment, but are deducted from its premium issuance income. If its premium issuance income is not enough to offset, these expenses shall offset surplus reserve and then undistributed profits.

As for the long-term equity investment acquired by exchanging non-monetary assets, if non-monetary asset exchange has commercial natures or the fair value of the surrendered assets is reliably measured, the fair value of the surrendered assets and the relevant taxes and expenses paid are recorded as the initial investment cost of the received long-term equity investment; otherwise, the book value of the surrendered assets and the relevant taxes and expenses paid are recorded as the initial investment cost of the received long-term equity investment.

As for the long-term equity investment acquired by debt restructuring, the fair value of entitled shares is recorded as the investment cost; the balance between the book balance of debt restructuring and the fair value of shares is recorded into the current profits and losses. The balance shall offset the impairment reserve, if it’s created; the remaining part shall be recorded into the current profits and losses.

（2）Subsequent Measurement and Recognition of Profits and Losses

①Subsequent Measurement

The Company uses cost accounting method for its investments on its subsidiaries and measures at initial investment cost. The cost of long-term equity investment shall be adjusted after adding or recovering investments.

The long-term equity investment that has joint control or significant impact on the invested entity, shall be calculated by the equity method, unless the investment is held-for-sale assets. If the initial investment cost of long-term equity investment is more than the fair value of entitled identifiable net assets of the invested party, the initial investment cost of long-term equity investment shall not be adjusted; if the initial investment cost of long-term equity investment is less than the fair value of entitled identifiable net assets of the invested party, its balance shall be recorded into the current profits and losses and meanwhile the cost of long-term equity investment shall be adjusted.

If the Company has significant impacts or implements its common control but has no ultimate control on the invested party due to additional investment, according to "Accounting Standard for Business Enterprises No.22 ---- Recognition and Measurement of Financial Instrument", the fair value of its original equity investment and the cost of additional investment together are recorded as the initial investment cost by equity method. The original equity investment is reclassified into finance assets; the balance of its fair value and its book value, and accumulated fair value changes which were recorded into other comprehensive income, are recorded and transferred into the current profits and losses by equity method.

If the Company implements the control on the invested party under non-common control due to additional investment, the book value of original equity investment and the cost of additional investment together are recorded as the initial investment cost into some financial statements by equity method. The equity investment held before the acquisition date is recognized as other comprehensive income by equity method, but it shall be accounted when it is disposed on the same base as similar assets or liabilities of the invested party. The equity investment held before the acquisition date is accounted according to "Accounting Standard for Business Enterprises No.22 ---- Recognition and Measurement of Financial Instrument", the accumulated fair value changes which were recorded into other comprehensive income, are transferred into the current profits and losses by cost method.

The Company losses the common control or significant impact on the invested party due to disposition of part equity investment. The remaining equity after the disposition shall be accounted according to "Accounting Standard for Business Enterprises No.22 ---- Recognition and Measurement of Financial Instrument"; the balance between its fair value measured at the date of losing common control or significant impact and its book value is recorded into the current profits and losses. The original equity investment was recognized as other comprehensive income by equity method; it shall be accounted on the same base as similar assets or liabilities of the invested party at the date when the equity method is stopped. The Company losses the control on the invested party due to disposition of part equity investment. The remaining equity after the disposition, which has the common control or significant impact on the invested party, shall be accounted by equity method, and adjusted since its acquisition; the remaining equity after the disposition, which has no common control or significant impact on the invested party, shall be accounted according to "Accounting Standard for Business Enterprises No.22 ---- Recognition and Measurement of Financial Instrument"; the balance between its fair value measured at the date of losing control and its book value is recorded into the current profits and losses.

As for the ownership equity changes of the invested party accounted by equity method, except for net income and other comprehensive income: if the shareholding ratio stays the same, the Company shall compute its entitled or assumed parts according to its shareholding ratio and adjust the book value of long-term equity investment and then increase or decrease capital reserve (other capital reserve).

② Adjustment of Profits and Losses

Under the cost method, except for the purchase price paid for investment, or declared but unrealized cash dividends or profits included into consideration, the Company recognizes the investment income according to declared but unrealized cash dividends or profits of the invested party, no matter the distributed profits are net profits of the invested party before or after the investment.

Under the equity method, after acquiring the long-term equity investment the Company shall recognize investment income and other comprehensive income according to its shares in realized net profits or losses and other comprehensive income of invested party and then adjust the book value of its long-term equity investment. The investing party calculates its deserved parts according to the declared profits or cash dividends of the invested party and then decreases the book value of its long-term equity investment correspondingly. The investing party recognizes realized net losses of the invested party until its book value of the long-term equity investment and other long-term equity materially invested in the invested party are decreased to zero, but the investing party's obligation for extra losses is excluded from such case. As for future realized profits of the invested party, the investing party firstly makes up for unrecognized losses from its entitled profits and then recognizes its entitled profits.

When the investing party recognizes its shares in net profits and losses of the invested party, besides the net book profits of the invested party, it shall consider the following factors: if the accounting policies or period of both parties are inconsistent, the accounting policies or period of the investing party shall be used to adjust the financial statements of the invested party; based on the fair value of all identifiable assets of the invested party at the acquisition, the net profits of the invested party shall be adjusted and then recognized; unrealized profits and losses arising from internal transactions between the Company and affiliated ventures and among joint ventures shall offset the parts attributable to the Company according to its shares. The unrealized internal transaction losses between the Company and the invested party shall be recognized in full if they are asset impairments.

During the investment-holding period, if consolidated financial statements of the invested party are available, the net profits and other equity changes within the consolidated financial statements shall be the accounting base.

When a long-term equity investment is disposed, the balance between its book value and its actual price is recorded into the current profits and losses. As for a long-term equity investment accounted by equity method, it shall use the same base as similar assets or liabilities of the invested party when it's disposed, and the part that was recorded into other comprehensive income is accounted according to relevant ratio.

（3）The Recognition of Common Control and Significant Impact on the Invested Party

The common control is the control on some arrangements according to relevant agreements and the arrangements can only be decided after the parties participating in the control right reach a consensus. Joint arrangement is under the common control of two or more participating parties. Joint arrangement includes joint operation and joint venture.

The significant impact means that there is the participation right on decision-making of the financial and business policies for an enterprise, but can't control or jointly control the setup of these policies together with other parties. When deciding whether significant impact shall be imposed on the invested party, the current convertible corporate bonds, current executable warrants and other potential voting rights of the invested party held by investors and other parties shall be considered. If the investor is able to impose significant impact on the invested party, the invested party is its affiliated enterprise.

（4）Impairment Test of Long-term Equity Investment and Impairment Reserve Withdrawing

①Both internal and external information is used to find out the signs of impairment on long-term equity investment on subsidiaries, joint ventures or affiliated ventures at the balance sheet date. If signs exist, an impairment test shall be made to estimate the recoverable amount of this long-term equity investment.

If the estimation of recoverable amount shows that the recoverable amount of the long-term equity investment is less than its book value, its book value will be deducted to its recoverable amount. The deduction amount is recognized as the asset impairment and recorded into the current profits and losses. Meanwhile impairment reserve is withdrawn.

The recoverable amount refers the greater of fair value of assets (or asset group, asset portfolio) less disposition expense, or the current value of estimated future cash flow of assets.

The net amount of fair value of assets less disposition expense is determined according to the amount of sales agreement price in fair trade less attributable to asset disposition expense. The current value of estimated future cash flow of assets is determined according to the estimated future cash flow arising from sustained use and final disposition of the asset, and proper discount rate before tax.

②The impairment of long-term equity investments cannot be transferred in future accounting periods after the recognition.

**13. Investment Property**

The investment property is defined as the real estate held for earning rent, gaining capital or both. The investment property of the Company includes the land use rights that rented out, the land use rights that held and ready to transfer after the capital appreciation, and the buildings that rented out.

The investment property of the Company are initially measured at its cost and then by cost model in subsequent periods.

The investment property of the Company are depreciated or amortized in the same way as fixed assets and intangible assets do.

**14.Fixed assets**

The fixed assets of the Company refer to the tangible assets held for goods production, services offering, renting or operating management, and the service lives of more than a fiscal year. Fixed assets are recognized only when their relevant economic benefits flow into the Company and their costs are reliably measured.

（1） Measurement of Fixed Assets

Acquired or constructed fixed assets are measured by their actual costs; the costs of fixed assets acquired from non-monetary assets exchange, debt restructuring, business merger and finance lease are determined in accordance with "Accounting Standard for Business Enterprises ---- Non-monetary Assets Exchange", "Accounting Standard for Business Enterprises ---- Debt Restructuring", "Accounting Standard for Business Enterprises ---- Business Merger" and "Accounting Standard for Business Enterprises ---- Lease" respectively.

（2）Depreciation of Fixed Assets

The fixed assets of the Company are depreciated by average years. The estimated service life, estimated residual rate and yearly depreciation of all fixed assets are as the table followed:

| The fixed asset classes | Estimated Residuals rate | Estimated Service Life | Yearly Depreciation rate (%) |
|---|---|---|---|
| Houses & Buildings | 5 | 10-35 | 2.71-9.50 |
| Machinery equipment | 5 | 10 | 9.50 |
| Transportation | 5 | 10 | 9.50 |

| | | | |
|---|---|---|---|
| Electronic & other equipment | 5 | 4-5 | 19.00-23.75 |

As for the fixed assets with impairment provision withdrawn, the depreciation rate and amount are re-valued according to the book value (computed as original prices of fixed assets minus the accumulative depreciation and the withdrawn impairment provision) of the fixed assets and their remaining service lives. The Company at least reviews service life, estimated net residuals rate and depreciation of fixed assets once at the end of year and makes adjustment if necessary.

（3）Subsequent Expenditure of Fixed Assets

The subsequent expenditure of fixed assets is recognized when their related economic benefits flow into the Company and their costs can be reliably measured, otherwise recorded into the current profits and losses.

（4）The Recognition Basis and Pricing Method of the Fixed Assets under Financial leasing

The fixed assets under the financial leasing can be withdrawn the depreciation when the leasing assets are in the service life if the ownership of leasing assets can be reasonably recognized to acquire at the expiration of lease term. If the ownership of leasing assets cannot be reasonably recognized to acquire at the expiration of lease term, the depreciation shall be withdrawn in the shorter period between the lease term and the service life of leasing assets.

（5）Overhaul Cost

When the Company makes the regular checking for the fixed assets and the overhaul costs occur, there is clear evidence showing that the recognition requirement of the fixed assets is met, which shall be recorded into the costs of the fixed assets. If not met, recorded into the current profits and losses. The depreciation shall still be withdrawn for the fixed assets overhauled periodically in the interval period.

**15. Project under Construction**

（1）Accounting Principle for Projects under Construction

The projects under construction are valued at their actual costs and recorded into fixed assets when they meet the expected serviceable condition.

（2）Standard and Time-point of Projects under Construction carried forward Fixed Assets

All expenditures arising from the projects constructed to the expected serviceable condition are recorded as the book values of fixed assets. The fixed assets are recorded at their estimated values according to the engineering budget, construction cost or actual cost as of the date of expected serviceable condition met and depreciated in accordance with the fixed assets depreciation policy of the Company when they reach the expected serviceable condition but have not settle the final accounts yet. Estimated values will be adjusted according to the actual cost after the final accounts are settled but the created depreciation amount won't be adjusted.

（3）Impairment Test on Projects under Construction and Provision of Impairment Reserve

The Company judges whether the projects under construction have impairment at the end of period from the evidences including:

①Projects under construction stops for long and are estimated to stay stopped within three years;

②Projects under construction are both functionally and technically outdated and their potential economic benefits for enterprises are of great uncertainty.

③Projects under construction are sufficiently proved to have impairment.

Recoverable amounts shall be estimated when projects under construction have signs of impairment. If one project under construction is likely to have impairment, the Company shall estimate the recoverable amount of single project under construction. The recoverable amount is the higher of fair value of the project under construction, net of deposition expenses, or the present value of future cash flow of this project under construction. When the recoverable amount of the project under construction is lower than its book value, its book value shall be deducted to the recoverable amount and the deducted amount is recognized as the impairment of the project under construction and recorded into the current profits and losses, meanwhile impairment reserve of the project under construction shall be created. The impairment of the project under construction is recognized and won't carried forward in future accounting period.

**16. Intangible Assets**

（1）Recognition and Initial Measurement of Intangible Assets

Recognition criteria of intangible assets of the Company include:

①Ownership of control of identifiable non-monetary assets with non-physical forms;

②Estimated future economic benefits of this asset may flow into the enterprise;

③The cost of the asset is reliably measured.

Intangible assets of the Company include land use right, patented technologies and non-patented technologies.

Intangible assets are initially measured at their costs.

（2）Amortization of Intangible Assets

Intangible assets with limited service life are systematically and reasonably amortized over their requisite service period and their amortized amounts are recorded into the current profits and losses. If expected realization way cannot be reliably determined, they are amortized on a straight-line basis.

The Company reviews the service life and the amortization of intangible assets with limited service periods at least once at the end of the year and makes adjustment if necessary.

Intangible assets whose realization periods of their potential economic benefits are not predicted are viewed as those with indefinite service life. No amortization is made to intangible assets with indefinite service life, but their service life shall be reviewed every year and impairment test shall be made.

The book value of an intangible asset that is predicted to have no future economic benefits for the Company at the end of year is recorded into the current profit and loss.

**17. Research and Development Expenditure**

The Company divides the expenditure of the internal research and development projects into the research expense and the development expense.

The research expense shall be recorded into the current profits and losses when occurring.

The development expense can be capitalized if the following requirements are simultaneously met. Namely, the intangible assets should be finished and ready for use and sale, and have the feasibility in the technique; the intangible assets should be completed and intented to use or sell; the way to produce the economic benefits from the intangible assets includes the evidence that proves the products generated by the intangible assets have the market or the intangible assets themselves have the market, and the usefulness if the intangible assets are used internally; there are sufficient technology, financial resources and other resource support to complete the development of the intangible assets and able to use or sell the intangible assets; the development expense belong to the intangible assets can be reliably measured. The development expense that doesn't meet above requirements shall be recorded into the current profits and losses.

The relevant projects of the Company shall enter into the development stage if they have met above requirements, passed the study of technical feasibility and economic feasibility, and approved and initiated projects.

**18. Accounting Method for Long-term Unamortized Expenses**

Long-term unamortized expenses are those already paid and their amortization period is longer than one year (one year excluded).

Except for the fixed assets acquired and constructed, the Company carries forward for once all expenses occurred during the preparation periods into the profit and loss of the month when production and operation start; if one long-term unamortized expense on the book is not beneficial to future accounting periods, the remaining unamortized amount shall be recorded into the current profit and loss.

**19. Goodwill**

（1）Goodwill Recognition

The initial cost of the goodwill acquired from the merger of enterprises under different control is computed as the merger cost minuses the fair value of identifiable assets of the acquired party from the merger.

（2）Goodwill Impairment Test and Provision of Impairment Reserve

The Company makes impairment test on goodwill at the end of the reporting period. The book value of the goodwill acquired from the business merger is reasonably amortized into relevant asset groups as of the acquisition date; the parts not amortized into relevant asset groups is amortized into relevant asset portfolio. The book values of the goodwill are amortized into relevant asset group or portfolio according to the proportion of fair values of asset groups or portfolios in total asset group or portfolio. The fair values that are hardly reliably measured are amortized according to the proportion of the book values of asset groups or portfolios in total asset group or portfolio.

When an impairment test is made on relevant asset groups or portfolios including goodwill, firstly an impairment test shall be made on asset groups or portfolios excluding goodwill if the asset groups or portfolios related to the goodwill have signs of impairment, their recoverable amounts are computed and compared with their book values to determine the impairment. Secondly an impairment test shall be made on asset groups or portfolios including goodwill and their recoverable amounts are compared with their book values (including the amortized book value of goodwill). If the recoverable amounts of relevant asset groups or portfolios are less than their book values, goodwill impairment is recognized.

The goodwill impairment is recorded into the current profit and loss at its occurrence and won't carry forward in future accounting periods.

**20. Borrowing Costs**

The borrowing costs refer to interests of borrowings and other relevant costs including loan interest, discount or premium amortization, subsidiary expenses and exchange balance due to foreign currency loans.

（1）The Recognition Principle of Capitalized and Expensed Borrowing Costs

The borrowing costs shall be capitalized if they are arisen from construction or production of the assets meeting capitalization conditions. The assets meeting capitalization conditions refer to fixed assets, investment properties and inventories that reach estimated serviceable or merchantable condition after long-time construction or production.

The borrowing costs shall be capitalized if the following requirements are simultaneously met: ①the assets expenses have occurred; ②The borrowing costs have occurred; ③The necessary construction or production activities have been ready for the estimated serviceable or merchantable assets.

When the constructed or production capitalization-qualified assets reach the estimated serviceable or merchantable conditions, the borrowing costs stop to be capitalized and that occurred afterwards are recorded into the current profits and losses.

When the capitalization-qualified assets suspend construction or production for more than three months, the borrowing costs suspend to be capitalized and that occurred during the suspension are recorded into the current profits and losses.

（2）The Recognition of Capitalized Amount

Special borrowings are recognized as the actual interests in current period, net of provisional deposit interest earnings or investment incomes; occupied general borrowings are computed as weighted average amount that the accumulative asset expenditure exceeds special borrowings, multiplied by the capitalization ratio of occupied general borrowings. The capitalization ratio is determined based on weighted average interest of general borrowings.

**21. Accrued Liabilities**

（1）The Recognition Standard for Accrued Liabilities

Accrued liabilities are recognized when the obligations relevant to contingencies meet the following conditions:

① The obligation is the current obligation undertaken by the Company.

② The implementation of the obligation is likely to result in the outflow of economic benefit from the Company.

③ The amount of the obligation can be reliably measured.

（2）Measurement of Accrued Liabilities

Accrued liabilities are measured at the best estimates on debt payment. If the debt payment fluctuates within a range, it shall be determined according to the average amount of upper and lower amounts of this range; if the debt payment is not within a range and the accrued liabilities involves only one project, the best estimate is determined based on the probable amount; if the accrued liabilities involve many projects, the best estimate is determined based on all probable amounts and their probabilities.

If all or part accrued amounts paid for the recognized accrued liabilities are compensated by the third party or other parties, the amount of compensation shall be recognized as an individual asset only when they are virtually received. The recognized compensation amount shall not exceed the book value of the recognized liabilities.

**22. Income Recognition**

（1）The Sale of Goods

The goods revenue is recognized as the contracted or agreed amount collected or receivable from the buyer when the goods of the Company are sold at the following conditions:

①Risks and rewards arising from the ownership of the goods are transferred to the buyer;

②The Company either no longer reserves the continual management right usually relevant to the ownership, or implements the effective control on the sold goods

③The income amount can be reliably measured;

④The relevant economic benefits may flow into the enterprise;

⑤The relevant costs occurred or to occur can be reliably measured.

The contracted or agreed prices are collected in deferred way, which actually is financing. Goods revenue is recognized at the fair value of contracted or agreed amount receivable.

（2）Service Offering

The Company shall recognize the income by the completion percentage method at the end of period if the transaction result of services offering can be reliably estimated. The Company determines the completion schedule of service transactions according to the measurement of completed services.

If the results of service transactions cannot be reliably estimated at the balance sheet, follow the conditions as below:

①As for the service cost occurred and estimated to get compensations, the service income is recognized as the amount of service cost occurred and the service cost is carried forward at the same amount.

②As for the service cost occurred but estimated to get no compensations, the service cost occurred is recorded into the current profit and loss and the service income is not recognized.

（3）The Use Right of Assets Transferring

The income of transferring the right to use assets shall be recognized when the use right of assets transferring simultaneously meets that the relevant economic benefits are likely to outflow and the income amount can be reliably measured.

**23.Lease**

The Company shall recognize finance lease when one or more of following lease conditions is met:

（1）The ownership of leasing assets is transferred to the lessee when the lease is matured;

（2）The lessee has the right to purchase the leasing assets at a price of at least 5% (5% included) off the fair values of the leasing assets at the exercise of the right.

（3）The lease term lasts for most of the remaining service period of the leasing asset. The lease not meeting the conditions above is recognized as operating lease.

The Company makes accounting of the lease business in accordance with “Accounting Standard for Business Enterprises -- Lease”.

**24. Government Subsidies**

（1）Recognition Conditions of Government Subsidies

Government subsidies are recognized when the following conditions are met:

①The Company is able to meet the conditions attached to government subsidies;

② The Company is able to receive government subsidies.

（2）Government Subsidy Measurement

The government subsidies shall be measured as per the received or receivable amount if it is the monetary asset. If the government subsidies are the non-monetary asset, it shall be measured at the fair value, and it shall be measured at the nominal amount (RMB1 Yuan) if the fair value can't be reliably gained.

The government subsidies relevant to the asset should be recognized as the deferred income made the equal distribution within the service life of the relevant asset and recorded into the current profits and losses. However, the government subsidies at the measurement of the nominal amount shall be directly recorded into the current profits and losses. The government subsidies relevant to the earnings should be handled respectively as per the following requirements: If the government subsidies are to compensate the relevant expenses or losses of the company in the future period, it shall be recognized as the deferred income and recorded into the current profits and losses during the period of the recognition of the relevant expenses; If the government subsidies are to compensate the relevant expenses or losses that have happened, it shall be directly recorded into the current profits and losses.

The recognized government subsidies to be returned are handled according to the respective conditions: if relevant deferred earnings exist, they offset the balance of deferred earnings and the exceeding amount is recorded into the current profits and losses; if there are no relevant deferred earnings, they are directly recorded into the current profits and losses.

**25. Income Tax**

The income tax of the Company is reviewed by balance sheet approach. If the book values of assets and liabilities differ from their tax basis, deferred income tax assets and liabilities are recognized as required.

On the balance sheet date, the Company shall calculate the current income tax liabilities (or assets) formed in current and previous period based on the expected payable (or returnable) income tax amount measured as per the provisions of Tax Law. The Company shall calculate the deferred income tax assets and liabilities based on the effective tax rate within the period when assets are expected to recover or liabilities are expected to pay off.

The deferred income tax is recognized no more than the amount of income tax payable for deductable temporary difference, deductable losses and tax credit of the Company.

The book value of deferred income tax assets shall be reviewed at the balance sheet date. Except for the income tax arising from the transactions or events confirmed in business merger and directly in ownership equity, the Company shall record the current income tax and deferred income tax as income tax expense or income into the current profits and losses.

**26. Asset Impairment**

The Company shall recognize the assets impairment on the long-term equity investment of subsidiaries, affiliated enterprises and joint ventures, the investment property subsequently measured by the cost model, the fixed assets, the productive biological assets, the intangible assets, the business reputation, the equity of the proved oil and mine, wells and the relevant facilities (except for the inventory, the investment property at the measurement of fair value model, the deferred income tax assets and the financial assets), as per the following treatments.

The Company shall make the judgment of the assets whether there exists the possible impairment on the balance sheet date. If there exists the impairment, the Company shall estimate the recoverable amount and make the impairment test. The business reputation from the business combination, the intangible assets with uncertain service life and the intangible assets with unusable situation should be made the impairment test every year whether there exists the impairment.

The recoverable amount shall be determined according to the higher one between the net amount of fair value of assets minus treatment cost and the current value of the expected future cash flow. The Company shall estimate the recoverable amount based on the single asset. If the recoverable amount of the single asset is hard to estimate, the Company shall recognize the recoverable amount of asset group on the basis of the subordinate asset group. In addition, the recognition of asset group should be based on the main cash inflow from the asset group whether is independent of the cash inflow of other assets or asset group.

When the recoverable amount of assets or asset group is less than the book value, the Company shall write the book value down to the recoverable amount, the write-down amount shall be recorded into the current profits and losses, and the corresponding asset impairment provision should be withdrawn.

In terms of the goodwill impairment test, the book value of goodwill from the business combination shall be distributed to the relevant asset group from the purchase date according to the reasonable method. Otherwise, the book value shall be distributed to the relevant asset group portfolio if it is difficult to distribute to the relevant asset group. The relevant asset group and asset group portfolio are those benefited from the synergistic effect of business combination, and not more than the reporting portion confirmed by the Company.

When conducting the impairment test and if there exists the impairment for the asset group or the asset group portfolio relevant to the business reputation, the Company shall firstly conduct the impairment test for the asset group or the asset group portfolio without the goodwill, calculate the recoverable amount, and recognize the corresponding impairment losses, and then conduct the impairment test for the asset group or the asset group portfolio with the goodwill, make comparison of the book value and the recoverable amount, and recognize the goodwill impairment losses if the recoverable amount is less than the book value.

The asset impairment loss is no longer returned back in the future accounting period once recognized.

**27. Employment Compensation**

Employment compensation refers to a wide variety of rewards or compensation the Company gives to employees in exchange for their services or employment. It includes short-term compensation, employment benefits, demission benefits and other long-term employee benefits like salary, bonus, allowance, subsidy, welfare, social insurance, maternity insurance, industrial insurance, housing fund, labor union expenditure and employee education expenditure, recognized in the accounting period when the employees are providing their services. Employment welfare is non-monetary and measured at the fair value. All obligation of assigned beneficial plans are cashed in, including the obligations paid in 12 months after the reporting period when employees are providing services. The discount rate is determined based on the balance sheet date, obligation term of assigned beneficial plans, currency-matched national debt or the market return of quality bonds in active markets. For the compensation expires with more than 1 year after the balance sheet date and the discounting amount with significant influence, the current value shall be listed.

**28. Discontinuing Operation and Held-for-sale**

（1）Discontinuing Operation

Discontinuing operation refers to the components that satisfies the one of the following conditions, is deposed by the Company or allocated to held-for-sale, and is separated in operations and compiling financial statements:

①The component represents one individual major business or one major operation area;

②The component is to depose one individual major business or one major operation area;

③The component is the acquired subsidiary for re-selling.

（2）Held-for-sale Components or Non-current Asset Recognition

The company's components or non-current assets meeting the following conditions shall be allocated to the held-for-sale components or held-for-sale non-current assets.

① The component or non-current asset can be immediately sold under present condition according to usual terms on such component sales;

②The Company has made the final decision on the deposition of non-current assets;

③The Company has signed an unchangeable transfer agreement with the transferee;

④ This transfer shall be completed within one year.

Held-for-sale fixed assets include single asset and deposition group, which refers to a group of assets sold or deposed as a whole.

（3）Accounting arrangement method for held-for-sale assets

The Company adjusts the estimated net residual values of held-for-sale assets into the amount reflecting their fair values, net of deposition costs, but not exceeding their original book values under the held-for-sale condition. If the original book values are higher than the adjusted net residual values, the differences shall be recorded as asset impairment into the current profits and losses.

The same accounting method is applied to held-for-sale intangible assets and other non-current assets, except for deferred income tax assets, financing assets specified in "Accounting Standard for Business Enterprises No.22 ---- Recognition and Measurement of Finance Instruments", investment properties and biological assets measured at their fair values, and contract rights in insurance contracts.

A held-for-sale asset or deposition group, when it no longer satisfies the recognition condition of held-for-sale fixed assets, is no longer allocated into the held-for-sale assets by the Company, and measured at the lower amount of the two followed:

①The amount adjusted from the book value of the asset or deposition group when it's not held-for-sale after depreciation, amortization or impairment;

②The recovered amount at the date when re-selling stops.

**29. Changes in Principal Accounting Policy and Accounting Estimation**

（1）The changes in the accounting policy in the current period

In early 2014, the Ministry of Finance published "Accounting Standard for Business Enterprises No.39 ---- Fair Value Measurement", "Accounting Standard for Business Enterprises No.30 ---- Presentation of Financial Statements (revised 2014)", "Accounting Standard for Business Enterprises No.9 ---- Employment Compensation (revised 2014)", "Accounting Standard for Business Enterprises No.33 ---- Consolidate Financial Statement (revised 2014)", and "Accounting Standard for Business Enterprises No.41 ---- Equity Disclosure in Other Entities" under [2014]No.6, No.7, No.8, No.10, No.11, No.14 and No.16, effective at July 1, 2014 in all enterprises which comply with the accounting standard for business enterprises. Early adoption for overseas listed companies is permitted. Besides, the Ministry of Finance published "Accounting Standard for Business Enterprises No.37 ---- Presentation of Financial Instrument (revised 2014)" under [2014]No.23 (hereinafter as "Presentation of Financial Instrument"), requiring all financial statements in 2014 and afterwards present financial instruments in accordance with this standard.

The Company starts the implementation of abovementioned 7 new or revised accounting standards for business enterprises at July 1, 2014 except for the presentation of financial instrument until compiling 2014 financial statements, and makes adjustments according to these standards. The impacts of these adjustments on items and amounts in current and previous financial statements are as followed:

| Standard Name | Changes of accounting policies & impacts on the Company | Changing amounts of items in financial statement as December 31, 2013 | |
|---|---|---|---|
| | | Items name | Changing Amount Increase +/ decrease - |
| Accounting Standard for Business Enterprises No.2 ---- Long-term Equity Investment (revised 2014) | According to "Accounting Standard for Business Enterprises No.2 ---- Long-term Equity Investment (revised 2014)", the Company's non-joint and non-affiliation investments without control or significant impacts on the book at end of year are not included into the scope of long-term equity investment. The Company makes retroactive adjustments on prior accounting of these events and restatements on comparative information in the accounting statements of this year. | Available-for-sale financial assets | +1,495,374,479.12 |
| | | Long-term equity investment | -1,598,256,755.31 |
| | | Capital reserve | -40,912,110.10 |
| | | Other comprehensive income | -536,155.89 |
| | | Deferred income tax assets | +14,618,791.77 |
| | | Deferred income tax liabilities | +802,703.11 |

（2）The Changes in accounting estimation in current period: N/A

**30. Correction of Accounting Error in Previous Period**

There are no major correction items of accounting errors in the current period.

## III. Profit Distribution

The articles of association of the Company regulate the profit distribution order and details:

1.Covering the deficit

2.Withdraw 10% as surplus accumulation fund

3.Paying dividends

## IV. Taxes

Tax categories and tax rate

| Tax category | Taxation base | Tax Rate |
|---|---|---|
| VAT | VAT on sales computed on the basis of sold goods and taxable services according to tax laws, less deductable input VAT in current period | 17% |

| | | |
|---|---|---|
| Business tax | Provide taxable services, transfer intangible assets or sell real estates | 5% |
| Urban construction tax | Based on the sum of paid business tax, VAT and consumption tax | 7% |
| Educational surtax | Based on the sum of paid business tax, VAT and consumption tax | 3% |
| Local educational surtax | Based on the sum of paid business tax, VAT and consumption tax | 2% |
| Corporate income tax | Based on the income tax payable | 25% |

## V. **Business Merger & Consolidated Financial Statements**

### 1.Information of Major Subsidiaries

| Subsidiary Name | Subsidiary Type | Registration Place | Business Property | Registered Capital (RMB'0000) | Business Scope |
|---|---|---|---|---|---|
| Tianjin T&B Holdings Co., Ltd | Domestic non-financial subsidiary | Tianjin Airport | Investment | 392100 | The solely-invested, joint and cooperative enterprise; the land development within the free trade zone; the international trade, etc. |
| Tianjin Port FTZ Investment Co., Ltd. | Domestic non-financial subsidiary | Tianjin Airport | Investment | 815000 | Use the own funds to invest in high-tech industry and infrastructure; the enterprise investment management consulting, etc. |
| Tianjin T&B Finance Co., Ltd | Domestic non-financial subsidiary | Tianjin Airport | Finance | 100000 | The main business activities are to absorb the deposits from member units and make loans to member units. |
| Tianjin T&B Jiashun Investment Co., Ltd | Domestic non-financial subsidiary | Binhai New District | Investment | 10000 | Use the own funds to invest in property industry, infrastructure and commercial facilities construction; the distribution sales of commercial housing, etc. |
| Tianjin T&B Jiaye Investment Co., Ltd | Domestic non-financial subsidiary | Binhai New District | Investment | 111600 | Use the own funds to invest in property industry, infrastructure and commercial facilities construction; the real estate development and management, etc. |
| Tianjin T&B Jiayuan Investment Co., Ltd | Domestic non-financial subsidiary | Binhai New District | Investment | 3000 | Use the own funds to invest in property industry, infrastructure and commercial facilities construction; the real estate |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | development and the distribution sales of commercial housing, etc. |
| Tianjin T&B Micro-credit Co., Ltd. | Domestic financial subsidiary | Binhai New District | Finance | 100000 | All kinds of micro-credits, bills discounting, loan transfers, consulting business relevant to micro-credit, settlement under loans and other business approved by supervision department. |
| Tianjin Tianbao Leasing Co., Ltd. | Domestic non-financial subsidiary | Tianjin Airport | Lease | 100000 | The public facilities, housing, infrastructure, various advanced or applicable production equipment, communications equipment, research equipment, testing instrument, engineering machinery, transportation means, etc. |
| Tianjin T&B Financial Management Co., Ltd | Domestic non-financial subsidiary | Tianjin Airport | Agency | 2000 | |
| Tianjin T&B Commercial Factoring Co., Ltd. | Domestic non-financial subsidiary | Tianjin Airport | Factoring | 50000 | Provide trade financing by transferring account receivables; settlement, management and collection of account receivables; sales ledger (class) management; non-commercial bad debt guarantee related to its business; customer credit investigation and assessment; other consultation |
| The bookkeeping agency, enterprise management consulting, enterprise tax consulting and financial advisory service. | Domestic non-financial subsidiary | Tianjin Airport | Agency | 2000 | Agency account; enterprise management consultation; enterprise tax consultation; finance consultation |

Continued：

| **Subsidiary Name** | **Ending Paid-in investment (RMB'0000)** | **Shareholding ratio (%)** | **Voting ratio (%)** | **Consolidated statement or not** | **Minority interest** |
|---|---|---|---|---|---|
| Tianjin T&B Holdings Co., Ltd | 392100 | 100 | 100 | Yes | 2,342,112,520.81 |

| | | | | | |
|---|---|---|---|---|---|
| Tianjin Port FTZ Investment Co., Ltd. | 815000 | 100 | 100 | Yes | 189,915,511.17 |
| Tianjin T&B Finance Co., Ltd | 100000 | 100 | 100 | No | |
| Tianjin T&B Jiashun Investment Co., Ltd | 10000 | 100 | 100 | No | |
| Tianjin T&B Jiaye Investment Co., Ltd | 111600 | 100 | 100 | No | |
| Tianjin T&B Jiayuan Investment Co., Ltd | 3000 | 100 | 100 | No | |
| Tianjin T&B Micro-credit Co., Ltd. | 100000 | 100 | 100 | No | |
| Tianjin Tianbao Leasing Co., Ltd. | 100000 | 100 | 100 | No | |
| Tianjin T&B Financial Management Co., Ltd | 2000 | 100 | 100 | No | |
| Tianjin T&B Commercial Factoring Co., Ltd. | 50000 | 100 | 100 | No | |

**2. Statement on Changes of Consolidation Scope**

（1）New Entities included into the Consolidation Scope

Tianjin T&B Commercial Factoring Co., Ltd.

Overview: registered and founded on December 16, 2013 in Tianjin Binhai new district; granted with the business license approved and issued by Tianjin Binhai New District Administration of Industry and Commerce; the legal representative is Xia Zhonghao; the Company type is limited liability company; the registered capital amounts to RMB500 million and the paid-in capital amounts to RMB500 million; Tianjin Free Trade Zone Investment Holding Group Co., Ltd. Invests RMB500 million, 100% of registered capital.

Financial position and results of operations of Tianjin T&B Financial Management Co., Ltd are as the following table:

| Company Name | Net assets at end of year | Revenue in this year | Net profit in this year | Net cash flow of operations in |
|---|---|---|---|---|

| | | | | this year |
|---|---|---|---|---|
| Tianjin T&B Commercial Factoring Co., Ltd. | 503,289,694.93 | 5,773,626.98 | 3,289,694.93 | -37,753,208.01 |

Notes: (1) the Company indirectly holds 32.65% shares of Tianjin Airport Automobile Park Development Co., Ltd and is the largest stockholder with decision right and control right, therefore it's included into the consolidation scope.

（2）The Company indirectly holds 100% shares of Tianjin T&B Public Utility Co., Ltd, 60% shares of Tianjin T&B Huari International Logistics Base Co., Ltd, 100% shares of Tianjin Free Trade Zone Development Co., Ltd, and 75% shares of Tianjin TsingHua Spread Trum Hi-tech Co., Ltd. The stockholder meeting of the Company makes final decision of liquidation of abovementioned companies due to the changes of overall operation strategy of the Company. The finance and relevant materials of abovementioned companies are delivered to the liquidation group and the liquidation is still in progress until the end of this year, so the four companies abovementioned are excluded from the consolation scope.

## VI. Notes to Consolidated Financial Statements

The beginning of year refers to January 1, 2014 and the end of year refers to December 31, 2014, the current period refers to the year of 2014 while the prior period refers to the year of 2013 in the following notes unless otherwise stated.

### 1. Monetary fund

| Items | 2014.12.31 | 2013.12.31 |
|---|---|---|
| Cash on hand | 105,731.72 | 268,418.34 |
| Bank deposit | 12,113,805,554.31 | 8,824,569,115.84 |
| Other monetary capitals | 845,584,147.24 | 947,667,473.76 |
| **Total** | **12,959,495,433.27** | **9,772,505,007.94** |

Notes: (1) other monetary capitals include the deposits of LC and acceptance bills.
(2) The deposit of monetary capitals under limit amounts to RMB 837,976,137.68 yuan.

### 2.Notes Receivable

| Class | 2014.12.31 | 2013.12.31 |
|---|---|---|
| Bank acceptance | 8,075,510.99 | 1,553,349.90 |
| Trade acceptance | | 6,443,497.00 |

| | | |
|---|---|---|
| **Total** | **8,075,510.99** | **7,996,846.90** |

Notes: there are no matured but unaccepted notes, endorse or discount in current period.

## 3.Account Receivable

（1）Account receivable classified by risk

| Type | 2014.12.31 | | | | |
|---|---|---|---|---|---|
| | Book Balance | | Bad-debt Provision | | Book Value |
| | Amount | Proportion（%） | Amount | Accrual Proportion (%) | |
| Account receivable with significant single amount and single provision for bad debt | 827,914,326.86 | 74.21 | | | 827,914,326.86 |
| Account receivable with provision for bad debt created by credit risk portfolio | 145,017,574.32 | 13.00 | 8,157,499.72 | 5.63 | 136,860,074.60 |
| In which: aging group | 145,017,574.32 | 13.00 | 8,157,499.72 | 5.63 | 136,860,074.60 |
| No-risk group | | | | | |
| Account receivable with insignificant single amount but single provision for bad debt | 142,725,465.02 | 12.79 | 225,154.57 | 0.16 | 142,500,310.45 |
| **Total** | 1,115,657,366.20 | 100.00 | 8,382,654.29 | | 1,107,274,711.91 |

(Continued)

| Type | 2013.12.31 | | | | |
|---|---|---|---|---|---|
| | Book Balance | | Bad-debt Provision | | Book Value |
| | Amount | Proportion (%) | Amount | (%) Accrual Proportion | |
| Account receivable with significant single amount and single provision for bad debt | 805,003,951.52 | 77.92 | 995,216.00 | 0.12 | 804,008,735.52 |
| Account receivable with provision for bad debt created by credit risk portfolio | 97,642,847.73 | 9.46 | 7,275,149.48 | | 90,367,698.25 |
| In which: aging group | 73,746,376.64 | 7.15 | 7,275,149.48 | 9.87 | 66,471,227.16 |
| No-risk group | 23,896,471.09 | 2.31 | | | 23,896,471.09 |
| Account receivable with insignificant single amount but single provision for bad debt | 130,420,974.62 | 12.62 | 225,154.57 | 0.17 | 130,195,820.05 |
| **Total** | 1,033,067,773.87 | 100.00 | 8,495,520.05 | | 1,024,572,253.82 |

（2）Account receivables stated by aging

| Aging | 2014.12.31 | | | | 2013.12.31 | | | |
|---|---|---|---|---|---|---|---|---|
| | Amount | Proportion % | Bad-debt Provision | Accrual Proportion % | Amount | Proportion% | Bad-debt Provision | Accrual Proportion % |
| Within 3 months | 44,296,503.92 | 30.55 | | | 566,681.00 | 0.78 | | |
| Within 1 year | 87,652,146.40 | 60.44 | 4,382,607.32 | 5 | 1,338,482.44 | 1.81 | 66,924.12 | 5 |
| 1-2 years | 728,924.00 | 0.50 | 72,892.40 | 10 | 71,720,693.00 | 97.25 | 7,172,069.30 | 10 |
| 2-3 years | 12,340,000.00 | 8.51 | 3,702,000.00 | | 120,520.20 | 0.16 | 36,156.06 | 30 |
| Over 3 years | | - | | | | | | |
| **Total** | 145,017,574.32 | 100.00 | 8,157,499.72 | | 73,746,376.64 | 100.00 | 7,275,149.48 | |

（3） **Bad-debt Provision**

| Items | 2014.01.01 | Increase in current period | Decrease in current period | | 2014.12.31 |
|---|---|---|---|---|---|
| | | | Return | Charge-off | |
| Amount | 8,495,520.05 | 1,047,830.78 | | 1,160,696.54 | 8,382,654.29 |

（4）Top 5 debtors with their ending balances of account receivables

In current period the total of top 5 debtors with their ending balances of account receivables reaches RMB 340,754,339.77 yuan, 31.48% of their total account receivables; the corresponding bad-debt provision for the ending balance is RMB 0.00 yuan.

| Company Name | Amount | Aging | % of total account receivables |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Qingdao Lujintong Business Co., Ltd | 99,258,910.00 | Within 1 year | 9.17 |
| Tianjin China Auto Rental Co., Ltd | 81,474,198.00 | Within 1 year | 7.53 |
| Finance Bureau of Free trade zone | 70,844,553.00 | Within 1 year | 6.54 |
| Guangyuan Cereal & Oil Food Supply Co., Ltd | 51,000,000.00 | Within 1 year | 4.71 |
| CERES Farming High Tech Co., Ltd | 38,176,678.77 | Within 1 year | 3.53 |
| **Total** | **340,754,339.77** | | **31.48** |

**4.Advance Payment**

（1）Aging Analysis & Percentage

| Aging | 2014.12.31 | | 2013.12.31 | |
|---|---|---|---|---|
| | Amount | Proportion% | Amount | Proportion% |
| Within1 year | 1,325,331,825.62 | 89.33 | 838,869,874.80 | 85.55 |
| 1-2 years | 36,069,767.57 | 2.43 | 19,137,907.51 | 1.95 |
| 2-3 years | 395,923.71 | 0.03 | 10,016,740.20 | 1.02 |
| Over 3 years | 121,759,255.01 | 8.21 | 112,598,762.29 | 11.48 |
| **Total** | **1,483,556,771.91** | **100.00** | **980,623,284.80** | **100.00** |

（2）Top 5 Payees with their ending balances of advance payments

| Company name | Relation | Amount | % of total advance payments | Aging | Reason for unsettlement |
|---|---|---|---|---|---|
| Management Committee of Tianjin Harbor Industrial Park | Non-affiliated | 105,680,000.00 | 7.12 | Over 3 years | |
| Tangshan Xinxin Special Steel Co., Ltd | Non-affiliated | 313,702,490.22 | 21.15 | Within 1 year | |

| | | | | | |
|---|---|---|---|---|---|
| Heibei Xinwuan Iron & Steel Group Import & Export Co., Ltd | Non-affiliated | 138,468,010.83 | 9.34 | Within 1 year r | |
| Xinjiang Liugou Potato Products Co., Ltd | Non-affiliated | 118,986,262.14 | 8.02 | Within 1 year | |
| Public Security Fire Detachment of Tianjin Binhai New District | Non-affiliated | 116,460,535.00 | 7.85 | Within 1 year | |
| **Total** | | **793,297,298.19** | | | |

## 5. Other account receivables

（1）Other account receivables by risk

| Type | 2014.12.31 | | | | |
|---|---|---|---|---|---|
| | Book balance | | Bad-debt Provision | | Book Value |
| | Amount | Proportion（%） | Amount | Accrual Proportion (%) | |
| Other account receivable with significant single amount and single provision for bad debt | 5,218,743,719.18 | 50.37 | 62,516,103.90 | 1.20 | 5,156,227,615.28 |
| Other account receivable with provision for bad debt created by credit risk portfolio | 5,055,744,478.40 | 48.80 | 35,814,189.57 | 0.71 | 5,019,930,288.83 |
| In which: aging group | 69,046,797.43 | 0.67 | 35,814,189.57 | 51.87 | 33,232,607.86 |
| No-risk group | 4,986,697,680.97 | 48.13 | | - | 4,986,697,680.97 |
| Account receivable with insignificant single amount but single provision for bad debt | 85,852,257.57 | 0.83 | 18,320,077.71 | 21.34 | 67,532,179.86 |
| **Total** | **10,360,340,455.15** | **100.00** | **116,650,371.18** | | **10,243,690,083.97** |

Continued：

| Type | 2013.12.31 | | |
|---|---|---|---|
| | Book balance | Bad-debt Provision | Book Value |

| | Amount | Proportion（%） | Amount | Accrual Proportion（%） | |
|---|---|---|---|---|---|
| Account receivable with significant single amount and single provision for bad debt | 4,071,267,957.31 | 48.47 | 12,260,204.40 | 0.3 | 4,059,007,752.91 |
| account receivable with provision for bad debt created by credit risk portfolio | 4,245,093,373.34 | 50.54 | 35,138,856.75 | | 4,209,954,516.59 |
| In which: aging group | 50,183,874.90 | 0.60 | 35,071,060.80 | 69.89 | 15,112,814.10 |
| No-risk group | 4,194,909,498.44 | 49.94 | 67,795.95 | | 4,194,841,702.49 |
| Account receivable with insignificant single amount but single provision for bad debt | 82,767,339.04 | 0.99 | 9,335,558.25 | 11.28 | 73,431,780.79 |
| **Total** | **8,399,128,669.69** | **100.00** | **56,734,619.40** | | **8,342,394,050.29** |

Other account receivables with significant single amount and single provision for bad debt at end of year

| **Contents of other account receivables** | **Book balance** | **Provision for bad debt** | **Accrual Proportion (%)** | **Accrual Reason** |
|---|---|---|---|---|
| Tianjin Airport Free trade zone Land Development Investment Company | 12,260,204.40 | 12,260,204.40 | 100 | Dead account |
| Tianjin T&B Public Utility Co., Ltd | 50,255,899.50 | 50,255,899.50 | 100 | Dead account |
| **Total** | **62,516,103.90** | **62,516,103.90** | | |

（2）Account receivables stated by aging

| **Aging** | **2014.12.31** | | | | **2013.12.31** | | | |
|---|---|---|---|---|---|---|---|---|
| | **Amount** | **Proportion %** | **Bad-debt provision** | **Accrual Proportion %** | **Amount** | **Proportion %** | **Bad-debt provision** | **Accrual Proportion %** |
| Within 3 months | 6,403,616.97 | 9.27 | | | 9,639,433.90 | 19.21 | | |
| Within 1 year | 28,189,211.00 | 40.83 | 1,409,460.55 | 5 | 5,753,282.40 | 11.46 | 287,664.12 | 5 |
| 1-2 years | 53,282.30 | 0.08 | 5,328.23 | 10 | 1,837.70 | 0.00 | 183.77 | 10 |
| 2-3 years | 1,837.67 | 0.00 | 551.3 | 30 | 8,725.70 | 0.02 | 2,617.71 | 30 |
| Over 3 years | 34,398,849.49 | 49.82 | 34,398,849.49 | 100 | 34,780,595.20 | 69.31 | 34,780,595.20 | 100 |
| **Total** | **69,046,797.43** | 100.00 | **35,814,189.57** | | **50,183,874.90** | **100.00** | **35,071,060.80** | |

（3）**Bad-debt Provision**

| **Items** | **2014.01.01** | **Increase in current period** | **Decrease in current period** | | **2014.12.31** |
|---|---|---|---|---|---|
| | | | **Return** | **Charge-off** | |

| | | | | | |
|---|---|---|---|---|---|
| Amount | 56,734,619.40 | 59,915,751.78 | | | 116,650,371.18 |

（4）Top 5 debtors with their ending balances of other account receivables

| Company Name | Nature | Ending balance | Aging | % of ending balances of other account receivables | Bad-debt provision Ending balance |
|---|---|---|---|---|---|
| Finance Bureau of Tianjin Airport Free trade zone | Subsidies | 9,415,523,963.97 | | 90.92 | |
| Tianjin Airport Free trade zone Construction Service Company | Current account | 404,109,295.21 | Over 3 years | 3.90 | |
| Finance Management Center of Tianjin Binhai New District | Current account | 200,000,000.00 | Over 3 years | 1.93 | |
| Tianjin T&B Public Utility Co., Ltd | Current account | 50,255,899.50 | Over 3 years | 0.49 | 50,255,899.50 |
| T&B Binhai Investment Service Co., Ltd | Current account | 49,707,919.43 | Over 3 years | 0.48 | |
| **Total** | — | **10,119,597,078.11** | — | 97.72 | 50,255,899.50 |

## 6.Inventory

（1）Inventory Classification

| Items | 2014.12.31 | | |
|---|---|---|---|
| | Book Balance | Falling price reserve | Book Value |
| Development cost | 7,145,531,360.61 | | 7,145,531,360.61 |
| Development indirect cost | 572,446,335.85 | | 572,446,335.85 |
| Development product | 4,357,916,747.21 | | 4,357,916,747.21 |
| Inventory | 236,536,682.44 | | 236,536,682.44 |
| Low-value consumable products | 16,211,863.41 | | 16,211,863.41 |
| Raw materials | 483,723.94 | | 483,723.94 |
| Products in production | 20,794,483.06 | | 20,794,483.06 |
| Engineering construction | 452,169.35 | | 452,169.35 |
| **Total** | **12,350,373,365.87** | | **12,350,373,365.87** |

Continued:

| Items | 2013.12.31 | | |
|---|---|---|---|
| | **Book balance** | **Falling price reserve** | **Book Value Book Value** |
| Inventory | 244,969,959.70 | | 244,969,959.70 |
| Low-value consumable products | 16,642,687.25 | | 16,642,687.25 |
| Development product | 4,870,039,434.52 | | 4,870,039,434.52 |
| Development cost | 7,899,166,519.87 | | 7,899,166,519.87 |
| Development indirect cost | 188,377,642.34 | | 188,377,642.34 |
| Engineering construction | 5,044,139.07 | | 5,044,139.07 |
| Raw materials | 13,210,858.54 | | 13,210,858.54 |
| **Total** | **13,237,451,241.29** | | **13,237,451,241.29** |

The bonded development cost as December 31, 2014: The bonded development cost as December 31, 2014: the development costs of "8 square meters", "4 square meters" and "2 square meters" and their rights to yields are guarantee for Tianjin Dongli Branch of Agricultural Development Bank of China for a loan of RBM 4.5 billion yuan. This loan starts from June 27, 2013 and ends at June 26, 2017.

**7. Non-current Assets due within one year**

| Items | 2014.12.31 | 2013.12.31 |
|---|---|---|
| Lease financing receivables | 1,635,082,898.61 | 1,071,470,131.02 |
| **Total** | **1,635,082,898.61** | **1,071,470,131.02** |

**8. Other Current Assets**

| Items | 2014.12.31 | 2013.12.31 |
|---|---|---|
| Finance products | 780,000,000.00 | 498,840,000.00 |
| Factoring account receivables | 40,805,033.00 | |
| **Total** | **820,805,033.00** | **498,840,000.00** |

**9.Financial assets available for sale**

（1）Financial assets available for sale

| Items | 2014.12.31 | | | 2013.12.31 | | |
|---|---|---|---|---|---|---|
| | Book balance | Impairment reserve | Book Value Book Value | Book balance | Impairment reserve | Book Value Book Value |

| | | | | | | |
|---|---|---|---|---|---|---|
| Available-for-sale debt tool | | | | | | |
| Available-for-sale equity tool | 2,276,779,291.35 | 34,247,500.00 | 2,242,531,791.35 | 1,913,127,596.3 | 49,686,636.92 | 1,863,440,959.38 |
| In which: measured by fair value | 771,904,526.37 | | 771,904,526.37 | 511,801,040.27 | | 511,801,040.27 |
| Measured by cost | 1,504,874,764.98 | 34,247,500.00 | 1,470,627,264.98 | 1,401,326,556.03 | 49,686,636.92 | 1,351,639,919.11 |
| **Total** | **2,276,779,291.35** | **34,247,500.00** | **2,242,531,791.35** | **1,913,127,596.3** | **49,686,636.92** | **1,863,440,959.38** |

（2）Financial assets available for sale measured by cost at end of year

| **Invested company** | **Book balance** | | | | **Shareholding ratio （%）** | **Cash dividends** |
|---|---|---|---|---|---|---|
| | **2013.12.31** | **Increase** | **Decrease** | **2014.12.31** | | |
| Tianjin High-core Electronics Co., Ltd | 4,150,000.00 | | | 4,150,000.00 | 20 | |
| Tianjin Junda Textile Industrial Co., Ltd | 18,230,000.00 | | | 18,230,000.00 | 18 | |
| Tianjin Lanchao Hi-tech Co., Ltd | 1,867,500.00 | | | 1,867,500.00 | 15 | |
| Tianjin Deyuan International Investment Consultant Co., Ltd | 1,655,400.00 | | | 1,655,400.00 | 12.5 | |
| Zanussi Electrical & Mechanical Tianjin Compressor Co., Ltd | 25,439,136.92 | | 25,439,136.92 | | 5.24 | |
| Tieyu International Transportation (Tianjin) Co., Ltd | 2,826,539.00 | | | 2,826,539.00 | 6.54 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Tianjin Binhai Fast Transport (light rail) Company | 66,750,000.00 | | 66,750,000.00 | | 2.37 | |
| Tianjin New Yansh Outlets Business Co., Ltd | 30,000,000.00 | | 30,000,000.00 | | 10 | |
| Tianjin Airport International Logistics Development Co., Ltd | 22,500,000.00 | | | 22,500,000.00 | 5 | |
| Tianjin Airport Natural Gas Co., Ltd | 6,000,000.00 | | | 6,000,000.00 | 20 | |
| Tianjin Automobile Inspection Service Co., Ltd | 5,600,000.00 | | | 5,600,000.00 | 10 | |
| Tianjin Airport Huayu Air Freight Terminal Co., Ltd | 7,584,146.49 | | | 7,584,146.49 | 0.05 | |
| Tianjin Yanshan Equity Investment Fund Management Co., Ltd | 15,676,092.33 | | | 15,676,092.33 | 10 | |
| Tianjin International Sports Development Co., Ltd | 16,040,910.11 | | | 16,040,910.11 | 19.05 | |
| Tianjin North International Trust Investment Co., Ltd | 20,000,000.00 | 1,348,095.90 | | 21,348,095.90 | 2 | |
| Tianjin Economic Development Investment Co., Ltd | 10,018,356.58 | | | 10,018,356.58 | 14.29 | |
| Tianjin Dawufeng Investment Co., Ltd | 15,000,000.00 | | | 15,000,000.00 | 1.49 | |
| Tianjin Guoneng Investment Co., Ltd | 10,000,000.00 | | | 10,000,000.00 | 2 | |
| Tianjin Binhai New District Investment Holding Co., Ltd | 15,000,000.00 | | | 15,000,000.00 | 1.5 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| MCC TianGong Construction Co., Ltd | 9,104,000.00 | | | 9,104,000.00 | 2 | |
| Tianjin Taiyang Photoelectricity Hi-tech Co., Ltd | 10,000,000.00 | | | 10,000,000.00 | 20 | |
| Zhonghuan TIG Group Instrument Co., Ltd | 1,571,429.00 | | | 1,571,429.00 | 1.2 | |
| Guoke Ruihua Investment | 50,000,000.00 | | 5,610,750.03 | 44,389,249.97 | 4.94 | |
| Tiantian Jiexi (Tianjin) Trade Co., Ltd | 3,426,325.00 | | | 3,426,325.00 | 5 | |
| Tianjin Airlines LLC | 200,000,000.00 | 200,000,000.00 | | 400,000,000.00 | 15.38 | |
| Tianjin Yanshan Equity Investment Fund Co., Ltd | 200,000,000.00 | | | 200,000,000.00 | 18.83 | |
| Tianjin Fusu Bio-tech Co., Ltd | 20,000,000.00 | | | 20,000,000.00 | 9.84 | |
| Guangda JInkong (Tianjin) Investment Co., Ltd | 101,000,000.00 | | | 101,000,000.00 | 9.17 | |
| Airlines Industrial Equity Investment (Tianjin) Co., Ltd | 100,000,000.00 | | | 100,000,000.00 | 8.3 | |
| Tianjin Anxunda Hi-tech Co., Ltd | 4,007,144.00 | | | 4,007,144.00 | 3.92 | |
| Tianjin Zhanrong Botong Hi-tech Co., Ltd | 3,000,000.00 | | | 3,000,000.00 | 3.33 | |
| Tianjin Tianchuang Baoxin Investment Partnership | 30,000,000.00 | 30,000,000.00 | | 60,000,000.00 | 0.1422 | |
| Tianjin Tiancheng Tunnel Equipment Manufacture Co., Ltd | 5,000,000.00 | | | 5,000,000.00 | 12.5 | |
| Rongtong Equity | 39,879,576.60 | | | 39,879,576.60 | 4.55 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Investment (Tianjin) Partnership | | | | | | |
| Tianjin Harbor Industrial Park Development Co., Ltd | 320,000,000.00 | | | 320,000,000.00 | 5.33 | |
| Tangshan Shengshi International Automobile Park Development Co., Ltd | 10,000,000.00 | | | 10,000,000.00 | 10 | |
| Total | **1,401,326,556.03** | **231,348,095.90** | **127,799,886.95** | **1,504,874,764.98** | | |

（3）Financial assets available for sale measured by fair value at end of year

| **Invested company** | **Book balance** | | | | **Shareholding ratio （%）** | **Cash dividends** |
|---|---|---|---|---|---|---|
| | **2013.12.31** | **Increase** | **Decrease** | **2014.12.31** | | |
| Zhongjin Gold Corporation Limited | 3,301,155.00 | 799,227.00 | | 4,100,382.00 | | |
| Tianjin International Card Corporation Limited | 140,433,405.01 | 10,809,235.76 | | 151,242,640.77 | | |
| Bohai Lease Corporation Limited | 356,434,883.50 | 259,552,650.06 | | 615,987,533.56 | | |
| Tianjin Pulin | 11,631,596.76 | | 11,631,596.76 | | | |
| Zhejiang Jianan Hi-tech Co., Ltd | | 266,934.14 | | 266,934.14 | | |
| Guangdong Zhengye Hi-tech Co., Ltd. | | 246,075.90 | | 246,075.90 | | |
| Guosen Securities | | 60,960.00 | | 60,960.00 | | |
| | **511,801,040.27** | **271,735,082.86** | **11,631,596.76** | **771,904,526.37** | | |

（4）Impairment reserve for Financial assets available for sale

| Invested company | Beginning balance | Increase in current period | Decrease in current period | Ending balance |
|---|---|---|---|---|
| Tianjin High-core Electronics Co., Ltd | 4,150,000.00 | | | 4,150,000.00 |
| Tianjin Junda Textile Industrial Co., Ltd | 18,230,000.00 | | | 18,230,000.00 |
| Tianjin Lanchao Hi-tech Co., Ltd | 1,867,500.00 | | | 1,867,500.00 |
| Zanussi Electrical & Mechanical Tianjin Compressor Co., Ltd | 25,439,136.92 | | 25,439,136.92 | |
| Tangshan Shengshi International Automobile Park Development Co., Ltd | | 10,000,000.00 | | 10,000,000.00 |
| **Total** | **49,686,636.92** | **10,000,000.00** | **25,439,136.92** | **34,247,500.00** |

## 10. Held-to-maturity investments

The held-to-maturity investments of the Company as of December 31, 2014 include entrust loan, trust product and financial product, whose total balance is RMB 4,959,590,381.41 yuan. Details are stated as followed:

（1）Entrust Loan

| Items | Ending balance | Beginning balance |
|---|---|---|
| Tianjin Dongli District Land Management Center | 175,000,000.00 | 350,000,000.00 |
| Tianjin Airport Free Trade Zone Land Development Investment Co., Ltd | 1,280,500,000.00 | 1,240,000,000.00 |
| Tianjin T&B International Hotel Co., Ltd | 14,810.13 | 15,162,980.12 |
| Tianjin T&B Baiheng Investment Co., Ltd | | 8,500,000.00 |
| Tianjin New Yansh Outlets Business Co., Ltd | 40,000,000.00 | 40,000,000.00 |
| Tianjin Airport Economic Zone Water Co., Ltd | | 35,000,000.00 |

| | | |
|---|---|---|
| Tianjin Airlines Industrial Development Co., Ltd | 21,288,250.00 | 21,500,000.00 |
| Tianjin T&B Baide Asset Management Co., Ltd | 18,000,000.00 | |
| CMBC small debts | 667,424,581.55 | 902,847,000.00 |
| Total | **2,202,227,641.68** | **2,613,009,980.12** |

（2）Entrust Financial Product

| Invested company | Time | Interest | Amount | Notes |
|---|---|---|---|---|
| Agricultural Bank of China. Free Trade | 2014/12/31-2015/01/21 | 4.8% | 100,000,000.00 | |
| Shanghai Pudong Development Bank.Tianjin Branch | 7-day redeemable | 3.7% | 330,000,000.00 | Liduoduo Cash Management No. 1 |
| Shanghai Pudong Development Bank | 2014/12/29-2015/01/05 | 3.7% | 600,000,000.00 | |
| China CITIC Bank. Tianjin Branch | 7-day redeemable | 3.3% | 480,000,000.00 | |
| Bank of China. Free Trade Zone Branch | 2014/12/26-2015/01/09 | 5.09% | 200,000,000.00 | |
| “RMB T+1” product of Bank of China | 2014/12/26-2015/1/16 | 5.59% | 10,000,000.00 | “RMB T+1” product of Bank of China |
| Total | | | **1,720,000,000.00** | |

（3）Trust Product

①Principal

| Invested company | Time | Interest | Amount | Notes |
|---|---|---|---|---|
| North International Trust Co., Ltd | 3 years | 7.5% | 350,000,000.00 | |
| North International Trust Co., Ltd | 2 years | 7.5% | 500,000,000.00 | |
| North International Trust Co., Ltd | 2 years | 7.5% | 150,000,000.00 | |

| | | | | |
|---|---|---|---|---|
| Total | | | **1,000,000,000.00** | |

②Accrued interest

| Invested company | Ending balance | Beginning balance |
|---|---|---|
| North International Trust Co., Ltd | 37,362,739.73 | |
| Total | **37,362,739.73** | |

Notes: 1. The accrued but uncollected interests of a principal of RMB 1,000,000,000.00 yuan trust product of North International Trust Co., Ltd is RMB 37,362,739.73 yuan at end of year.

2. It's held to maturity where no impairment reserves in current period.

**11. Long-term account receivables**

| Items | Ending balance | Beginning balance |
|---|---|---|
| Management Committee of Tianjin Airport Free Trade Zone | | 1,399,998,528.82 |
| Finance Bureau of Tianjin Airport Free Trade Zone | 2,543,128,136.48 | 46,088,900.00 |
| Financial leasing | 2,007,070,902.91 | 2,181,731,457.86 |
| **Total** | **4,550,199,039.39** | **3,627,818,886.68** |

On January 3, 2008, Tianjin Port FTZ Investment Co., Ltd., a wholly-owned subsidiary of the Company, entered an Agreement on Delivery and Reimbursement of Infrastructure of Tianjin Airport Logistics Processing Park (phase I) with Management Committee and Finance Bureau of Tianjin Airport Free Trade Zone. According to the agreement, the Company is required to deliver the total engineering amount of RMB 5,099,998,528.82 yuan of entrusted infrastructure of Tianjin Airport Logistics Processing Park (phase I) to the Management Committee of Tianjin Airport Free Trade Zone. The Management Committee reimburses the investment of the Company in increasing installment year by year. To ensure the project is well operated and maintained after the delivery, and it shall be well prepared for operation and maintenance before the delivery, the Management Committee entrusts the Company to continue its operation and maintenance of this project after the delivery. The Management Committee pays to the Company a financial subsidiary equaling to 1% of the project investment (delivered amount) per year. Finance Bureau of Tianjin Airport Free trade zone is to allocate these subsidies. According to the agreement, the Company transferred the engineering balance of RMB 5,099,998,528.82 yuan of entrusted infrastructure of Tianjin Airport Logistics Processing Park (phase I) into the long-term account receivables as of December 31, 2007. According to the reimbursement of entrusted construction investment, the Company receives RMB 290,000,000.00 Yuan from the Management Committee in 2008 and RMB 370,000,000.00 yuan from the Management Committee in 2009, and RMB 490,000,000 .00 yuan from the Management Committee in 2010, RMB 640,000,000.00 yuan from the Management Committee in 2011, RMB 830,000,000.00 yuan from the Management Committee in 2012, RMB 1,080,000,000.00 yuan from the Management Committee in 2013, RMB 1,399,998,528.82 yuan from the Management Committee in 2014. The balance of long-term account receivables of the Company is RMB 0.00 yuan as of December 31, 2014.

According to the published files of Finance Bureau of Tianjin Airport Free Trade Zone, the Company is responsible for land development and supporting facilities of airport logistics processing zone, air passenger A320 project land development and supporting facilities and other non-operational constructions assigned by the Management Committee of Tianjin Airport Free Trade Zone. As all projects are completed in 2013 but the Finance Bureau couldn't pay all construction charges to the Company, the loan interests and the bond interests of the Company occurred from the constructions are undertaken by the Finance Bureau of Tianjin Airport Free Trade Zone. The total accrued interest in current year is RMB 2,543,128,136.48 yuan, and is the account receivables from the Finance Bureau of Tianjin Airport Free Trade Zone.

**12.Long-term Equity Investment**

（1）Details of long-term equity investment

| Type | Beginning balance | Increase in current period | Decrease in current period | Ending Balance |
|---|---|---|---|---|
| Investment on subsidiaries | | | | |
| Investment on joint ventures | | | | |
| Investment on affiliated ventures | 6,146,402,889.33 | 1,371,149,149.13 | | 7,517,552,038.46 |
| Other equity investment | 477,817,071.03 | 75,000,000.00 | | 55,2817,071.03 |
| Subtotal | **6,624,219,960.36** | 1,446,149,149.13 | | 8,070,369,109.49 |
| Less: impairment reserve for long-term equity investment | 14,541,415.36 | 200,000,000.00 | | 214,541,415.36 |
| Total | **6,609,678,545.00** | **1,246,149,149.13** | | **785,5,827,694.13** |

（2）Book Value

| Items | Ending balance | | |
|---|---|---|---|
| | Balance of long-term equity investment | Impairment reserve | Net Book Value |
| Cost method | 552,817,071.03 | 210,750,111.90 | 342,066,959.13 |
| Equity method | 7,517,552,038.46 | 3,791,303.46 | 7,513,760,735.00 |

| | | | |
|---|---|---|---|
| **Total** | **8,070,369,109.49** | **214,541,415.36** | **785,5,827,694.13** |

Continued

| Items | Beginning balance | | |
|---|---|---|---|
| | Balance of long-term equity investment | Impairment reserve | Net Book Value |
| Cost method | 477,817,071.03 | 10,750,111.90 | 467,066,959.13 |
| Equity method | 6,146,402,889.33 | 3,791,303.46 | 6,142,611,585.87 |
| **Total** | **6,624,219,960.36** | **14,541,415.36** | **6,609,678,545.00** |

（3）Equity-accounted long-term equity investment

| Invested company | Investment cost | Beginning balance | Increase/ decrease | Ending balance |
|---|---|---|---|---|
| Tianjin CPC T&B Oil Sales Co., Ltd | 3,649,850.93 | 5,395,878.26 | 2,275,630.63 | 7,671,508.89 |
| Tianjin Binhai New District Xianfeng Culture Investment Co., Ltd | 20,000,000.00 | 18,687,914.64 | 130,500.29 | 18,818,414.93 |
| Tianjin Airport Second-hand Automobile Trade Market Co., Ltd | 16,131,776.31 | 24,495,383.63 | 36,987,597.76 | 61,482,981.39 |
| Tianjin Binhai Shengshi International Automobile Park Investment Co., Ltd | 80,000,000.00 | 68,685,921.77 | -33,655,356.65 | 35,030,565.12 |
| Tianjin CPC JinHai Oil Sales Co., Ltd | 9,800,000.00 | 7,133,972.77 | -1,014,756.77 | 6,119,216.00 |
| T&B Mingmen (Tianjin) International Freight Agency | 9,144,813.82 | 5,124,533.82 | -625,551.29 | 4,498,982.53 |
| Tianjin International Logistics Park Co., Ltd | 11,920,000.00 | 14,474,373.39 | -3,734,657.33 | 10,739,716.06 |
| Tianjin North International Chemical Products Co., Ltd | 1,703,282.93 | 3,000,000.00 | | 3,000,000.00 |
| Tianjin Bank Co., Ltd | 1,319,784,495.35 | 4,774,650,334.65 | 1,512,391,488.52 | 6,287,041,823.17 |
| Air China Helicopter Co., Ltd | 1,100,000,000.00 | 1,077,170,827.53 | -201,635,593.03 | 875,535,234.50 |
| Airbus (Tianjin) Tools and Fixture Co., Ltd | 619,687,193.71 | 72,181,139.25 | -35,911,597.52 | 36,269,541.73 |
| Tianjin T&B Development Investment Co., Ltd | 23,910,900.00 | 27,784,688.08 | 5,883,081.16 | 33,667,769.24 |
| Tianjin Airlines Industrial Development Co., Ltd | 50,000,000.00 | 47,617,921.54 | -9,941,636.64 | 37,676,284.90 |

| | | | | |
|---|---|---|---|---|
| Xinyuan Finance Lease (Tianijn) Co., Ltd | 100,000,000.00 | | 100,000,000.00 | 100,000,000.00 |
| Total | **3,365,732,313.05** | **6,146,402,889.33** | **1,371,149,149.13** | **7,517,552,038.46** |

Continued：

| **Invested company** | **Shareholding ratio (%)** | **Voting ratio (%)** | **Impairment reserve** | **Accrued impairment reserve in current period** | **Cash dividends in current period** |
|---|---|---|---|---|---|
| Tianjin CPC T&B Oil Sales Co., Ltd | 49% | 49% | | | 1,746,027.33 |
| Tianjin Binhai New District Xianfeng Culture Investment Co., Ltd | 20% | 20% | | | |
| Tianjin Airport Second-hand Automobile Trade Market Co., Ltd | 28% | 28% | | | |
| Tianjin Binhai Shengshi International Automobile Park Investment Co., Ltd | 40% | 40% | | | |
| Tianjin CPC JinHai Oil Sales Co., Ltd | 49% | 49% | | | |
| T&B Mingmen (Tianjin) International Freight Agency | 25% | 25% | 791,303.46 | | |
| Tianjin International Logistics Park Co., Ltd | 40% | 40% | | | |
| Tianjin North International Chemical Products Co., Ltd | 20% | 20% | 3,000,000.00 | | |
| Tianjin Bank Co., Ltd | 19.45% | 19.45% | | | 149,516,725.05 |
| Air China Helicopter Co., Ltd | 20.09% | 20.09% | | | |
| Airbus (Tianjin) Tools and Fixture Co., Ltd | 49% | 49% | | | |
| Tianjin Airlines Industrial Development Co., Ltd | 49.23% | 49.23% | | | |
| Tianjin T&B Development Investment Co., Ltd | 29.7% | 29.7% | | | |
| Xinyuan Finance Lease (Tianijn) Co., Ltd | 29.994% | 29.994% | | | |

（4）Cost-accounted long-term equity investment

| Invested company | Shareholding ratio at end of year% | Investment cost | Beginning balance | Increase/ Decrease | Ending balance | Cash dividends in current period |
|---|---|---|---|---|---|---|
| Tianjin T&B Public Utility Co., Ltd | 100 | 200,000,000.00 | 192,428,529.13 | | 192,428,529.13 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Tianjin T&B Huari International Logistics Base Co., Ltd | 60 | 12,000,000.00 | 10,750,111.90 | | 10,750,111.90 | |
| Tianjin Airport Economic Zone Water Co., Ltd | 50 | 60,000,000.00 | 60,000,000.00 | | 60,000,000.00 | |
| Tianjin Times Software CO., Ltd | 45 | 2,250,000.00 | 2,250,000.00 | | 2,250,000.00 | |
| Tianjin TsingHua Spreadtrum Hi-tech Co., Ltd | 75 | 75,000,000.00 | | 75,000,000.00 | 75,000,000.00 | |
| Tianjin Free Trade Zone Development Co., Ltd, | 100 | 12,388,430.00 | 12,388,430.00 | | 12,388,430.00 | |
| Tianijn Jinjulian Joint Guarantee Investment Partnership | 25 | 200,000,000.00 | 200,000,000.00 | | 200,000,000.00 | |
| Total: | | **561,638,430.00** | **477,817,071.03** | **75,000,000.00** | **552,817,071.03** | |

Notes: 1. The Company pledges its holding shares of Tianjin T&B Property Co., Ltd to Tianjin Binhai New District Branch of Bohai Bank Co., Ltd for a loan of RMB 1 billion yuan.

2. The Company has signed equity transfer agreement to transfer a part of its 50% equity of Tianjin Airport Economic Zone Water Co., Ltd, and receives RMB 12,672,972.00 yuan as an advance payment from Tianjin Tap Water Group for the equity transfer.

（5）Impairment reserve for long-term equity investment

| Invested company | Beginning balance | Accrual in current period | Decrease in current period | Ending balance |
|---|---|---|---|---|
| Tianjin T&B Huari International Logistics Base Co., Ltd | 10,750,111.90 | | | 10,750,111.90 |
| Tianjin T&B Public Utility Co., Ltd | | 200,000,000.00 | | 200,000,000.00 |
| Tianjin North International Chemical Products Co., Ltd | 3,000,000.00 | | | 3,000,000.00 |
| T&B Mingmen (Tianjin) International Freight Agency | 791,303.46 | | | 791,303.46 |

| | | | | |
|---|---|---|---|---|
| **Total** | **14,541,415.36** | **200,000,000.00** | **-** | **214,541,415.36** |

（6）Investments on Joint ventures and affiliated ventures

| Invested company | Shareholding ratio of the Company% | Voting ratio of the Company% | Total assets at end of year | Total liabilities at end of year | Total net assets at end of year | Total revenue in current period | Net profit in current period |
|---|---|---|---|---|---|---|---|
| **I. Joint venture** | | | | | | | |
| **II. Affiliated venture** | | | | | | | |
| Xinyuan Finance Lease (Tianijn) Co., Ltd | 29.994 | 29.994 | | | | | |
| Tianjin North International Chemical Products Co., Ltd | 20.00 | 20.00 | | | | | |
| Tianjin Binhai New District Xianfeng Culture Investment Co., Ltd | 20.00 | 20.00 | 98,509,316.27 | 3,856,198.36 | 94,653,117.91 | 4,824,726.83 | 652,501.46 |
| Tianjin CPC T&B Oil Sales Co., Ltd | 49.00 | 49.00 | 18,279,339.06 | 1,509,906.90 | 16,769,432.16 | 213,273,521.67 | 8,207,465.22 |
| T&B Mingmen (Tianjin) International Freight Agency | 25.00 | 25.00 | 65,850,415.83 | 49,784,879.33 | 16,065,536.50 | 67,980,498.32 | -2,502,205.17 |
| Tianjin International Logistics Park Co., Ltd | 40.00 | 40.00 | 88,756,284.01 | 53,788,460.88 | 34,967,823.13 | 101,574,637.00 | 2,764,503.41 |
| Tianjin Airport Second-hand Automobile Trade Market Co., Ltd | 28.00 | 28.00 | 572,066,872.53 | 352,486,046.16 | 219,580,826.37 | 3,892,183.10 | 28,064,114.25 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Tianjin Binhai Shengshi International Automobile Park Investment Co., Ltd | 40.00 | 40.00 | 1,051,266,877.61 | 955,790,464.82 | 95,476,412.79 | 147,356,274.00 | -83,673,905.78 |
| Tianjin CPC Jinhai Sales Co., Ltd | 49.00 | 49.00 | 12,530,721.81 | 42,525.88 | 12,488,195.93 | 235,705,178.56 | -2,070,932.19 |
| Tianjin Bank Co., Ltd | 19.45 | 19.45 | 477,425,964,295.62 | 448,766,060,637.00 | 28,659,903,658.62 | 9,811,335,136.58 | 4,471,289,899.50 |
| Air China Helicopter Co., Ltd | 20.09 | 20.09 | 2,312,718,000.00 | 1,754,468,000.00 | 558,250,000.00 | 1,012,468,000.00 | 21,890,000.00 |
| Airbus (Tianjin) Tools and Fixture Co., Ltd | 49.00 | 49.00 | 111,855,250.48 | 35,870,988.35 | 75,984,262.13 | 7.67 | -28,645,900.74 |
| Tianjin T&B Development Investment Co., Ltd | 29.70 | 29.70 | 118,442,689.86 | 5,091,278.28 | 113,351,411.58 | 58,743,141.44 | 30,339,875.13 |
| Tianjin Airlines Industrial Development Co., Ltd | 49.23 | 49.23 | 205,361,620.66 | 128,432,382.15 | 76,929,238.51 | 19,463,687.25 | 183,339.14 |

## 13. Investment Property

| Items | Houses & Buildings | Land use right | Project under construction | Total |
|---|---|---|---|---|
| I. Original book value | | | | |
| 1. Beginning balance | 1,133,735,669.25 | 31,206,599.17 | | 1,164,942,268.42 |
| 2.Increase in current period | 556,721,129.86 | 47,693,443.60 | | 604,414,573.46 |
| 3. Decrease in current period | 3,087,770.03 | | | 3,087,770.03 |
| 4.Ending balance | 1,687,369,029.08 | 78,900,042.77 | | 1,766,269,071.85 |
| II.Accumulated Depreciation and amortization | | | | |
| 1.Beginning balance | 151,363,188.96 | 2,760,534.58 | | 154,123,723.54 |
| 2.Increase in current period | 95,783,693.90 | 4,496,351.86 | | 100,280,045.76 |
| 3.Decrease in current period | 110,358.68 | | | 110,358.68 |
| 4.Ending balance | 247,036,524.18 | 7,256,886.44 | | 254,293,410.62 |

| Items | Houses & Buildings | Land use right | Project under construction | Total |
|---|---|---|---|---|
| III.Impairment reserve | | | | |
| 1.Beginning balance | | | | |
| 2.Increase in current period | | | | |
| 3.Decrease in current period | | | | |
| 4.Ending balance | | | | |
| IV.Book Value | | | | |
| 1.Ending Book Value | 1,440,332,504.90 | 71,643,156.33 | | 1,511,975,661.23 |
| 2.Beginning Book Value | 982,372,480.29 | 28,446,064.59 | | 1,010,818,544.88 |

Notes 1: Investment properties whose title certificates are not granted yet.

| Items | Book Value | Reason for Title Certificate not Granted yet |
|---|---|---|
| Huijin Plaza | 84,300,103.24 | In process |
| Tianbao Golden Coastline Plot B06 | 18,318,995.75 | On lease, title certificate not |
| Tianbao Golden Coastline Plot B01 | 7,644,514.92 | In process |
| Tianbao Golden Coastline Plot B05 | 13,850,651.84 | Public project, no title certificate |

Notes 2: The book value of mortgaged and guaranteed investment properties (including land use right) at end of year is RMB 12,339,621.69 yuan; the mortgages are properties and land use rights locating in No. 20 and 22 middle road in automobile park of Tianjin Airport Economic Zone. Pledge assets of the No.22 middle road in automobile park of Tianjin Airport Economic Zone is valued at RMB 10.6 million yuan and its pledge maturity is from October 29, 2014 to October 29, 2015. Pledge assets of the No.20 middle road in automobile park of Tianjin Airport Economic Zone is valued at RMB21 million yuan and its pledge maturity is from October 20, 2014 to October 20, 2015.

Notes 3: Airport white-collar apartments and other projects under construction are added and transferred in current period.

## 14. Fixed Assets & Accumulated Depreciation

| Items | Houses & Buildings | Machinery & equipment | Transportation equipment | Office equipment | Other equipment | Total |
|---|---|---|---|---|---|---|
| I.Original book value | | | | | | |
| 1.Beginning balance | 3,252,561,985.86 | 718,674,656.43 | 113,536,482.53 | 35,306,485.80 | 50,660,034.67 | 4,170,739,645.29 |
| 2. Increase in current period | 811,085,684.43 | -25,487,705.02 | 11,674,648.51 | 3,139,714.22 | 20,461,201.38 | 820,873,543.52 |
| 3.Decrease in current period | 367,288,945.29 | 20,214,900.54 | 67,552,042.93 | -20,624,022.66 | -600,088.89 | 433,831,777.21 |
| 4.Ending balance | 3,696,358,725.00 | 672,972,050.87 | 57,659,088.11 | 59,070,222.68 | 71,721,324.94 | 4,557,781,411.60 |
| II.Accumulated Depreciation and amortization | | | | | | |
| 1.Beginning balance | 442,061,932.78 | 270,723,035.40 | 69,122,634.15 | 21,825,924.51 | 22,392,725.65 | 826,126,252.49 |
| 2.Increase in current period | 149,987,419.35 | 26,715,434.13 | 8,024,779.82 | 7,200,062.13 | 8,083,336.20 | 200,011,031.63 |
| 3.Decrease in current period | 21,208,388.64 | 18,751,299.90 | 39,679,761.19 | -16,058,108.29 | -452,777.63 | 63,128,563.81 |
| 4.Ending balance | 570,840,963.49 | 278,687,169.63 | 37,467,652.78 | 45,084,094.93 | 30,928,839.48 | 963,008,720.31 |
| III Impairment reserve | | | | | | |
| 1.Beginning balance | | 81,464.98 | | | | 81,464.98 |
| 2.Increase in current period | | | | | | |
| 3.Decrease in current period | | | | | | |
| 4.Ending balance | | 81,464.98 | | | | 81,464.98 |

| Items | Houses & Buildings | Machinery & equipment | Transportation equipment | Office equipment | Other equipment | Total |
|---|---|---|---|---|---|---|
| IV.Book Value | | | | | | |
| 1.Ending Book Value | 3,125,517,761.51 | 394,203,416.26 | 20,191,435.33 | 13,986,127.75 | 40,792,485.46 | 3,594,691,226.31 |
| 2.Beginning Book Value | 2,810,500,053.08 | 447,870,156.05 | 44,413,848.38 | 13,480,561.29 | 28,267,309.02 | 3,344,531,927.82 |

Notes 1: the Company has no held-for-sale fixed assets in current period.

Notes 2: the Company has no idle fixed assets in current period.

Notes 3: fixed assets whose title certificates are not granted yet.

| Items | Book Value | Reason for Title Certificate not Granted yet |
|---|---|---|
| Office buildings in Huijin Plaza | 70,827,645.40 | In process |
| T&B Thermoelectricity Production Room | 194,270,858.86 | |
| T&B Thermoelectricity Office Room | 3,403,704.44 | |
| T&B Thermoelectricity Other Rooms | 13,260,902.42 | |
| Commercial residential buildings in Yunshui Park | 308,871.68 | |
| Properties at No.268, Hanyu Rd, Hangu, Binhai New District | 17,051,491.43 | T&B Ganggu International Logistics Co., Ltd was renamed as Tianjin T&B Hongxin Logistics Center Co., Ltd in 2013, but its assets of commercial residential buildings in Yunshui Park have not changed their owner yet. |

Notes 4: The book value of mortgaged and guaranteed fixed assets is RMB 26,711,236.97 yuan at end of year. The mortgages are Jinguang 4S store locating in No.1 of No.8 Huanhe West Road of Tianjin Airport Economic Zone, properties locating in No.12 middle road in automobile park of Tianjin Airport Economic Zone and properties of Tianjin Airport

Automobile Inspection Co., Ltd.

Notes 5: The contract dispute between Tianjin T&B Logistics Co., Ltd and Tianjin Jinpeng Century Industrial Co., Ltd, subsidiaries of the Company and Tianjin North Investment Co., Ltd (North Company) is implemented in this year. The Company receives the properties of Zhonghuan Century Automobile Accessories in Tianjin Airport Logistics Processing Industrial Park at a value of RMB 312,815,138.37 yuan.

**15.Projects under Construction**

| Projects | Beginning balance | Increase in current period | Decrease in current period | Ending balance |
|---|---|---|---|---|
| 2013 heat supply network | 974,419.17 | 16,447,387.80 | | 17,421,806.97 |
| 4# ZTY boiler room | 3,697,068.60 | | | 3,697,068.60 |
| 6#4X35T/H boiler room | 38,402,166.10 | 4,600.00 | | 38,406,766.10 |
| 6#hot-water supply network | 66,664,656.44 | 8,142,467.96 | | 74,807,124.40 |
| Heat exchange station in Binhai world trade fortune center | | 3,058,604.05 | | 3,058,604.05 |
| Dashun park | 3,848,195.00 | | 3,848,195.00 | |
| Overhaul | 5,533,489.00 | 784,375.00 | 3,568,616.00 | 2,749,248.00 |
| Mass project | | 49,047,583.85 | 49,047,583.85 | |
| Agent construction | 7,226,789.43 | | 7,226,789.43 | |
| Fudi-Lingshang Heat exchange station | 4,204,579.11 | 329,788.29 | | 4,534,367.40 |
| Water supply regulator station equipment | 393,454.00 | | | 393,454.00 |
| Change project | 4,886,014.00 | 38,636.00 | 648,600.00 | 4,276,050.00 |
| Purchase, installation & debugging of measurement system of heat exchange station in Harbor free trade zone | 5,814,000.00 | | | 5,814,000.00 |
| Customs supervision warehouse | 929,195.00 | | | 929,195.00 |
| Project for Customs import & export inspection center | | 1,500,602.80 | | 1,500,602.80 |
| Greening project for airlines No.1 bridge surroundings | 8,571,409.00 | | 8,571,409.00 | |
| Geothermal resources for comfortable housing | 20,432,131.93 | 1,557,359.72 | | 21,989,491.65 |

| | | | | |
|---|---|---|---|---|
| Infrastructural project | 118,451,853.38 | 4,725,956.80 | 102,245,113.13 | 20,932,697.05 |
| Infrastructure delivery | 8,042,323.00 | | 1,206,172.00 | 6,836,151.00 |
| Airport 2012 network | 10,254,205.57 | 5,220,972.12 | | 15,475,177.69 |
| Airport 75T/H thermal electricity reconstruction | | 20,949,656.03 | | 20,949,656.03 |
| Geothermal & water supply heat project for airport gym center | 3,830,000.00 | 224,787.85 | | 4,054,787.85 |
| Airport economic zone 2010 network | 18,265,632.66 | 1,699,906.05 | | 19,965,538.71 |
| Airport economic zone 2011 heat supply network | 11,186,564.86 | 2,657,791.90 | | 13,844,356.76 |
| Thermal recharge well for golf DLR-64D in airport economic zone | | 5,539,361.81 | | 5,539,361.81 |
| Airport thermoelectricity 240T/H project | 700,000.00 | 140,089,133.65 | | 140,789,133.65 |
| Airport relay pump station | 4,454,131.02 | 1,229,740.71 | | 5,683,871.73 |
| Air passenger heat exchange station | 3,012,399.20 | | | 3,012,399.20 |
| Air passenger surroundings renovation | 641,185.20 | | 641,185.20 | |
| No.1 warehouse in phase I of harbor free trade logistics center | 1,602,273.00 | 594,104.00 | 2,196,377.00 | |
| Vacuum preloading project in harbor free trade logistics center | 21,162,029.05 | | 3,481,241.66 | 17,680,787.39 |
| No.3 warehouse in harbor customs declaration logistics center | 56,769.47 | 10,532,869.56 | 23,249.70 | 10,566,389.33 |
| Consultation charges for the dock project | 70,000.00 | | | 70,000.00 |
| Bombardier project | | 779,495.98 | | 779,495.98 |
| Others | 359,400.00 | 38,800.00 | | 398,200.00 |
| Other engineering | 354,309.20 | 22,990.00 | 354,309.20 | 22,990.00 |
| Other projects | 178,392,984.51 | -32,322,098.87 | 91,539,619.26 | 54,531,266.38 |
| District checkpoint | 801,210.00 | | | 801,210.00 |
| Thermal network plan & design | 23,600.00 | | | 23,600.00 |
| Design fee | 9,000.00 | | | 9,000.00 |
| Schlott project | | 67,167,338.94 | | 67,167,338.94 |
| STAGO project | | 16,420,054.86 | 16,420,054.86 | |
| Renovation project for | | 1,266,387.70 | 1,266,387.70 | |

| | | | | |
|---|---|---|---|---|
| offices of T&B customs broker (SHITIANWEI) | | | | |
| Denigration project for heat and power cogeneration in Tianjin airport free trade zone harbor | | 5,144,854.28 | | 5,144,854.28 |
| Land refill project | 13,126,436.00 | | 13,126,436.00 | |
| Communication pipelines | 3,340,436.00 | 4,874,886.00 | 1,104,453.00 | 7,110,869.00 |
| Walls (Nanyang) | 690,000.00 | | | 690,000.00 |
| Logistics base | 9,654,795.00 | | 9,654,795.00 | |
| Cruise road, parking lot | 2,187,348.00 | | | 2,187,348.00 |
| Partition reconstruction for No.1 factory plant | | 1,881,037.00 | 1,881,037.00 | |
| Outlet pipeline reconstruction for rain water pump station | 2,870,043.41 | | | 2,870,043.41 |
| Remote communication project | 4,430,250.00 | | | 4,430,250.00 |
| Ocean Express geothermal well exchange station | 33,291,967.36 | 1,858,422.83 | | 35,150,390.19 |
| Exclusive project | 13,800,482.90 | | 10,398,282.90 | 3,402,200.00 |
| Finance trade zone in free trade zone | 2,650,000.00 | | 2,650,000.00 | |
| T&B service center | 13,008,844.64 | 660,732.00 | | 13,669,576.64 |
| Airport white-collar apartment | 683,063,754.65 | 78,851,321.54 | 315,548,566.31 | 446,366,509.88 |
| Temporary power supply for the management committee | 23,464,413.00 | 3,041,637.65 | 26,506,050.65 | |
| Fire pump station in logistics model warehouse | 1,572,246.48 | | 1,572,246.48 | |
| Free transfer assets from the management committee | 726,081,504.41 | | | 726,081,504.41 |
| Distribution reconstruction project for 3# shutter station in harbor free trade zone | 951,977.78 | 308,447.13 | 1,260,424.91 | |
| Outside wall reconstruction for 1#35 station | 1,050,000.00 | 127,122.65 | 1,177,122.65 | |
| Power supply connection project for POLY warehouse (beyond red | 93,538.36 | 5,610.79 | 99,149.15 | |

| | | | | |
|---|---|---|---|---|
| line) | | | | |
| Reconstruction and overhaul for harbor 2# station | 72,407.69 | 41,669.79 | 114,077.48 | |
| 10KV power supply connection for Tianjin Binhai world trade fortune center | | 394,882.50 | 394,882.50 | |
| 10KV power supply connection for distribution base of Haiwei international wine warehouse (beyond red line) | | 189,844.79 | 189,844.79 | |
| Power net automation project in Harbor free trade zone | | 2,044,850.95 | 2,044,850.95 | |
| T&B commercial square | 245,084,711.97 | 2,563,426.05 | | 247,648,138.02 |
| T&B Yadu industrial plant | 74,218,680.87 | | 74,218,680.87 | |
| Land development and supporting facility constructions for Tianjin airport logistics processing area | 10,813,734,836.81 | 1,052,084,938.07 | 208,083,610.84 | 11,657,736,164.04 |
| Land development and supporting facility constructions for air passenger A320 bus project | 7,853,258,520.30 | 243,901,433.86 | | 8,097,159,954.16 |
| Municipal, environmental and greening projects for Tianjin airport logistics processing area | 26,649,767.43 | | | 26,649,767.43 |
| Air passenger A320 transport fixture | 403,227,986.12 | | 39,170,607.38 | 364,057,378.74 |
| Air passenger A320 training equipment | 10,457,229.13 | | 1,010,814.83 | 9,446,414.30 |
| Phase 1 project for airport Hubin square | 10,441,870.89 | | 240,982.89 | 10,200,888.00 |
| Qixin solar building materials project | 18,113,539.41 | | 844,242.51 | 17,269,296.90 |
| NYK project | 63,290,105.52 | 812,789.43 | 64,102,894.95 | |
| Tianjin POLY project | 5,517,300.00 | | | 5,517,300.00 |
| C4 hotel apartment | 974,913,496.71 | 431,742.70 | | 975,345,239.41 |
| C4 hotel | 140,385,435.36 | 179,009.79 | | 140,564,445.15 |

| | | | | |
|---|---|---|---|---|
| Total | **22,727,941,363.10** | **1,727,147,314.36** | **1,067,678,957.03** | **23,387,409,720.43** |

Notes: projects under construction have no impairment.

## 16. Intangible Assets

| **Items** | **Land Use right** | **Management and application software** | **Surveillance software for logistics Department.** | **Funds for customs video surveillance system** | **Total** |
|---|---|---|---|---|---|
| I.Original book value | | | | | |
| 1.Beginning balance | 9,847,243,409.16 | 5,530,455.64 | 143,488.89 | 80,000.00 | 9,852,997,353.69 |
| 2.Increase in current period | 37,857,450.00 | 1,517,641.30 | | | 39,375,091.30 |
| 3.Decrease in current period | 91,074,644.59 | 881,175.00 | | | 91,955,819.59 |
| 4.Ending balance | 9,794,026,214.57 | 6,166,921.94 | 143,488.89 | 80,000.00 | 9,800,416,625.40 |
| II.Accumulated Depreciation and amortization | | | | | |
| 1.Beginning balance | 25,421,821.63 | 2,379,081.28 | 105,967.41 | 80,000.00 | 27,986,870.32 |
| 2.Increase in current period | 5 ,664,804.09 | 671,626.41 | 23,697.72 | | 6,360,128.22 |
| 3.Decrease in current period | 2,226,401.06 | 881,175.00 | | | 3,107,576.06 |
| 4.Ending balance | 28,860,224.66 | 2,169,532.69 | 129,665.13 | 80,000.00 | 31,239,422.48 |
| III.Impairment reserve | | | | | |
| 1.Beginning balance | | | | | |
| 2.Increase in current period | | | | | |
| 3.Decrease in current period | | | | | |
| 4.Ending balance | | | | | |
| IV. Book Value | | | | | |
| 1.Ending Book Value | 9,765,165,989.91 | 3,997,389.25 | 13,823.76 | | 9,769,177,202.92 |
| 2. Beginning Book Value | 9,821,821,587.53 | 3,151,374.36 | 37,521.48 | | 9,825,010,483.37 |

（2）Research and development expenditure recorded into the current profits and losses and recognized as intangible assets

| Items | Beginning balance | Increase in current period | Decrease in current period | | Ending balance |
|---|---|---|---|---|---|
| | | | Recorded into the current profits and losses | Recognized as intangible assets | |
| Management system | | 2,208,104.22 | 2,208,104.22 | | |
| Total | | 2,208,104.22 | 2,208,104.22 | | |

The original value of RMB 9,568,993,715.00 yuan in land use right is the land free transferred from the Management Committee of Free Trade Zone. It's non-operational assets and has indefinite service life, so it shall not be amortized.

On December 31, 2006, according to "Approval of Free Transfer of lands to Tianjin Port FTZ Investment Co., Ltd. at Estimated Value" issued by the Management Committee, and files issued by Finance Bureau of Tianjin Airport Free Trade Zone, the Management Committee free transfers some lands of the free trade zone and the airport processing area to the Company at a value of RMB 6,517,566,105.00 yuan estimated by Tianjin Zhongdi Property Evaluation Consultation Company, as an equity investment from Finance Bureau of Tianjin Airport Free Trade Zone. The Company receives these transferred lands and gets relevant certificates of use of land, and records these as "intangible assets – land use right" into statements according to the notice of Finance Bureau of Tianjin Airport Free Trade Zone and treats them as additional capital reserve.

On June 29, 2007, according to "Approval of Free Transfer of lands to Tianjin Port FTZ Investment Co., Ltd. at Estimated Value" issued by the Management Committee, and files issued by Finance Bureau of Tianjin Airport Free Trade Zone, the Management Committee free transfers use of national lands and road lands of the Tianjin Airport Logistics Processing Area (phase II) to the Company at a value of RMB 3,051,427,610.00 yuan confirmed in "Tianjin Keyi Land Price (2007) Estimation No.52", a land evaluation report issued by Land Evaluation Office of Tianjin Keyi Co., Ltd, as an equity investment from Finance Bureau of Tianjin Airport Free Trade Zone. The capital reserve increases RMB 3,051,427,610.00 yuan. The Company receives these transferred lands and gets relevant certificates of use of land, and records these as "intangible assets – land use right" into statements according to the notice of Finance Bureau of Tianjin Airport Free Trade Zone and treats them as additional capital reserve.

**17.Goodwill**

| Invested company | Beginning balance | Increase in current period | Decrease in current period | Ending balance | Impairment reserve at end of year |
|---|---|---|---|---|---|
| Tianjin T&B Property Development Co., Ltd | 30,879,343.11 | | | 30,879,343.11 | |
| Tianjin Baili Construction Engineering Co., Ltd | 8,528,035.13 | | | 8,528,035.13 | |
| Total | **39,407,378.24** | | | **39,407,378.24** | |

100% shares of Tianjin T&B Property Development Co., Ltd was purchased according to “Assets Exchange Agreement” signed between Tianjin T&B Holdings Co., Ltd and Tianjin Construction Materials Group (Holding) Co., Ltd in 2007 and recorded as a value of RMB 620,646,783.20 yuan. The fair value of net assets of the Company is RMB 589,767,440.09 yuan; the balance is RMB 30,879,343.11 yuan, recorded as goodwill in the consolidated financial statements.

Tianjin T&B Property Development Co., Ltd, a wholly-owned subsidiary of the Company, purchases 51% shares of Tianjin Construction Materials Group (Holding) Co., Ltd at a book value of RMB 25,500,000.00 yuan; it shares net assets of the invested party at a value of RMB 16,971,964.87 yuan according to its shareholding ratio; the balance is RMB 8,528,035.13 yuan, recorded as a goodwill in the consolidated financial statements.

The Company makes a goodwill impairment test at end of year and finds no impairment, so no impairment reserve is withdrawn.

**18.Deferred Income Tax Assets and Liabilities**

| Items | Ending balance | | Beginning balance | |
|---|---|---|---|---|
| | **Temporary difference of tax payable (or deductible)** | **Book balance** | **Temporary difference of tax payable (or deductible)** | **Book balance** |
| I.Non-offset deferred income tax assets | | | | |
| 1.Deductible temporary difference arising from withdrawing impairment reserve | 414,770,000.77 | 103,692,500.21 | 69,790,325.20 | 17,447,581.30 |
| 2.Employment compensation | | | | |

| Items | Ending balance | | Beginning balance | |
|---|---|---|---|---|
| | Temporary difference of tax payable (or deductible) | Book balance | Temporary difference of tax payable (or deductible) | Book balance |
| 3.Exclusive account payable | 49,623,988.62 | 7,443,598.29 | 43,994,969.52 | 10,998,742.38 |
| 4.Unrealized internal profits and losses | 10,515,641.48 | 2,628,910.37 | 15,193,481.59 | 3,798,370.40 |
| 5.Withholding land VAT | 111,049,805.19 | 27,762,451.29 | | |
| 6.Evaluated margin of housing fund receivable in advance | 141,167,632.25 | 35,291,908.07 | 272,410,153.76 | 68,102,538.43 |
| 7.Interest payable | 544,000.00 | 136,000.00 | 32,191,162.30 | 8,047,790.58 |
| 8.Financial assets available for sale --- Tianjin Card | 38,058,836.33 | 9,514,709.08 | 58,475,167.09 | 14,618,791.77 |
| 9.Deductible losses | 10,944,623.48 | 2,736,155.87 | 20,589,590.04 | 5,147,397.51 |
| 10. Withholding fee | 68,095,034.04 | 17,023,758.51 | 37,279,096.13 | 9,319,774.03 |
| Total | **844,769,562.16** | **206,229,991.69** | **549,923,945.63** | **137,480,986.40** |
| II.Non-offset deferred income tax liabilities | | | | |
| 1.Prepaid land VAT | 3,438,594.35 | 859,648.59 | | |
| 2.Financial assets available for sale – Pulin electricity | | | 10,077,224.22 | 2,519,306.06 |
| 3.Financial assets available for sale – Bohai lease | 304,024,905.97 | 76,006,226.49 | 164,932,728.73 | 41,233,182.18 |
| 4.Financial assets available for sale – Jianan hi-tech | 81,525.34 | 20,381.33 | | |
| 5.Financial assets available for sale – Zhengye hi-tech | 75,216.25 | 18,804.06 | | |
| 6.Financial assets available for sale – Guosen securities | 25,980.00 | 6,495.00 | | |
| 7.Financial assets available for sale – Zhongjin Gold | 4,010,039.44 | 1,002,509.86 | 3,210,812.44 | 802,703.11 |
| 8.Long-term account receivables and unrealized finance income | 237,457,482.26 | 59,364,370.57 | | |
| Total | **549,113,743.61** | **137,278,435.90** | **178,220,765.39** | **44,555,191.35** |
| III.Offset amount | | | | |
| IV.Offset deferred income tax assets | **844,769,562.16** | **206,229,991.69** | **549,923,945.63** | **137,480,986.4** |
| Offset deferred income tax liabilities | **549,113,743.61** | **137,278,435.90** | **178,220,765.39** | **44,555,191.35** |

## 19. Short-term Borrowings

（1）Short-term borrowings classification

| Classification | 2014.12.31 | 2013.12.31 |
|---|---|---|
| Credit borrowings | 9,813,450,000.00 | 5,814,436,036.54 |
| Guarantee borrowings | 3,711,350,629.79 | 2,967,222,710.30 |
| Mortgage borrowings | 278,600,000.00 | 97,000,000.00 |
| Pledge borrowings | 106,691,751.29 | 225,902,293.22 |
| Entrusted loan | | 610,500,000.00 |
| **Total** | **13,910,092,381.08** | **9,715,061,040.06** |

Notes 1: The Company has no matured and outstanding short-term borrowings in the accounting period.

Notes 2: Guarantee borrowings at end of current period amount to RMB 3,711,350,629.79 yuan. The guarantee companies include Tianjin Port FTZ Investment Co., Ltd., Tianjin T&B Holdings Co., Ltd, the Management Committee of Tianjin Airport Free Trade Zone and Tianjin T&B Property Co., Ltd.

Notes 3: The mortgage borrowings at end of current period amount to RMB 278,600,000.00 yuan. The mortgages include Jinguang 4S store locating in No.1 of No.8 Huanhe West Road of Tianjin Airport Economic Zone, properties and land use rights locating in No. 20 and 22 middle road in automobile park of Tianjin Airport Economic Zone, properties locating in No.12 middle road in automobile park of Tianjin Airport Economic Zone and properties of Tianjin Airport Automobile Inspection Co., Ltd, 6282.78 ㎡ properties and 14277 ㎡ lands in No.185 Jinbin Road of Free Trade Zone, No. 115031302216 Tianjin Certificate of Property Ownership and future transfer incomes and rights to yields of 8 ㎡, 4 ㎡, 2 ㎡ lands, and properties (No. 115031401028 Tianjin Certificate of Property Ownership) in No.131 Binhai Road 9 of Free Trade Zone.

Notes 4: The pledge borrowings at end of current period amount to RMB 106,691,751.29 yuan. The pledges include certificates of vehicle quality, certificates of vehicle import and export and the Company’s fixed deposit receipts.

（2）Borrowings

| Loan Company | Maturity Date | Amount | Interest | Condition | Purpose |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| China Minsheng Bank. Tianjin Branch | 2015/1/19 | 200,000,000.00 | Base rate | Credit | Replaceme nt |
| Industry and Commercial Bank of China. Airport Sub-branch | 2015/12/15 | 200,000,000.00 | Base rate | Credit | Purchase |
| Industry and Commercial Bank of China. Airport Sub-branch | 2015/12/15 | 150,000,000.00 | Base rate | Credit | Purchase |
| Industry and Commercial Bank of China. Airport Sub-branch | 2015/12/15 | 150,000,000.00 | Base rate | Credit | Purchase |
| Agricultural Bank of China. Free Trade Zone Business Department. | 2015/1/29 | 100,000,000.00 | Base rate | Credit | Current fund |
| Agricultural Bank of China. Free Trade Zone Business Department. | 2015/2/26 | 200,000,000.00 | Base rate | Credit | Current fund |
| Agricultural Bank of China. Free Trade Zone Business Department. | 2015/1/28 | 200,000,000.00 | Base rate | Credit | Current fund |
| China Construction Bank. Development Branch | 2015/7/4 | 445,000,000.00 | 5% above bas e rate | Credit | Current fund |
| Bank of Communications. Free Trade Zone Sub-branch | 2015/12/28 | 1,350,000,000.00 | 5.88% | Credit | Current fund |
| Bank of Communications. Airport Sub-branch | 2015/2/18 | 200,000,000.00 | Base rate | Credit | Current fund |
| Bank of Communications. Airport Sub-branch | 2015/4/29 | 300,000,000.00 | 6% above bas e rate | Credit | Current fund |
| China Minsheng Bank. Binhai Branch | 2015/4/30 | 300,000,000.00 | 6.60% | Credit | Current fund |
| China Minsheng Bank. Binhai Sub-branch | 2015/4/30 | 700,000,000.00 | 6.60% | Credit | Current fund |
| Shanghai Pudong Development Bank. Puji Sub-branch | 2015/11/13 | 1,000,000,000.00 | 5% above bas e rate | Credit | Replaceme nt |
| Industrial Bank Co., Ltd. Airport Sub-branch | 2015/10/30 | 500,000,000.00 | 5% above bas e rate | Credit | Current fund |

| | | | | | |
|---|---|---|---|---|---|
| Bohai Bank. Free Trade Zone Sub-branch | 2015/8/18 | 1,000,000,000.00 | 10% above base rate | credit | Current fund |
| Bank of Shanghai. Tianjin Branch | 2015/6/29 | 1,500,000,000.00 | 5% above base rate | Credit | Current fund |
| Bank of Tianjin .Free Trade Zone Sub-branch | 2015/3/29 | 200,000,000.00 | 5.88% | Guarantee | Current fund |
| Bank of China .Free Trade Zone Branch | 2015/9/21 | 30,000,000.00 | 6.00% | Guarantee | Additional current fund |
| Bank of China. Free Trade Zone Branch | 2015/9/24 | 80,000,000.00 | 6.00% | Guarantee | Additional current fund |
| Bank of China .Free Trade Zone Branch | 2015/12/17 | 80,000,000.00 | 5.60% | Guarantee | Additional current fund |
| China Rural Commercial Bank. Binhai Branch | 2015/7/29 | 298,450,000.00 | 5.40% | Pledge+guarantee | Finance lease |
| China Construction Bank. Taida West Sub-branch | 2015/7/29 | 70,000,000.00 | 6.50% | Pledge+guarantee | Finance lease |
| Agricultural Bank of China. Tianjin Airport Free Trade Zone Branch | 2015/9/19 | 200,000,000.00 | Floating rate | Credit borrowing | Current fund |
| National Investment Trust Co., Ltd. | 2015/6/23 | 500,000,000.00 | 6.90% | Credit borrowing | Current fund |
| Bank of Tianjin. Free Trade Zone Sub-branch | 2015/4/9 | 200,000,000.00 | 5.88% | Guarantee borrowing | Steel purchase |
| Huaxia Bank. Binhai Sub-branch | 2015/3/8 | 100,000,000.00 | 6.30% | Guarantee | Account paid |
| Tianjin Rural Commercial Bank Co., Ltd. Airport Sub-branch | 2015/9/24 | 49,000,000.00 | 6.00% | Guarantee | Coal purchase |
| Tianjin Binhai Rural Commercial Bank Co., Ltd. Harbor Sub-branch | 2015/6/15 | 100,000,000.00 | 6.00% | Guarantee | Coal purchase |

| | | | | | |
|---|---|---|---|---|---|
| Tianjin Binhai Rural Commercial Bank Co., Ltd. Harbor Branch | 2015/6/24 | 100,000,000.00 | 6.00% | Guarantee | Coal purchase |
| Tianjin Binhai Rural Commercial Bank Co., Ltd. Harbor Sub-branch | 2015/2/12 | 100,000,000.00 | 6.00% | Guarantee | Coal purchase |
| Industrial Bank Co., Ltd Tianjin Branch | 2015/11/12 | 50,000,000.00 | 5,25% | Guarantee | Account paid |
| China Construction Bank. Development Branch | 2015/7/4 | 445,000,000.00 | 5% above bas e rate | Guarantee | Current fund |
| Bohai Bank. Binhai Branch | 2015/5/25 | 700,000,000.00 | base rate | Guarantee | Current fund |
| Bohai Bank. Binhai Branch | 2015/6/16 | 300,000,000.00 | base rate | Guarantee | Current fund |
| Bohai Bank. Binhai Branch | 2015/5/22 | 500,000,000.00 | 5% above bas e rate | Guarantee | Current fund |
| Tianjin Rural Commercial Bank Co., Ltd. Hexi Sub-branch | 2015/11/27 | 200,000,000.00 | base rate | Guarantee | Current fund |
| Bohai Bank. Binhai Branch | 2015/8/4 | 40,000,000.00 | 5.40% | Entrusted loan | Current fund |
| China CITIC Bank. Binhai Sub-branch | 2015/7/15 | 20,000,000.00 | 6.90% | Collateral | Auto purchase |
| Tianjin Branch | 2015/10/20 | 21,000,000.00 | 6.60% | Collateral | Loan |
| China Zheshang Bank Tianjin Branch | 2015/10/29 | 10,600,000.00 | 6.30% | Collateral | Loan |
| China CITIC Bank. Binhai Branch | | 739,300.00 | | Pledge | Finance |
| China Zheshang Bank Tianjin Branch | 2015/11/18 | 7,000,000.00 | 6.30% | Guarantee | Account paid |
| China Zheshang Bank. Tianjin Branch | 2015/7/10 | 20,000,000.00 | 6.00% | Collateral | Account paid |
| Volkswagen Finance (China) Co., Ltd. | | 2,641,400.00 | | Pledge | Finance |
| Shanghai Pudong Development Bank. | 2015/6/27 | 10,000,000.00 | 6.60% | Guarantee | Account paid |
| GAC-Sofinco Auto Finance Co., Ltd. | | 7,920,158.39 | | Pledge | Auto purchase |
| GAC-SOFINCO Auto Finance Co., Ltd. | | 27,548,719.20 | | Pledge | Auto purchase |

| | | | | | |
|---|---|---|---|---|---|
| Bank of Beijing. Tianjin Hedong Sub-branch | 2015/5/4 | 20,000,000.00 | 6.90% | Collateral | Auto purchase |
| China CITIC Bank. Binhai Branch | | 2,672,150.35 | | Bill of exchange | Auto purchase |
| China CITIC Bank. Hedong Sub-branch | 2015/10/20 | 8,336,583.35 | 5.88% | Pledge | Auto purchase |
| Weihai City Commercial Bank. Binhai Sub-branch | 2015/9/11 | 20,000,000.00 | 7.20% | Guarantee | Auto purchase |
| China Zheshang Bank. Airport Sub -Branch | 2015/11/19 | 20,000,000.00 | 6.60% | Guarantee | Auto purchase |
| Volkswagen Finance (China) Co., Ltd. | 2016/3/31 | 433,440.00 | 7.50% | Credit | Auto |
| China CITIC Bank. Binhai Sub-branch | 2015/5/22 | 10,000,000.00 | 6.90% | | Current fund |
| Bank of Beijing | 2015/10/21 | 5,000,000.00 | 7.20% | | Current fund |
| Huaxia Bank. Binhai Sub-branch | 2015/2/19 | 8,500,000.00 | 6.90% | | Current fund |
| Tianjin Binhai Rural Commercial Bank Co., Ltd. Harbour Sub-branch | 2015/6/24 | 200,000,000.00 | 6.00% | | Current fund |
| Tianjin Binhai Rural Commercial Bank Co., Ltd. Harbour Sub-branch | 2015/6/25 | 56,400,000.00 | 6.00% | | Current fund |
| Bank of Tianjin. | 2015/12/30 | 10,000,000.00 | 5.13% | | Current fund |
| Industrial Bank Co., Ltd. Tianjin Branch | 2015/10/29 | 4,700,000.00 | 5.25% | | Current fund |
| Huaxia Bank. Binhai Sub-branch | 2015/8/19 | 40,000,000.00 | 6.90% | | Current fund |
| Tianjin Rural Commercial Bank Co., Ltd. Hexi Tanjiangdao Sub-branch | 2015/6/10 | 30,000,000.00 | 6.60% | | Current fund |
| Tianjin Binhai Jianghuai Rural Bank | 2015/12/26 | 20,000,000.00 | 6.44% | | Milk powder purchase |
| Agricultural Bank of China. Tianjin Airport Free Trade Zone Branch | 2015/5/11 | 20,971,418.88 | 2.33% | Import bill | Current fund |
| Bank of China. Free Trade Zone Branch | 2015/5/20 | 4,528,110.60 | 4.76% | Import bill | Current fund |
| Bank of China. Free Trade Zone Branch | 2015/5/27 | 1,126,002.59 | 4.76% | Import bill | Current fund |
| China Merchants Bank. Tianjin Nanmenwai Sub-branch | 2015/2/10 | 30,793,220.64 | 3MLIBOR+270BP | Import bill | Current fund |

| | | | | | |
|---|---|---|---|---|---|
| China Mensheng Bank. Binhai Sub-branch | 2015/3/13 | 6,170,100.66 | 4.63% | Import bill | Current fund |
| China Mensheng Bank. Binhai Sub-branch | 2015/5/22 | 364,370.08 | 2.63% | Import bill | Current fund |
| China Mensheng Bank. Binhai Sub-branch | 2015/1/7 | 3,003,794.55 | 2.03% | Import bill | Current fund |
| China Mensheng Bank. Binhai Sub-branch | 2015/4/8 | 3,297,015.81 | 4.62% | Import bill | Current fund |
| China Mensheng Bank. Binhai Sub-branch | 2015/4/8 | 2,808,991.08 | 4.62% | Import bill | Current fund |
| China Mensheng Bank. Binhai Sub-branch | 2015/3/17 | 8,035,668.00 | 4.63% | Import bill | Current fund |
| China Mensheng Bank. Binhai Sub-branch | 2015/4/20 | 1,361,652.86 | 2.62% | Import bill | Current fund |
| China Mensheng Bank. Binhai Sub-branch | 2015/4/15 | 6,330,482.50 | 2.62% | Import bill | Current fund |
| China Mensheng Bank. Binhai Sub-branch | 2015/5/12 | 1,899,715.03 | 2.63% | Import bill | Current fund |
| China Mensheng Bank. Binhai Sub-branch | 2015/4/22 | 13,743,071.19 | 2.62% | Import bill | Current fund |
| China Mensheng Bank. Binhai Sub-branch | 2015/1/22 | 1,264,599.54 | 2.03% | Import bill | Current fund |
| China Mensheng Bank. Binhai Sub-branch | 2015/1/20 | 1,970,050.95 | 2.03% | Import bill | Current fund |
| China Mensheng Bank. Binhai Sub-branch | 2015/5/12 | 698,555.52 | 2.45% | Import bill | Current fund |
| China Mensheng Bank. Binhai Branch | 2015/5/29 | 11,117,704.95 | 2.63% | Import bill | Current fund |
| China Mensheng Bank. Binhai Sub-branch | 2015/3/4 | 578,534.80 | 1.86% | Import bill | Current fund |
| China Everbright Bank. Free Trade Zone Sub-branch | 2015/1/7 | 2,113,564.72 | 3.55% | Import bill | Current fund |
| China CITIC Bank. Binhai Sub-branch | 2015/2/10 | 327,151.36 | 4.32% | Import bill | Current fund |
| China CITIC Bank. Binhai Sub-branch | 2015/1/15 | 732,750.05 | 4.33% | Import bill | Current fund |
| China CITIC Bank. Binhai Sub-branch | 2015/1/23 | 7,510,039.56 | 4.33% | Import bill | Current fund |
| China CITIC Bank. Binhai Sub-branch | 2015/1/15 | 4,014,571.50 | 4.33% | Import bill | Current fund |
| China CITIC Bank. Binhai Sub-branch | 2015/2/20 | 17,386,488.00 | 4.32% | Import bill | Current fund |
| China CITIC Bank. Binhai Sub-branch | 2015/1/27 | 2,454,098.40 | 4.43% | Import bill | Current fund |

| | | | | | |
|---|---|---|---|---|---|
| China CITIC Bank. Binhai Sub-branch | 2015/1/27 | 1,036,011.60 | 4.43% | Import bill | Current fund |
| China CITIC Bank. Binhai Sub-branch | 2015/4/13 | 370,128.14 | 4.74% | Import bill | Current fund |
| China CITIC Bank. Binhai Sub-branch | 2015/2/27 | 955,277.14 | 4.43% | Import bill | Current fund |
| China CITIC Bank. Subbranch | 2015/3/19 | 920,774.81 | 4.33% | Import bill | Current fund |
| China CITIC Bank. Binhai Sub-branch | 2015/3/19 | 297,182.86 | 4.33% | Import bill | Current fund |
| China CITIC Bank. Binhai Sub-branch | 2015/2/3 | 2,083,656.96 | 4.43% | Import bill | Current fund |
| China CITIC Bank. Binhai Sub-branch | 2015/1/26 | 1,135,204.20 | 4.43% | Import bill | Current fund |
| China CITIC Bank. Binhai Sub-branch | 2015/4/7 | 650,846.12 | 4.73% | Import bill | Current fund |
| China CITIC Bank. Binhai Sub-branch | 2015/4/10 | 301,173.42 | 4.74% | Import bill | Current fund |
| China CITIC Bank. Binhai Sub-branch | 2015/4/23 | 480,976.13 | 4.75% | Import bill | Current fund |
| China CITIC Bank. Binhai Sub-branch | 2015/3/31 | 923,040.00 | 4.85% | Import bill | Current fund |
| China CITIC Bank.Binhai Sub-branch | 2015/4/7 | 1,130,130.81 | 4.73% | Import bill | Current fund |
| China CITIC Bank. Binhai Sub-branch | 2015/4/3 | 1,922,368.14 | 4.73% | Import bill | Current fund |
| China CITIC Bank. Binhai Sub-branch | 2015/4/17 | 829,576.26 | 4.74% | Import bill | Current fund |
| Shanghai Pudong Development Sub-branch | 2014/6/16 | 8,263.20 | 5.33% | Import bill | Current fund |
| Industrial Bank Co., Ltd. Development Zone Sub-branch | 2015/2/10 | 24,106,330.95 | 3.28% | Import bill | Current fund |
| Bank of Beijing . Tianjin Branch | 2015/5/29 | 22,350,299.40 | 3.83% | Import bill | Current fund |
| Bank of Jinzhou. Tianjin Branch | 2015/3/13 | 20,332,244.07 | 4.65% | Import bill | Current fund |
| Bank of Jinzhou. Tianjin Branch | 2015/2/6 | 17,973,942.12 | 4.97% | Import bill | Current fund |
| Bank of Jinzhou. Tianjin Branch | 2015/2/16 | 12,348,772.20 | 4.80% | Import bill | Current fund |
| Bank of Jinzhou. Tianjin Branch | 2015/3/20 | 2,130,827.74 | 4.74% | Import bill | Current fund |
| Bank of Jinzhou. Tianjin Branch | 2015/3/13 | 2,991,665.34 | 4.65% | Import bill | Current fund |
| Bank of Jinzhou. Tianjin Branch | 2015/4/2 | 31,076,150.53 | 4.74% | Import bill | Current fund |

| | | | | | |
|---|---|---|---|---|---|
| Bank of Jinzhou. Tianjin Branch | 2015/2/26 | 10,520,682.03 | 4.80% | Import bill | Current fund |
| Haerbin Bank. Tianjin Branch | 2015/6/1 | 10,241,275.00 | Libor+130BPS | Import bill | Current fund |
| Harbin Bank. Tianjin Branch | 2015/6/1 | 24,530,000.00 | Libor+130BPS | Import bill | Current fund |
| China Guangfa Bank. Tianjin Binhai Sub-branch | 2015/4/27 | 32,095,483.17 | LIBOR+530BP | Import bill | Current fund |
| China Guangfa Bank. Tianjin Binhai Sub-branch | 2015/5/12 | 19,596,623.78 | LIBOR+520BP | Import bill | Current fund |
| China Guangfa Bank. Tianjin Binhai Sub-branch | 2015/6/3 | 2,870,744.67 | LIBOR+500BP | Import bill | Current fund |
| China Guangfa Bank. Tianjin Binhai Sub-branch | 2015/2/13 | 1,933,012.94 | LIBOR+480BP | Import bill | Current fund |
| China Guangfa Bank. Tianjin Binhai Sub-branch | 2015/5/27 | 4,431,373.20 | LIBOR+520BP | Import bill | Current fund |
| China Guangfa Bank. Tianjin Binhai Sub-branch | 2015/4/29 | 7,185,095.72 | LIBOR+510BP | Import bill | Current fund |
| China Guangfa Bank. Tianjin Binhai Sub-branch | 2015/4/30 | 38,060,673.93 | LIBOR+520BP | Import bill | Current fund |
| China Guangfa Bank. Tianjin Binhai Sub-branch | 2015/4/30 | 11,985,571.99 | LIBOR+520BP | Import bill | Current fund |
| China Guangfa Bank. Tianjin Binhai Sub-branch | 2015/5/6 | 24,743,527.40 | LIBOR+520BP | Import bill | Current fund |
| **Total** | | **13,910,092,381.08** | | | |

## 20. Account Payable

（1）Statement of Account Payable

| Aging | 2014.12.31 | 2013.12.31 |
|---|---|---|
| Within 1 year | 784,978,498.32 | 1,048,791,427.68 |
| 1-2 years | 307,495,642.62 | 1,424,551,823.76 |
| 2-3 years | 359,144,374.54 | 81,162,981.33 |
| Over 3 years | 57,294,098.14 | 54,041,372.92 |

| | | |
|---|---|---|
| **Total** | **1,508,912,613.62** | **2,608,547,605.69** |

（2）Top 5 accounts payable as December 31, 2014

| Company name | Content | Closing balance | Proportion (%) |
|---|---|---|---|
| China Construction Fifth Engineering division Corp. Ltd | Project payment | 102,719,081.70 | 6.81 |
| China Construction Eighth Engineering division Corp. Ltd | Project payment | 86,145,108.40 | 5.71 |
| China Construction Third Engineering division Corp. Ltd | Project payment | 73,805,378.00 | 4.89 |
| Dongli Planning Bureau | Project payment | 31,817,300.00 | 2.11 |
| Jiangsu Ningmao Engineering Co., Ltd | Project payment | 17,773,168.70 | 1.18 |
| **Total** | | **312,260,036.80** | 20.70 |

## 21.Payment receivable in advance

（1）Stated by aging

| Items | Closing balance | |
|---|---|---|
| | Amount | Proportion（%） |
| Within 1 year | 1,352,822,192.31 | 88.94 |
| 1-2 years | 128,446,666.83 | 8.45 |
| 2-3 years | 32,500,760.62 | 2.14 |
| Over 3 years | 7,203,829.56 | 0.47 |
| **Total** | **1,520,973,449.32** | **100.00** |

Continued from Previous Sheet

| Items | Beginning balance | |
|---|---|---|
| | Amount | Proportion（%） |
| Within 1 year | 1,437,106,364.26 | 94.27 |
| 1-2 years | 76,925,324.11 | 5.05 |
| 2-3 years | 2,691,300.00 | 0.18 |
| Over 3 years | 7,715,906.39 | 0.50 |
| **Total** | **1,524,438,894.76** | **100.00** |

（2）Top 5 Payment receivable in advance as of December 31, 2014

| Company name | Content | Closing balance | Proportion (%) |
|---|---|---|---|
| Tianjin Expressway Group Co.,Ltd. | Finance lease payment | 70,000,000.00 | 4.60 |
| Tianjin Binhai Public Security Fire Detachment | Finance lease payment | 48,810,000.00 | 3.21 |
| Tianjin Haihe Construction Development Investment Co., Ltd | Finance lease payment | 35,997,800.00 | 2.37 |
| Tianjin Harbor Economic Zone Property Investment Co., Ltd | | 57,064,665.00 | 3.75 |
| Tianjin Yundongxing Investment Co., Ltd | Account payment | 38,362,503.99 | 2.52 |
| **Total** | | **250,234,968.9** | **16.45** |

## 22. Wage payable

| Items | Beginning amount payable | Amount payable in current period | Paid in current period | Ending amount payable |
|---|---|---|---|---|
| I. Salary, bonus, allowance & subsidy | 21,494,273.21 | 270,897,397.81 | 267,404,822.37 | 24,986,848.65 |
| II.Employee welfare | | 8,176,095.63 | 8,167,837.63 | 8,258.00 |
| III.Social insurance and housing fund | 337,640.03 | 98,092,338.35 | 98,001,478.28 | 428,500.10 |
| IV.Labor union expenditure and employee education | 6,142,032.44 | 4,949,798.69 | 3,733,027.60 | 7,358,803.53 |
| V.Non-monetary benefits | | | | |
| VI.Short-term paid absence | | | | |
| VII.Short-term profit sharing | | | | |
| VIII.Annuity | | 5,679,237.39 | 5,679,237.39 | |
| Including:: cash dividends | | | | |

| | | | | |
|---|---|---|---|---|
| **Total** | **27,973,945.68** | **387,794,867.87** | **382,986,403.27** | **32,782,410.28** |

## 23. Tax Payable

| Items | 2014.12.31 | 2013.12.31 |
|---|---|---|
| VAT | -38,661,642.76 | -54,670,609.63 |
| Business tax | -7,161,045.95 | -28,727,728.95 |
| Construction tax | 307,196.12 | -1,751,964.88 |
| Enterprise income tax | 155,201,701.16 | 140,346,153.94 |
| Individual income tax | 2,135,917.61 | 1,831,056.70 |
| Property tax | 1,147,237.26 | 940,488.96 |
| Land VAT | -55,134,266.54 | -43,041,701.05 |
| Stamp tax | 2,696,222.31 | 2,229,076.56 |
| Land use tax | 18,194.11 | 5,019.45 |
| Educational surtax | 179,097.67 | -1,183,589.64 |
| Local educational surtax | 383,353.55 | 255,748.58 |
| Flood fee | 23,655.10 | 126,301.55 |
| Others | 37,188.06 | 909,400.30 |
| **Total** | **61,172,807.70** | **17,267,651.89** |

## 24. Interest Payable

| Items | 2014.12.31 | 2013.12.31 |
|---|---|---|
| Interests of long-term borrowings whose principal is paid at maturity date and whose interests are paid in installments | | |
| Enterprise bond interests | 240,262,727.91 | 181,837,444.44 |
| Interests payable for bank borrowings | 17,504,442.95 | 67,400,959.72 |
| Interests of preferred stock\perpetual capital securities as finance debts | | |
| **Total** | **257,767,170.86** | **249,238,404.16** |

## 25 Other Payables

（1）Other payables stated by aging

| Items | 2014.12.31 | 2013.12.31 |
|---|---|---|

| | | |
|---|---|---|
| Within 1 year | 790,467,419.78 | 44,537,266.34 |
| 1-2 years | 24,881,985.91 | 344,371,699.71 |
| 2-3 years | 121,294,432.92 | 104,395,711.05 |
| Over 3 years | 231,982,000.66 | 192,700,380.60 |
| **Total** | 1,168,625,839.27 | **686,005,057.70** |

（2）Top 5 payables as of December 31, 2014

| **Company name** | **Content** | **Closing balance** | **Proportion (%)** |
|---|---|---|---|
| Tianjin Airport Free Trade Zone Land Development Investment Co., Ltd | current account | 222,739,279.33 | 19.06 |
| Tianjin Harbor Investment Holding Co., Ltd | Intention | 200,000,000.00 | 17.11 |
| Tianjin Juchuan Investment Corp. Ltd | | 150,000,000.00 | 12.84 |
| Tianjin TsingHua Spreadtrum Hi-tech Co., Ltd | The 3rd party | 75,000,000.00 | 6.42 |
| Tianjin Airport Economic Zone Land Bureau | Land compensatio | 110,000,000.00 | 9.41 |
| **Total** | | **757,739,279.33** | **64.84** |

## 26. Non-current Liabilities due within one year

| **Items** | **2014.12.31** | **2013.12.31** |
|---|---|---|
| Long-term loans due within one year | 1,416,280,000.00 | 677,610,000.00 |
| **Total** | 1,416,280,000.00 | 677,610,000.00 |

## 27.Other Current Liabilities

| **Items** | **2014.12.31** | **2013.12.31** |
|---|---|---|
| Provision for Land VAT | 96,924,001.45 | 46,770,763.63 |
| Committee of Tianjin Harbor Industrial Park | | 69,467,939.17 |
| Tianjin Airport Economic Zone Land Bureau | | 15,549,950.13 |
| Tianjin Finance Bureau | | 1,940,238.21 |

| Items | 2014.12.31 | 2013.12.31 |
|---|---|---|
| Finance Bureau of Tianjin Binhai New District | | 509,761.94 |
| Enterprise income tax | | 14,800,000.00 |
| **Total** | **96,924,001.45** | **149,038,653.08** |

**28.Long-term borrowings**

（1）Long-term borrowings s Classification

| Class | | 2014.12.31 | 2013.12.31 |
|---|---|---|---|
| Credit borrowings | | 8,245,200,000.00 | 8,139,500,000.00 |
| Mortgage borrowings | | 3,740,130,000.00 | 2,235,000,000.00 |
| Guarantee borrowings | | 4,189,338,756.42 | 4,918,780,000.00 |
| Pledge borrowings | | 1,078,100,000.00 | 1,380,000,000.00 |
| **Total** | | **17,252,768,756.42** | **16,673,280,000.00** |

Notes 1: The Company has no matured and outstanding long-term borrowings in the accounting period.

Notes: Guarantee borrowings at end of current period amount to RMB 4,189,338,756.42 yuan. The guarantee companies include Tianjin Port FTZ Investment Co., Ltd. and Tianjin T&B Holdings Co., Ltd.

Notes 3: The mortgage borrowings at end of current period amount to RMB 3,740,130,000.00 yuan. The mortgages include future transfer incomes and rights to yields of 8 ㎡, 4 ㎡, 2 ㎡ lands, and No. 2009-26 lands in Tianjin Airport Logistics Processing Area.

Besides the mortgages, Tianjin Port FTZ Investment Co., Ltd. provides the joint liability guaranty.

Notes 4: The pledge borrowings at end of current period amount to RMB 1,078,100,000.00 yuan. The pledges include development costs and yields of consolidation lands, and yields of other finance leases. Tianjin Port FTZ Investment Co., Ltd. provides the joint liability guaranty.

**29. Bonds Payable**

| Bond Name | Book Value | Issue Date | Maturity | Interest | Beginning interest payable | Accrued interest in current year | Interest paid in current year | Ending interest payable | Ending balance |
|---|---|---|---|---|---|---|---|---|---|
| 07 T&B Investment Bond | 1,200,000,000.00 | 2007/6/19 | 10 | 4.700 | 30,550,000.00 | 30,550,000.00 | 30,550,000.00 | 30,550,000.00 | 1,200,000,000.00 |
| 08 T&B Investment Bond | 2,800,000,000.00 | 2008/9/15 | 7 | 7.000 | 64,244,444.44 | 64,244,444.44 | 64,244,444.44 | 64,244,444.44 | 2,800,000,000.00 |
| 10 T&B Investment Bond | 2,000,000,000.00 | 2010/3/15 | 10 | 4.990 | 79,008,333.33 | 79,008,333.33 | 79,008,333.33 | 79,008,333.33 | 2,000,000,000.00 |
| 11 T&B Investment Bond | 2,000,000,000.00 | 2011/6/8 | 7 | 6.026 | 8,034,666.67 | 8,284,222.22 | 8,034,666.67 | 8,284,222.22 | 2,000,000,000.00 |
| MTN Phase I | 2,000,000,000.00 | 2011/3/8 | 2015/3/8 | 5.15 | 103,000,000.00 | 84,375,342.46 | 103,000,000.00 | 84,375,342.48 | 2,084,375,342.48 |
| MTN Phase II | 2,000,000,000.00 | 2012/5/12 | 2016/5/12 | 5.67 | 53,280,000.00 | 132,820,273.98 | 113,400,000.00 | 72,700,273.97 | 2,072,700,273.97 |
| 2012 private bond phase I | 3,000,000,000.00 | 2012/6/29 | 2015/6/29 | 5.98 | 89,945,753.42 | 180,874,520.55 | 179,400,000.00 | 91,420,273.97 | 3,091,420,273.97 |
| 2012 private bond phase II | 3,000,000,000.00 | 2012/8/23 | 2015/8/23 | 5.8 | 64,260,821.92 | 171,711,780.82 | 174,000,000.00 | 61,972,602.74 | 3,061,972,602.74 |
| 2013 private bond phase I | 1,000,000,000.00 | 2013/5/24 | 2016/5/24 | 5.5 | 33,301,369.86 | 55,150,684.94 | 55,000,000.00 | 33,452,054.79 | 1,033,452,054.79 |
| 2013 private bond phase II | 2,000,000,000.00 | 2013/5/24 | 2016/5/24 | 5.5 | 66,602,739.73 | 110,301,369.85 | 110,000,000.00 | 66,904,109.59 | 2,066,904,109.59 |
| 2013 private bond phase III | 2,000,000,000.00 | 2013/6/7 | 2016/6/7 | 5.45 | 61,517,808.22 | 109,597,260.28 | 109,000,000.00 | 62,115,068.49 | 2,062,115,068.49 |
| 2013 STF phase I | 0 | 2013/8/2 | 2014/8/2 | 5.5 | 68,260,273.97 | 96,739,726.03 | 165,000,000.00 | | |
| 2013 STF phase II | 0 | 2013/8/2 | 2014/8/2 | 5.5 | 37,543,150.68 | 53,206,849.32 | 90,750,000.00 | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 2014 STF phase I | 3,000,000,000.00 | 2014/8/2 | 2015/8/2 | 5.3 | | 67,278,082.19 | 1,500,000.00 | 65,778,082.19 | 3,065,778,082.19 |
| 2014 STF phase II | 1,650,000,000.00 | 2014/8/2 | 2015/8/2 | 5.14 | | 35,910,780.82 | 825,000.00 | 35,085,780.82 | 1,685,085,780.82 |
| small loans | 999,000,000.00 | | | | | | | | 999,000,000.00 |
| Total | **28,649,000,000.00** | | | | **759,549,362.24** | **1,280,053,671.23** | **1,283,712,444.44** | **755,890,589.03** | **29,222,803,589.04** |

Notes: accrued interests of T&B investment bonds at end of year are included into interest payable.

**30. Long-term Account Payable**

| Items | 2014.12.31 | 2013.12.31 |
|---|---|---|
| Finance Bureau of Tianjin Airport Free trade zone | 17,703,194.44 | 37,918,987.44 |
| CIT Finance Lease Co., Ltd | 15,654.37 | 18,699.50 |
| Bohai Steel Group (Tianjin) Finance Lease Co., Ltd | 133,470,355.73 | |
| **Total** | **151,189,204.54** | **37,937,686.94** |

**31. Special Account Payable**

| Company Name | Content | Ending balance |
|---|---|---|
| Management Committee of Tianjin Airport Free Trade Zone | Other appropriation – others | 140,000,000.00 |
| | Special appropriation –special project | 44,627,741.41 |
| | Infrastructure appropriation – infrastructure project | 13,620,488.00 |
| | Other appropriation – T&B construction project | 1,655,887.50 |
| | Other appropriation – T&B investment projects | 1,366,923.00 |
| Tianjin Environment Bureau | Special appropriation –special projects | 2,898,000.00 |
| Old Thermal Restriction | Change appropriation – change projects | 1,822,991.00 |
| Tianjin Finance Bureau | Special appropriation –special projects | 1,550,000.00 |
| Jiusan Group Tianjin Bean Hi-Tech Co., Ltd | Other appropriation – airport projects | 640,000.00 |
| Finance Bureau of Tianjin Binhai New District | Special appropriation –special projects | 500,000.00 |
| Tianjin Heat Supply Office | Other appropriation – others | 395,986.40 |
| Tianjin Government Information Office | Special appropriation –special projects | 100,000.00 |
| Tianjin JPY Ion-tech Co., Ltd | Other appropriation – airport projects | 8,075.00 |

| | | |
|---|---|---|
| Finance Bureau of Tianjin Airport Free trade zone | Finance appropriation | 500,000.00 |
| Finance Bureau of Tianjin Airport Free trade zone | Overhaul | 6,376,629.55 |
| Finance Bureau of Tianjin Airport Free trade zone | Change projects | 5,961,857.29 |
| Finance Bureau of Tianjin Airport Free trade zone | Change & delivery | 690,181.71 |
| Tianjin T&B Public Utility Co., Ltd | Public appropriation | 526,102.24 |
| Finance Bureau of Tianjin Airport Free trade zone | Infrastructure projects | 13,923,2081.03 |
| Finance Bureau of Tianjin Airport Free trade zone | Infrastructure delivery | 20,037,923.45 |
| Finance Bureau of Tianjin Airport Free trade zone | Overhaul | 175,608.36 |
| Finance Bureau of Tianjin Airport Free trade zone | Special projects | 19,793.25 |
| Tianjin Municipal Science & Technology Commission | Special projects of science & technology commission | 15,806.56 |
| Finance Bureau of Tianjin Airport Free trade zone | Equipment depreciation | -62,912,675.87 |
| Tianjin Finance Bureau | Special projects of municipal administration | 7,500,000.00 |
| Finance Bureau of Tianjin Airport Free trade zone | Special projects | 5,253,604.31 |
| Tianjin Drainage Management Bureau | Pipeline reconstruction for rain water pump station | 2,868,188.00 |
| Finance Bureau of Tianjin Airport Free trade zone | Nanyang walls | 690,000.00 |
| Tianjin Municipal Science & Technology Commission | Tianjin 2014 science & technology activities | 90,000.00 |
| Finance Bureau of Tianjin Airport Free trade zone | Innovation contest | 201,082.00 |
| Tianjin Finance Bureau | Self design and development of equipment, supporting facilities and raw materials | 7,000,000.00 |
| Tianjin Finance Bureau | Fuso biological special projects | 10,000,000.00 |
| Tianjin Finance Bureau | Heat source and sewage treatment subsidies for textile industrial park | 600,000.00 |
| Tianjin Finance Bureau | 2010 tourism development subsidies | 100,000.00 |
| | Sewage treatment plant reconstruction and network construction | 137,900,000.00 |
| Finance Bureau of Tianjin Binhai New District | Air passenger tourism | 7,960,650.00 |

| | | |
|---|---|---|
| Tianjin Finance Bureau | National digital publication industry | 12,000,000.00 |
| Total | | **511,972,924.19** |

## 32. Capital Stock

| Items | Beginning balance | | Increase in current period | Decrease in current period | Ending balance | |
|---|---|---|---|---|---|---|
| | Amount | Proportion (%) | | | Amount | Proportion (%) |
| Tianjin Port Free Trade Zone State-owned Asset Supervision and Administration Commission | 16,051,000,000.00 | 100 | 1,420,000,000.00 | | 17,471,000,000.00 | 100 |
| **Total** | **16,051,000,000.00** | **100** | **1,420,000,000.00** | | **17,471,000,000.00** | **100** |

Notes: new registered capitals in current year is not verified.

## 33. Capital Reserve

| Items | 2014.01.01 | Increase in current period | Decrease in current period | 2014.12.31 |
|---|---|---|---|---|
| Free transfer of fixed assets | 726,081,504.41 | | | 726,081,504.41 |
| Special appropriation | 1,590,325,689.34 | | | 1,590,325,689.34 |
| Other capital reserve | 7,991,966,404.39 | 583,651,008.56 | 107,081,504.41 | 8,468,535,908.54 |
| **Total** | **10,308,373,598.14** | **583,651,008.56** | **107,081,504.41** | **10,784,943,102.29** |

Notes 1: Tianjin T&B Infrastructure Co., Ltd, a subsidiary of the Company, held a second extraordinary shareholders meeting on October 23, 2013. Receiving the approval of State-owned Assets Supervision and Administration Commission of Tianjin Municipal Government (Tianjin SASAC) in its “Reply on T&B Infrastructure Co., Ltd Plan for Private Issuing of A-shares” (Tianjin SASAC [2013] No.402) and the approval of China Securities Regulatory Commission (CSRC) in its “Reply on T&B Infrastructure Co., Ltd Plan for

Private Issuing of shares" (CSRC [2014] No.402), it shall issue privately no more than 347,533,600 shares. As of May 8, 2014, Tianjin T&B Infrastructure Co., Ltd issues privately 316,600,000 common shares to specified investors at a price of RMB 4.46 yuan, and funds RMB 1,412,036,000.00 in total. Net funds amount to RMB 1,393,969,933.37 yuan, net of issue expense of RMB 18,066,066.63 yuan.

Notes 2: the decrease of other capital reserve is land VAT payable for added assets of Tianjin T&B Infrastructure Co., Ltd invested by Binhai Kaiyuan Property Investment Co., Ltd.

Notes 3: the increase of other capital reserve in current year is the changes of other ownership equity of invested companies measured by equity method.

**34. Other Comprehensive Income**

| Items | Beginning Balance | Amount in the current year | | | | | Ending Balance |
|---|---|---|---|---|---|---|---|
| | | Amount before income tax in current year | Less: amount recorder into other comprehensive income in prior period and carried forward to current profits and losses | Less: income tax | Attributable to parent company after tax | Attributable to minority after tax | |
| I.Other comprehensive income not reclassified into future profits and losses | | | | | | | |
| Including: Changes of net liabilities or assets of beneficial plans after re-measurement | | | | | | | |
| Shares of other comprehensive income of invested party not reclassified into profits and Losses under the equity method | | | | | | | |
| …… | | | | | | | |
| II.Other comprehensive income reclassified into future profits and losses | | | | | | | |
| Indluding:Shares of other comprehensive income of invested party reclassified into profits and Losses under the equity method | | | | | | | |
| Profits and losses of fair value changes of available-for-sale financial assets | -536,155.89 | 280,211,583.68 | | 70,052,895.92 | 210,158,687.76 | | 209,622,531.87 |
| Profits and losses of held-to-maturity investment reclassified as available-for-sale financial assets | | | | | | | |

| Items | Beginning Balance | Amount in the current year | | | | | Ending Balance |
|---|---|---|---|---|---|---|---|
| | | Amount before income tax in current year | Less: amount recorder into other comprehensive income in prior period and carried forward to current profits and losses | Less: income tax | Attributable to parent company after tax | Attributable to minority after tax | |
| Significant part of profits and losses of cash flow hedge | | | | | | | |
| Currency translation differences in financial statements | | | | | | | |
| …… | | | | | | | |
| Other total comprehensive income | -536,155.89 | 280,211,583.68 | | 70,052,895.92 | 210,158,687.76 | | 209,622,531.87 |

## 35. Surplus reserves

| Items | 2014.01.01 | Increase in current period | Decrease in current period | 2014.12.31 |
|---|---|---|---|---|
| Legal surplus reserve | 177,777,777.78 | 133,333,333.33 | | 311,111,111.11 |
| Discretionary surplus reserve | | | | |
| Reserve fund | | | | |
| Corporate development fund | | | | |
| **Total** | **177,777,777.78** | **133,333,333.33** | | **311,111,111.11** |

## 36.Undistributed Profits

| Items | Amount | Withdrawing or distribution ratio |
|---|---|---|
| Unadjusted undistributed profits at end of prior period | 614,579,282.96 | |
| Total beginning undistributed profits under adjustment (increase +, decrease -) | | |
| Beginning adjusted undistributed profits | 614,579,282.96 | |
| Plus: net profits attributable to owners of the parent company in current period | 674,259,206.84 | |
| Less: legal surplus reserve | 133,333,333.33 | |
| Discretionary surplus reserve | | |
| General risk reserve | | |
| Common stock dividends | 1,200,000,000.00 | |
| Common stock dividends transferred to stock capital | | |
| Director reward fund | 5,122,519.94 | |
| **Ending Undistributed Profits** | -49,617,363.47 | |

## 37. Operating Income and Cost

| Items | 2014 | | 2013 | |
|---|---|---|---|---|
| | Income | Cost | Income | Cost |
| Main Business | 8,554,537,347.04 | 7,226,061,193.77 | 7,602,483,851.55 | 6,447,874,839.26 |
| Other business | 280,306,188.08 | 28,858,137.40 | 163,908,540.85 | 38,956,585.29 |
| Interest income | 254,652,208.57 | 260,854,151.13 | 122,302,801.35 | 237,722,791.91 |

| | | | | |
|---|---|---|---|---|
| Procedure charges and commissions | 14,751,208.22 | 816,123.24 | 10,371,568.38 | 234,818.84 |
| **Total** | **9,104,246,951.91** | **7,516,589,605.54** | **7,899,066,762.13** | **6,724,789,035.30** |

All business incomes are as followed:

| Items | Amount in the current year | |
|---|---|---|
| | **Income** | **Cost** |
| Main Business | | |
| Including: Property sales | 1,966,598,810.18 | 1,308,656,577.62 |
| Transportation | 5,657,613,395.13 | 5,157,902,889.25 |
| Municipal public | 708,834,171.31 | 674,592,212.56 |
| Finance investment | 409,437,082.28 | 275,711,913.25 |
| Others | 73,015,647.11 | 49,376,794.73 |
| Subtotal | 8,815,499,106.01 | 7,466,240,387.41 |
| Other Business | | |
| Including：Property sales | 600,000.00 | 33,900.00 |
| Transportation | 19,920,013.15 | 336,301.52 |
| Municipal public | 66,145,207.98 | 25,205,776.98 |
| Finance investment | | |
| Others | 202,082,624.77 | 3,282,158.90 |
| Subtotal | 288,747,845.90 | 28,858,137.40 |
| Total | 9,104,246,951.91 | 7,495,098,524.81 |

## 38.Financial Expense

| **Items** | **2014** | **2013** |
|---|---|---|
| Interest Expense | 1,221,807,764.47 | 1,123,846,138.11 |
| Less: interest income | 161,318,991.93 | 118,235,611.41 |
| Other | 414,245.10 | |
| Exchange loss | 11,483,310.72 | 5,511,480.73 |
| Less: exchange earnings | | |
| Procedure charges | 60,235,889.16 | 65,913,832.25 |
| **Total** | **1,132,622,217.52** | **1,077,035,839.68** |

## 39. Assets Impairment

| Items | 2014 | 2013 |
|---|---|---|
| Bad debt loss | 112,269,209.83 | -24,546,304.97 |
| Inventory falling price loss | | |
| Financial assets available for sale impairment | 10,000,000.00 | |
| Held-for-maturity investment impairment | | |
| Long-term equity investment impairment | 200,000,000.00 | |
| Investment property impairment | | |
| Fixed assets impairment | | |
| Engineering materials impairment | | |
| Impairment of projects under construction | | |
| Productive biological assets impairment | | |
| Oil & gas assets impairment | | |
| Intangible assets impairment | | |
| Loan impairment | 292,356,797.92 | 51,380,171.60 |
| Other | | |
| **Total** | **614,626,007.75** | **26,833,866.63** |

Notes: bad debt losses include impairment of long-term account receivables.

## 40. Investment income

| Investment Name | 2014 | 2013 |
|---|---|---|
| Income of long-term equity investment accounted by cost method | 8,346,508.51 | |
| Income of long-term equity investment accounted by equity method | 873,404,375.72 | 780,744,812.81 |
| Investment income arising from disposing long-term equity investment | 9,969,840.57 | -240,267,654.27 |
| Investment income of finance assets measured by fair value and whose changes are recorded into current profits and losses during their holding period | | |
| Investment income arising from disposing finance investment measured by fair value and whose changes are recorded into current profits and losses | | |
| Investment income of held-to-maturity investment during its holding period | 168,201,032.90 | 104,849,565.22 |
| Investment income of available-for-sale finance investment during its holding period | | 1,850,749.41 |
| Investment income arising from disposing held-to-maturity investment | 36,965,385.15 | 1,433,055.56 |

| | | |
|---|---|---|
| Investment income arising from disposing available-for-sale finance investment | 11,345,931.69 | |
| **Total** | **1,108,233,074.54** | **648,610,528.73** |

## 41.Non-operating Income

| Items | 2014 | 2013 | Amount recorded into current non-recurring profits and losses |
|---|---|---|---|
| Total income from disposing non-current assets | 14,678,830.49 | 1,524,835.30 | 14,678,830.49 |
| Including: Income from disposing fixed assets | 14,678,830.49 | 1,524,835.30 | 14,678,830.49 |
| Income from disposing intangible assets | | | |
| Income from debt restructuring | 73,445,569.39 | | 73,445,569.39 |
| Income from non-monetary asset exchange | | | |
| Denotion received | | | |
| Governmental subsidies | 1,433,145,555.71 | 1,273,808,810.56 | 1,433,145,555.71 |
| Others | 15,705,503.08 | 32,004,776.64 | 15,705,503.08 |
| **Total** | **1,536,975,458.67** | **1,307,338,422.50** | **1,536,975,458.67** |

All subsidies are as followed:

| Governmental Subsidy Class | | Amount recorded into current profits and losses | |
|---|---|---|---|
| | | 2014 | 2013 |
| Income-related government subsidies | Finance discount | 1,178,424,735.32 | 326,618,290.06 |
| | Others | 99,298,251.30 | 14,725,288.00 |
| | Special subsidy for desulfurization facility operation | 7,620,000.00 | |

| | | | |
|---|---|---|---|
| | O&M expense | 30,636,055.76 | 308,247,717.36 |
| | Depreciation subsidy | 5,059,187.04 | 13,611,609.91 |
| | Finance appropriation | 3,568,616.00 | |
| | T&B Youth apartment | 9,270,000.00 | |
| | Operational subsidy | 2,400,000.00 | 9,270,000.00 |
| | E-business | 6,404,725.00 | |
| | T&B commercial square rent subsidy | 5,420,000.00 | |
| | Goodrich rent subsidy | 34,044,000.00 | |
| | O&M expense of land development, road construction and undelivered facilities under construction | 50,999,985.29 | |
| | Central public lease housing subsidy | | 2,500,000.00 |
| | Safe production funds | | 500,000.00 |
| | Service industry special funds from Binhai DRC | | 17,142.84 |
| | Building engineering investment | | 59,999.88 |
| | SME development | | 2,060,000.00 |
| | Commercial commission subsidy | | 50,000.00 |
| | Government subsidy | | 200,000.00 |
| | Hi-tech special funds | | 20,000.00 |
| | Financing funds | | 108,854.00 |
| | Short-term export credit insurance subsidy | | 162,270.00 |
| | Commercial commission subsidy | | 80,133.00 |
| | ECIC subsidy | | 76,499.00 |
| | Financing funds | | 15,941.00 |
| | Special funds for international trade development | | 21,695.00 |

| | | | |
|---|---|---|---|
| | Harbor logistics park project | | 6,313,374.72 |
| | Settlement subsidy | | 3,959,010.50 |
| | Service industry special funds from Binhai DRC | | 4,350,000.00 |
| | O&M expense of land development, road construction and undelivered facilities under construction | | 50,999,985.29 |
| | Enterprise development fund | | 528,800,000.00 |
| | Environmental subsidy | | 1,041,000.00 |
| | **Subtotal** | **1,433,145,555.71** | **1,273,808,810.56** |
| **Total** | | **1,433,145,555.71** | **1,273,808,810.56** |

42. Non-operating Expense

| **Items** | **2014** | **2013** | **Amount recorded into current non-recurring profits and losses** |
|---|---|---|---|
| Total loss from disposing non-current assets | 32,882,950.25 | 3,391,157.03 | 32,882,950.25 |
| Including: Loss from disposing fixed assets | 32,882,950.25 | 3,391,157.03 | 32,882,950.25 |
| Loss from disposing intangible assets | | | |
| Loss from debt restructuring | 31,491,127.58 | | 31,491,127.58 |
| Loss from non-monetary asset exchange | | | |
| Givings | 2,578,444.00 | 1,925,000.00 | 2,578,444.00 |
| Others | 137,257,483.12 | 32,030,648.38 | 137,169,377.12 |
| **Total** | **204,210,004.95** | **37,346,805.41** | **204,121,898.95** |

**43. Income Tax Expense**

| **Items** | **2014** | **2013** |
|---|---|---|
| Current income tax | 393,182,154.07 | 296,489,162.47 |

| | | |
|---|---|---|
| Deferred income tax | -38,864,678.47 | -21,886,156.37 |
| Others | | 23,467.84 |
| **Total** | **354,317,475.60** | **274,626,473.94** |

The deferred income tax assets in current period include deferred income tax recorded into the current income tax expense and deferred income tax of available-for-sale financial assets recorded into other comprehensive income.

### 44. Supplement to Statement of Cash Flow

（1）Supplement to Statement of Cash Flow

| **Supplement** | **2014** | **2013** |
|---|---|---|
| **I. Adjust net profits to cash flow of operations** | | |
| Net profits | 962,320,405.82 | 946,662,875.71 |
| Plus: impairment reserve | 614,626,007.75 | 26,833,866.63 |
| Depreciation of fixed assets, oil & gas assets, and productive biological assets | 300,291,077.39 | 250,391,617.59 |
| Intangible assets amortization | 6,360,128.22 | 7,732,184.25 |
| Long-term unamortized expense | 5,926,692.12 | 13,249,594.54 |
| Losses from disposing fixed assets, intangible assets and other long-term assets (income -) | 18,204,119.76 | 2,485,437.85 |
| Losses on retirement of fixed assets (income -) | | -732,663.59 |
| Losses on fair value changes (income -) | | |
| Financial expense (income -) | 1,233,291,075.19 | 1,129,357,618.84 |
| Investment loss (income -) | -1,108,233,074.54 | -646,228,450.27 |
| Decreases of deferred income tax assets (increase -) | 38,864,678.47 | -41,666,819.47 |
| Increases of deferred income tax liabilities (decrease -) | | 19,780,663.09 |
| Inventory decrease (increase -) | 887,077,875.42 | -232,723,095.20 |
| Decrease of operational receivables (increase -) | -3,261,297,669.27 | -5,054,515,697.81 |

| | | |
|---|---|---|
| Increase of operational payables (decrease -) | 974,101,140.17 | 859,187,912.13 |
| Others | | -286,596,993.25 |
| Net cash flow of operations | **671,532,456.50** | **-3,006,781,948.96** |
| **II.Major investments and fundraising not involving cash** | | |
| Capital transferred from debt | | |
| Convertible enterprise bonds due within one year | | |
| Fixed assets transferred from finance lease income | | |
| **III.Net changes of cash and cash equivalents** | | |
| Ending cash balance | 12,121,519,295.59 | 9,224,531,117.84 |
| Less: beginning cash balance | 9,224,531,117.84 | 10,117,359,953.47 |
| Plus: ending cash equivalent balance | | |
| Less: beginning cash equivalent balance | | |
| Net increase of cash and cash equivalents | **2,896,988,177.75** | **-892,828,835.63** |

（2）Components of Cash and Cash Equivalents

| **Items** | **2014** | **2013** |
|---|---|---|
| I.Cash | 12,121,519,295.59 | 9,224,531,117.84 |
| Including ： Treasury cash | 105,731.72 | 268,418.34 |
| Bank deposit on hand | 12,113,805,554.31 | 8,744,569,115.84 |
| Other currency cash on hand | 7,608,009.56 | 479,693,583.66 |
| Deposit in central bank on hand | | |
| Deposits in other banks | | |
| Loans from other banks | | |
| II.Cash equivalent | | |
| Including :Bond investment due within three months | | |

| | | |
|---|---|---|
| III.Ending cash and cash equivalent balance | 12,121,519,295.59 | 9,224,531,117.84 |
| Including : Cash and cash equivalents with limited use for parent or subsidiaries | | |

**45.Assets with Limited Ownership or Use Right**

（1）Investment properties not granted with certificate of title yet

| **Items** | **Book Value** | **Reason for Title Certificate not Granted yet** |
|---|---|---|
| Huijin Plaza | 84,300,103.24 | In process |
| Building No.6 of Gold Coast B06 | 18,318,995.75 | On lease, title certificate not granted yet |
| Tianbao Golden Coastline Plot B01 | 7,644,514.92 | In process |
| Tianbao Golden Coastline Plot B05 | 13,850,651.84 | Public project, no title certificate |

（2）The book value of mortgaged and guaranteed investment properties (including land use right) at end of year is RMB 12,339,621.69 yuan; The mortgages are properties and land use rights locating in No. 20 and 22 middle road in automobile park of Tianjin Airport Economic Zone. Pledge assets of the No.22 middle road in automobile park of Tianjin Airport Economic Zone is valued at RMB 10.6 million yuan and its pledge maturity is from October 29, 2014 to October 29, 2015. Pledge assets of the No.20 middle road in automobile park of Tianjin Airport Economic Zone is valued at RMB21 million yuan and its pledge maturity is from October 20, 2014 to October 20, 2015.

（3）Fixed assets not granted with certificate of title yet

| **Items** | **Book Value** | **Reason for Title Certificate not Granted yet** |
|---|---|---|
| Office buildings in Huijin Plaza | 70,827,645.40 | In process |
| T&B Thermoelectricity Production Room | 194,270,858.86 | |
| T&B Thermoelectricity Office Room | 3,403,704.44 | |
| T&B Thermoelectricity Other Rooms | 13,260,902.42 | |

| Items | Book Value | Reason for Title Certificate not Granted yet |
|---|---|---|
| Commercial residential buildings in Yunshui Park | 308,871.68 | T&B Ganggu International Logistics Co., Ltd was renamed as Tianjin T&B Hongxin Logistics Center Co., Ltd in 2013, but its assets of commercial residential buildings in Yunshui Park have not changed their owner yet. |
| Properties at No.268, Hanyu Rd, Hangu, Binhai New District | 17,051,491.43 | |
| New Milestone Garden 09-1-102 | 502,187.91 | In process |
| New Milestone Garden 12-1-201 | 661,951.45 | In process |
| New Milestone Garden 12-1-202 | 650,195.33 | In process |
| New Milestone Garden 15-0-102 | 452,429.56 | In process |
| New Milestone Garden 18-0-10 | 324,821.56 | In process |
| New Milestone Garden 18-0-501 | 324,821.56 | In process |
| New Milestone Garden 8-0-601 | 324,821.56 | In process |
| New Milestone Garden-E-04-2-102 | 695,510.52 | In process |
| New Milestone Garden-E-04-2-301 | 664,353.75 | In process |
| New Milestone Garden-E-05-2-202 | 700,314.06 | In process |
| New Milestone Garden-F-06-0-201 | 547,695.62 | In process |
| New Milestone Garden-F-06-0-804 | 548,153.85 | In process |
| New Milestone Garden-E-11-0-104 | 560,630.76 | In process |
| New Milestone Garden-F-13-1-403 | 494,056.34 | In process |
| New Milestone Garden-F-13-1-503 | 517,313.20 | In process |
| New Milestone Garden-F-13-1-1001 | 541,299.09 | In process |
| New Milestone Garden-F-13-1-1202 | 522,442.16 | In process |
| New Milestone Garden-E-18-2-101 | 688,131.67 | In process |
| New Milestone Garden-E--18-1-201 | 694,925.63 | In process |
| New Milestone Garden-E-18-2-202 | 694,925.63 | In process |

| Items | Book Value | Reason for Title Certificate not Granted yet |
|---|---|---|
| New Milestone Garden-E-18-2-301 | 661,542.66 | In process |
| New Milestone Garden-E-19-0-201 | 542,069.32 | In process |
| New Milestone Garden-E-19-0-204 | 542,707.74 | In process |
| New Milestone Garden-F-21-0-304 | 408,706.30 | In process |
| New Milestone Garden-F-21-0-306 | 444,760.34 | In process |
| New Milestone Garden-F-21-0-406 | 444,760.34 | In process |
| New Milestone Garden-F-21-0-506 | 445,283.43 | In process |
| New Milestone Garden-F-13-2-303 | 494,056.34 | In process |

（4）The book value of mortgaged and guaranteed fixed assets is RMB 41,094,764.61 Yuan at end of year. The mortgages are Jinguang 4S store locating in No.1 of No.8 Huanhe West Road of Tianjin Airport Economic Zone, properties locating in No.12 middle road in automobile park of Tianjin Airport Economic Zone and properties of Tianjin Airport Automobile Inspection Co., Ltd and properties (No. 115031401028 Tianjin Certificate of Property Ownership) in No.131 Binhai Road 9 of Free Trade Zone.

（5）The mortgaged and guaranteed intangible assets at end of year is RMB 625,223,800.00 yuan. The mortgage is use right of AB lands in the commercial park.

（6）The Company pledges its holding shares of Tianjin T&B Property Co., Ltd to Tianjin Binhai New District Branch of Bohai Bank Co., Ltd for a loan of RMB 1 billion yuan. The Company pledges its shares of Tianjin Tianbao Leasing Co., Ltd. to Tianjin Binhai Branch of Bohai Bank for a loan of RMB 500 million yuan. RMB200 million yuan has been withdrawn as of December 31, 2014.

（7）The fixed deposit for pledge is RMB 837,976,137.68 yuan.

（8）Assets with limited ownership caused by other reasons

| Assets with limited ownership caused by other reasons | Beginning amount | Increase in current year | Decrease in current year | Ending amount |
|---|---|---|---|---|
| 1. Finance lease | 2,693,508,834.10 | 1,159,400,273.00 | | 3,852,909,107.10 |
| 2.Reserve in Central Bank | 497,973,890.10 | 550,541,433.47 | 588,039,185.89 | 460,476,137.68 |
| 3.Pledged non-current assets due within one year | 324,587,400.00 | | 23,242,000.00 | 301,345,400.00 |

| | | | | |
|---|---|---|---|---|
| 4.Pledged long-term account receivables | 768,487,703.00 | | 301,345,403.00 | 467,142,300.00 |

## VII. Related Parties and Transactions

1. Investors of the Company

| Investor | Proportion (%) | Investor's voting ratio in the Company (%) |
|---|---|---|
| Tianjin Port Free Trade Zone State-owned Asset Supervision and Administration Commission | 100 | 100 |

The final controlling party of the Company is Tianjin Port Free Trade Zone State-owned Asset Supervision and Administration Commission.

2.Subsidiaries of the Company

Refer to Notes 5 “1 Subsidiaries” for more information about subsidiaries of the Company.

3. Joint and Affiliated Ventures of the Company

Refer to Notes 5 “12 (3) long-term equity investment accounted by equity method” for more information about joint and affiliated ventures.

4.The Company has no need to disclose transactions and balances of affiliated parties in current period.

**VIII. Lease**

（1）The balance of unrecognized finance expense of finance lease is RMB 569,236,124.49 yuan.

①Beginning and ending amount, accumulative depreciation and accumulative impairment reserve of all types of lease fixed assets are as followed:

| Lease Project | Beginning amount | Increase in current period | Depreciation in current period | Ending amount | Lease type |
|---|---|---|---|---|---|
| Tech mansion | 265,066,008.77 | | 15,599,347.68 | 249,466,661.09 | Fixed assets |
| Road 2 of No.1 Bridge in Airline Town | 302,820,000.00 | | | 302,820,000.00 | Projects under construction |
| Airport business park B 8# | 372,420,000.00 | | | 372,420,000.00 | Development products |

| | | | | | |
|---|---|---|---|---|---|
| Air passenger A320 large component transport fixture | 159,035,600.00 | | | 159,035,600.00 | Projects under construction |
| CIT office equip. | 16,938.59 | | 4,052.52 | 12,886.07 | Fixed assets |
| 34 Infrastructure | 720,613,900.00 | | | 720,613,900.00 | Projects under construction |
| 19 Infrastructure | 849,938,900.00 | | | 849,938,900.00 | Projects under construction |
| Wanshun Ronghe 6 apartments | | 40,044,000.00 | 585,292.32 | 39,458,707.68 | Fixed assets |
| Commercial park, blg 5 &9 | | 500,780,000.00 | | 500,780,000.00 | Development products |
| Commercial park, west district, bldg. 5, 7, 8 | | 353,090,000.00 | | 353,090,000.00 | Development products |
| Air passenger A320 small component fixed assets, other facilities | | 144,000,000.00 | | 144,000,000.00 | Projects under construction |
| Total | **2,669,911,347.36** | **1,037,914,000.00** | **16,188,692.52** | **3,691,636,654.84** | |

| ② Minimum rents paid in future years<br>Remaining lease term | Minimum rent (RMB'0000) |
|---|---|
| Within 1 year (incl. 1 year ) | 144,912.45 |
| 1-2 years (incl. 2 years) | 64,355.37 |
| Over 2 year, within 3 years (incl. 3 years) | 144,973.33 |
| Over 3 years | 5,374.11 |

| | |
|---|---|
| Total | **359,615.26** |

（2）All leaseback transactions and their contract terms are as followed:

①Tech Mansion

On May 17, 2012 the Company signed a transfer contract with Tianjin Tianbao Leasing Co., Ltd. (T&B Leasing), transferring houses and buildings whose original book value amounts to RMB202.03 million and book value amounts to RMB178.84 million from fixed assets to T&B Leasing at a transfer price of RMB280.07 million. On the same day the Company and T&B Leasing signed a lease contract of these houses and buildings with a term from May 17, 2012 to May 16, 2017, totally 60 months. The actual rents are based on lease cost and interest. Original leas cost amounts to RMB289.69 million. The lease interest is 10%. According to the assets transfer contract and lessee agreement, equipment under the contract shall be purchased by the lease at a price of RMB 1 yuan if there is no breach of contract until the lease term expires. A supplement agreement was signed in March 2013 to decrease the lease interest to 9% and extend the lease term to March 28, 2018; annual rent shall be paid every March.

②Road 2 of No.1 Bridge in Airline Town

On May 22, 2012 the Company signed a transfer contract with Tianjin Tianbao Leasing Co., Ltd. (T&B Leasing), transferring buildings (Road 2 of No.1 Bridge in Airline Town) whose original book value amounts to RMB312.53 million from projects under construction to T&B Leasing at a transfer price of RMB302.82 million. On the same day the Company and T&B Leasing signed a lease contract of these projects under construction with a term from May 22, 2012 to May 22, 2017, totally 60 months. The actual rents are based on lease cost and interest. Original leas cost amounts to RMB302.82 million. The lease interest is 10%. According to the assets transfer contract and lessee agreement, equipment under the contract shall be purchased by the lease at a price of RMB 1 yuan if there is no breach of contract until the lease term expires.

③Airport business park B 8#

On August 30, 2012 the Company signed a transfer contract with Tianjin Tianbao Leasing Co., Ltd. (T&B Leasing), transferring buildings (Airport business park B 8#) whose original book value amounts to RMB217.51 million from projects under construction to T&B Leasing at a transfer price of RMB

31,1440000 yuan. On the same day the Company and T&B Leasing signed a lease contract of these projects under construction with a term from August 30, 2012 to May 21, 2017, totally 60 months. The actual rents are based on lease cost and interest. Original leas cost amounts to RMB3702.42 million. The lease interest is 10%. According to the assets transfer contract and lessee agreement, equipment under the contract shall be purchased by the lease at a price of RMB 1 yuan if there is no breach of contract until the lease term expires.

④Air passenger A320 large component transport fixture

On September 14, 2012 the Company signed a transfer contract with Tianjin Tianbao Leasing Co., Ltd. (T&B Leasing), transferring equipment (air passenger A320 large component transport fixture) whose original book value amounts to RMB190.23 million from projects under construction to T&B Leasing at a transfer price of RMB158.58 million. On the same day the Company and T&B Leasing signed a lease contract of this equipment with a term from September 14, 2012 to September 13, 2017, totally 60 months. The actual rents are based on lease cost and interest. Original leas cost amounts to RMB159.0356million. The lease interest is 10%. According to the assets transfer contract and lessee agreement, equipment under the contract shall be purchased by the lease at a price of RMB 1 yuan if there is no breach of contract until the lease term expires.

⑤34 Infrastructures in Tianjin Airport Economic Zone

On February 27, 2013 the Company signed a transfer contract with Tianjin Tianbao Leasing Co., Ltd. (T&B Leasing), transferring infrastructure (34 Infrastructures in Tianjin Airport Economic Zone) whose original book value amounts to RMB741.26 million from projects under construction to T&B Leasing at a transfer price of RMB720.6139 million. On the same day the Company and T&B Leasing signed a lease contract of this equipment with a term from February 27, 2013 to February 23, 2015, totally 24 months. The actual rents are based on lease cost and interest. Original leas cost amounts to RMB720.6139 million. The lease interest is 9%. According to the assets transfer contract and lessee agreement, equipment under the contract shall be purchased by the lease at a price of RMB 1 yuan if there is no breach of contract until the lease term expires.

⑥19 Infrastructures in Tianjin Airport Economic Zone

On March 22, 2013 the Company signed a transfer contract with Tianjin Tianbao Leasing Co., Ltd. (T&B Leasing), transferring infrastructure (19 Infrastructures in Tianjin Airport Economic Zone) whose original book value amounts to RMB865.0994 million from projects under construction to T&B Leasing at a transfer price of RMB849.9389 million. On the same day the Company and T&B Leasing signed a lease contract of this equipment with a term from March 22, 2013 to March 18, 2022, totally 9 years. The actual rents are based on lease cost and interest. Original leas cost amounts to RMB849.9389 million. The lease interest is 9%. According to the assets transfer contract and lessee agreement, equipment under the contract shall be purchased by the lease at a price of RMB 1 yuan if there is no breach of contract until the lease term expires.

⑦ Wanshan Ronghe 6 apartment s

On September 25, 2014 the Company signed a transfer contract with Tianjin Tianbao Leasing Co., Ltd. (T&B Leasing), transferring houses and buildings whose original book value amounts to RMB 49.2553 million, book value of RMB 40.5990 million from fixed assets to T&B Leasing at a transfer price of RMB40.044 million. On the same day the Company and T&B Leasing signed a lease contract of this equipment with a term from September 28, 2014 to September 26, 2015, totally 1 year. The actual rents are based on lease cost and interest. Original leas cost amounts to RMB40.044 million. The lease interest is 5.40%. According to the assets transfer contract and lessee agreement, equipment under the contract shall be purchased by the lease at a price of RMB 1 yuan if there is no breach of contract until the lease term expires.

⑧Buildings No.5 &9 in Commercial Park

On June 17, 2014 the Company signed a transfer contract with Tianjin Tianbao Leasing Co., Ltd. (T&B Leasing), transferring Buildings No.5 &9 in commercial park whose original book value amounts to RMB500.78 million from development products to T&B Leasing at a transfer price of RMB500.78 million. On the same day the Company and T&B Leasing signed a lease contract of this equipment with a term from June 17,, 2014 to March 20, 2017, totally 3 years. The actual rents are based on lease cost and interest. Original leas cost amounts to RMB500.78 million. The lease interest is 7.7650%. According to the assets transfer contract and lessee agreement, equipment under the contract shall be purchased by the lease at a price of RMB 1 yuan if there is no breach of contract until the lease term expires.

⑨Buildings No.5, 7 &8 in West District of Commercial Park

On July 30, 2014 the Company signed a transfer contract with Tianjin Tianbao Leasing Co., Ltd. (T&B Leasing), transferring Buildings No.5, 7&8 in west district of commercial park whose original book value amounts to RMB353.09 million from development products to T&B Leasing at a transfer price of RMB353.09 million. On the same day the Company and T&B Leasing signed a lease contract of this equipment with a term from July 30, 2014 to July 29, 2015, totally 1 year. The actual rents are based on lease cost and interest. Original leas cost amounts to RMB353.09 million. The lease interest is 5.7%. According to the assets transfer contract and lessee agreement, equipment under the contract shall be purchased by the lease at a price of RMB 1 yuan if there is no breach of contract until the lease term expires.

⑩Air Passenger A320 Small Component Fixed Assets and other Facilities

On October 15, 2014 the Company signed a transfer contract with Bohai Steel Group(Tianjin) Co., Ltd, transferring air passenger A320 small component fixed assets and other facilities whose original book value amounts to RMB144 million from development products to T&B Leasing at a transfer price of RMB144 million. Then the Company leases back these equipment and facilities for 540 days. The actual rents are based on lease cost and interest. Original leas cost amounts to RMB144 million. According to the assets transfer contract and lessee agreement, equipment under the contract shall be purchased by the lease at a price of RMB 0 Yuan if there is no breach of contract until the lease term expires.

**IX. Guaranties**

（In RMB’0000）

| Guaranteed company | Lending Bank | Amount Guaranteed | Due Date |
|---|---|---|---|
| Tianjin T&B Thermalelectricity Co., Ltd | Huaxia Bank. Tianjin Branch | 10000 | 2015/3/18 |
| Tianjin T&B Thermalelectricity Co., Ltd | Industrial Bank Co., Ltd. Tianjin Branch | 5000 | 2015/5/17 |

| | | | |
|---|---|---|---|
| Tianjin T&B Thermalelectricity Co., Ltd | Tianjin Rural Commercial Bank Co., Ltd. Airport Sub-branch | 4900 | 2015/9/24 |
| Tianjin Free Trade Zone Investment Holding Group Co., Ltd | Bank of Tianjin. Free Trade Zone Sub-branch | 20000 | 2015/3/29 |
| Tianjin T&B Thermalelectricity Co., Ltd | Bohai Bank. Free Trade Zone Sub-branch | 25000 | 2017/8/16 |
| Tianjin Airport economic zone Water Co., Ltd | Agricultural Bank of China. Tianjin Tanggu Branch | 2500 | 2016/11/20 |
| Tianjin Airport economic zone Water Co., Ltd | China Zheshang Bank. Tianjin Airport Sub-branch | 5000 | 2016/08/14 |
| Tianjin Airport economic zone Water Co., Ltd | Bank of Communications. Huasheng Sub-branch | 6000 | 2021/11/07 |
| Tianjin Airport Songhua Auto Co., Ltd. | Shanghai Pudong Development Bank. | 1000 | 2015/06/27 |
| Tangshan Zhongteng Auto Co., Ltd | Weihai City Commercial Bank. Binhai Sub-branch | 2000 | 2015/09/11 |
| Tangshan Zhongteng Auto Co., Ltd | China Zheshang Bank. Airport Sub-branch | 2000 | 2015/11/19 |
| Tianjin Free Trade Zone Investment Holding Group Co., Ltd | Agricultural Development Bank of China. Tianjin Dongli Sub-branch | 45 | 2017/6/26 |
| Tianjin T&B Property Co., Ltd | Shangdong International Trust Co., Ltd. | 50,000 | 2 years after master contract due |
| Tianjin Tianbao Leasing Co., Ltd. | Huaxia Bank. Tianjin Sub-branch | 30,000 | 2017/8/29 |
| Tianjin Tianbao Leasing Co., Ltd. | Bank of China. Tianjin Free Trade Zone Branch | 23,000 | 2018/3/26 |
| Tianjin Tianbao Leasing Co., Ltd. | Tianjin Rural Commercial Bank Co., Ltd. Bohai Branch Business Department. | 63,500 | 2022/3/21 |

| | | | |
|---|---|---|---|
| Tianjin T&B Property Co., Ltd | Agricultural Development Bank of China. Tianjin Dongli Sub-branch | 450,000 | 2017/6/26 |
| Tianjin T&B Holdings Co., Ltd | North International Trust Co., Ltd. | 100,000 | 2017/7/25 |
| Tianjin T&B Holdings Co., Ltd | Bohai Bank. Tianjin Binhai Branch | 100,000 | 2 years after master contract due |
| Tianjin Tianbao Leasing Co., Ltd. | Bank of Communications Co., Ltd. Tianjin Branch | 15,000 | 2018/1/29 |
| Tianjin Port FTZ Investment Co., Ltd. | Shanghai Pudong Development Bank. Tianjin Branch | 30,000 | 2021/7/31 |
| Tianjin Port FTZ Investment Co., Ltd. | Bank of China. Tianjin Binhai Branch | 113,500 | 2023/12/30 |
| Tianjin Tianbao Leasing Co., Ltd. | Agricultural Bank of China. Tianjin Airport Free Trade Zone Branch | 50,000 | 2017/3/20 |
| Tianjin T&B Holdings Co., Ltd | Bohai Bank. Tianjin Binhai New District Branch | 70,000 | 2015/5/25 |
| Tianjin T&B Holdings Co., Ltd | Baohai Bank. New District Branch | 30,000 | 2015/6/16 |
| Tianjin T&B Holdings Co., Ltd | Bank of Tianjin, Free Trade Zone Branch | 20,000 | 2017/6/15 |
| Tianjin T&B Thermalelectricity Co., Ltd | Binhai Rural Commercial Bank Co., Ltd. Harbor Sub-branch | 30,000 | 2015/6/3 |
| Tianjin Tianbao Leasing Co., Ltd. | China Construction Bank. Tianjin Development Branch | 40,000 | 2017/3/13 |
| Tianjin T&B Holdings Co., Ltd | China Construction Bank. Tianjin Development Branch | 44,500 | 2015/7/4 |
| T&B Micro-credit | Tianjin Free Trade Zone Branch | 25,000 | |
| Tianjin T&B Holdings Co., Ltd | Bohai Bank. Tianjin Binhai New District Branch | 50,000 | 2015/5/22 |
| Tianjin Port FTZ Investment Co., Ltd. | Huaxia Bank. Binhai New District Branch | 50,000 | 2015/9/5 |
| Tianjin Port FTZ Investment Co., Ltd. | Bank of Tianjin, Free Trade Zone Branch | 20,000 | 2015/4/9 |
| Tianjin Port FTZ Investment Co., Ltd. | Shanghai Pudong Development Bank. Tianjin Branch | 16,000 | 2015/9/4 |

| | | | |
|---|---|---|---|
| Tianjin T&B Holding Co., Ltd | Tianjin Rural Commercial Bank Co., Ltd. Hexi Sub-branch | 20,000 | 2015/11/27 |
| Tianjin Tianbao Leasing Co., Ltd. | Tianjin Industrial Bank | 40,000 | |
| Tianjin Port FTZ Investment Co., Ltd. | China Construction Bank. Tianjin Branch | 170,000 | |
| Tianjin T&B International Logistics Group Co., Ltd | China Mensheng Bank. Tianjin Branch | 10,000 | 2015/3/25 |
| Tianjin T&B International Logistics Group Co., Ltd | China CITIC Bank. Binhai New District Branch | 5,000 | 2015/5/14 |
| Tianjin T&B International Logistics Group Co., Ltd | Binhai Rural Commercial Bank Co., Ltd. Harbor Sub-branch | 10,000 | 2015/6/5 |
| Tianjin T&B International Logistics Group Co., Ltd | Tianjin Rural Commercial Bank Co., Ltd. Hexi Sub-branch | 3,997 | 2015/6/22 |
| Tianjin T&B International Logistics Group Co., Ltd | China Merchants Bank. Tianjin Branch | 6,400 | 2015/7/24 |
| Tianjin T&B International Logistics Group Co., Ltd | Bank of China Tianjin Free Trade Zone Branch | 4,600 | 2015/8/7 |
| Tianjin T&B International Logistics Group Co., Ltd | Agricultural Bank of China. Tianjin Free Trade Zone Branch | 7,000 | 2014/12/15 |

## X. Post Balance Sheet Events

N/A

## XI. Other Important Matters

1. Plan for Corporate Bond Issuance

On October 27, 2014, after the approval of 2014 second extraordinary shareholders meeting, Tianjin T&B Infrastructure Co., Ltd, a subsidiary of the Company planned to issue bonds no more than RMB 1.6 billion yuan with a term of no more than 10 years (incl. 10 years) at a par value of RMB 100 yuan. The bond rate is fixed. Funds raised from bond issuance are for supplement current funds.

The decision on bond issuance stays effective in 12 months as of the date when it’s approved in the shareholders meeting (October 27, 2014). If this issuance plan is not approved by China Securities Regulatory Commission in next 12 months, Board of Directors will propose another bond issuance plan to the shareholders meeting for approval.

This bond issuance plan is still under the check of China Securities Regulatory Commission as of December 31, 2014.

2. Guarantee

On January 14, 2014, after the approval of 24th session of 5th Board of Directors, Tianjin T&B Property Development Co., Ltd, a wholly-owned subsidiary of Tianjin T&B Infrastructure Co., Ltd, is permitted to get a loan of RMB 200 million yuan for 3 years with an interest of base rate over the same period plus 5%. The loan is used for constructing houses (phase I) in Tianjin airport commercial park; Tianjin T&B Infrastructure Co., Ltd provides the joint liability guaranty. The loan is not used as it raised RMB1.412 billion from private issuance of common stocks.

3. Asset Acquisition

On February 3, 2013, after the approval of 14th session of 5th Board of Directors of Tianjin T&B Infrastructure Co., Ltd, Tianjin T&B Property Development Co., Ltd (T&B Property), a wholly-owned subsidiary of Tianjin T&B Infrastructure Co., Ltd, is permitted to acquire Huaqi information manufacture and R&D base (use right of 30 lands and projects under construction under Tianjin Airport 2009) of Tianjin Patriot Industrial Park Development Co., Ltd (Patriot) locating the airport economic zone. This project was constructed for unclear purposes, so T&B Property renamed it as T&B Zhigu-Huiying Industrial Park after the acquisition.

Now this project is about to complete. The original land transfer contract specified the usage of the land for industrial purpose, and the admitted industries including communication equipment, computer and other electronic equipment manufacturing (i.e. computer storage, digital and supporting product manufacturing). The admitted industries cannot meet the sale requirements and sales procedure cannot be finished due to the land use limit. According to the Management Committee of Tianjin Airport Economic Zone’s Reply on T&B Zhigu-Huiying Industrial Park Project Change and Land Transfer contract, in order to ensure normal operation after construction, Land Bureau of Tianjin Airport Economic Zone plans to paid this land back and then resell it to change its usage to industrial R&D (or industrial plants). Land Bureau of Tianjin Airport Economic Zone plans to resell this land together with its buildings over ground in open market. T&B Property is permitted to participate in the auction of this recovered land. If other auction player wins this land, it has to sign a compensation agreement with T&B Property for the buildings over ground at an amount evaluated by Tianjin Xingye Engineering Pricing Consultation Co., Ltd. The 24th session of 5th Board of Directors approves T&B Property to sign “Termination of Tianjin State-owned Construction Land Use Right Transfer Contract No.AF-09045” with Land Bureau of Tianjin Airport Economic Zone and to participate in the auction of this recovered land. Now Land Bureau of Tianjin Airport Economic Zone has already paid back this land and is carrying out procedures of open offering. T&B Property will bid for this land according to the official files when this land is transferred in open market.

4. Acquisition of Tianjin Sky Aviation Shares

On July 25, 2014, the 2rd session of 6th Board of Directors approved the “Proposal on the Company Signing Equity Transfer Agreement with Tianjin Port FTZ Investment Co., Ltd.”. Tianjin Port FTZ Investment Co., Ltd. (T&B Investment) is permitted to acquire 60% shares of Tianjin Sky Aviation Industrial Investment Co., Ltd (Sky Aviation) at an estimated value of RMB245.8305 million. The final transaction price refers to the price recorded in SASAC. After the company signed the equity transfer agreement with T&B Investment, both parties have made several negotiations on equity acquisition implementation solution. Now no consensus on the implementation solution has been arrived yet. The assessment report on targeted equity in this transaction stays valid for one year and expires at December 30, 2014. When both parties arrive at an agreement on the acquisition solution, the targeted equity will be re-evaluated and reported to SASAC to fulfill relevant transactions and approval procedures.

The implementation solution of equity acquisition is still in discussion. “Equity transfer agreement” is not effective yet. The Company has not paid cash deposit or acquisition consideration for the transferor; it has no material adverse impacts on current operations of the Company and stockholders’ equity.

**XII. Notes to Consolidated Financial Statements of Parent Company**

1.Account Receivables

（1）Account receivables disclosed by class

| Classification | 2014.12.31 | | | | |
|---|---|---|---|---|---|
| | Book balance | | Bad-debt provision | | Book Value |
| | Amount | Proportion（%） | Amount | Proportion（%） | |
| Account receivable with significant single amount and single provision for bad debt | | | | | |
| Account receivable with provision for bad debt created by credit risk portfolio | | | | | |
| Aging group | | | | | |
| No-risk group | | | | | |
| **Subtotal** | | | | | |
| Account receivable with insignificant single amount but single provision for bad debt | 505,567.46 | 100 | | | 505,567.46 |
| **Total** | **505,567.46** | **100** | | | **505,567.46** |

Continued：

| Classification | 2013.12.31 | | | | |
|---|---|---|---|---|---|
| | Book balance | | Bad-debt provision | | Book Value |
| | Amount | Proportion（%） | Amount | Proportion（%） | |
| Account receivable with significant single amount and single provision for bad debt | | | | | |
| Account receivable with provision for bad debt created by credit risk portfolio | | | | | |
| Aging group | | | | | |
| No-risk group | | | | | |
| **Subtotal** | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Account receivable with insignificant single amount but single provision for bad debt | 505,567.46 | 100 | | | 505,567.46 |
| **Total** | **505,567.46** | **100** | | | **505,567.46** |

（2） Account receivables stated by aging

| Aging | 2014.12.31 | | |
|---|---|---|---|
| | Amount | Proportion（%） | Bad-debt provision |
| Within 1 year | | | |
| 1-2 years | | | |
| 2-3 years | 505,567.46 | 100 | |
| Over 3 years | | | |
| **Total** | **505,567.46** | **100** | |

Continued：

| Aging | 2013.12.31 | | |
|---|---|---|---|
| | Amount | Proportion（%） | Bad-debt provision |
| Within 1 year | | | |
| 1-2 years | 505,567.46 | 100 | |
| 2-3 years | | | |
| Over 3 years | | | |
| **Total** | **505,567.46** | **100** | |

（3）The account receivables at end of this reporting period exclude the debts of shareholders who have at least 5% (incl. 5%) voting shares of the Company.

（4）Balances of account receivables at end of period as of December 31, 2014 are as followed:

| Name | Relation with the Company | Ending balance | Aging | Proportion (%) |
|---|---|---|---|---|
| Tianjin T&B Property Service Co., Ltd | Customer | 505,567.46 | 2-3 years | 100 |
| **Total** | | **505,567.46** | | |

**2.Other account receivables**

（1）Other account receivables disclosed by Classification

| Classification | 2014.12.31 | | | | |
|---|---|---|---|---|---|
| | Book Balance | | Bad-debt provision | | Book Value |
| | Amount | Proportion（%） | Amount | Proportion（%） | |
| Account receivable with significant single amount and single provision for bad debt | 4,472,983,121.54 | 100 | | | 4,472,983,121.54 |
| Account receivable with provision for bad debt created by credit risk portfolio | | | | | |
| Aging group | | | | | |
| No-risk group | | | | | |
| **Subtotal** | | | | | |
| Account receivable with insignificant single amount but single provision for bad debt | | | | | |
| **Total** | **4,472,983,121.54** | **100** | | | **4,472,983,121.54** |

Continued:

| Classification | 2013.12.31 | | | | |
|---|---|---|---|---|---|
| | Book balance | | Bad-debt provision | | Book Value |
| | Amount | Proportion（%） | Amount | Proportion（%） | |
| Account receivable with significant single amount and single provision for bad debt | 5,381,514,198.27 | 99.98 | | | 5,381,514,198.27 |
| Account receivable with provision for bad debt created by credit risk portfolio | | | | | |
| Aging group | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| No-risk group | | | | | |
| **Subtotal** | | | | | |
| Account receivable with insignificant single amount but single provision for bad debt | 1,197,332.96 | 0.02 | | | 1,197,332.96 |
| **Total** | **5,382,711,531.23** | **100** | | | **5,382,711,531.23** |

（2）Other account receivables stated by aging

| Aging | 2014.12.31 | | |
|---|---|---|---|
| | Amount | Proportion （%） | Bad-debt provision |
| Within 1 year | 3,403,444,496.54 | 76.09 | |
| 1-2 years | 513,230,000.00 | 11.47 | |
| 2-3 years | 271,780,000.00 | 6.08 | |
| Over 3 years | 284,528,625.00 | 6.36 | |
| **Total** | **4,472,983,121.54** | **100** | |

Continued：

| Aging | 2013.12.31 | | |
|---|---|---|---|
| | Amount | proportion （%） | Bad-debt provision |
| Within 1 year | 4,826,402,906.23 | 89.66 | |
| 1-2 years | 271,780,000.00 | 5.05 | |
| 2-3 years | 284,528,625.00 | 5.29 | |
| Over 3 years | | | |
| **Total** | **5,382,711,531.23** | **100** | |

（3）Greater balances of other account receivables at end of period as of December 31, 2014 are as followed:

| Name | Content | Relation with the Company | Amount | Aging | Proportion (%) |
|---|---|---|---|---|---|
| Tianjin T&B Holdings Co., Ltd | Current account | Related party | 2,390,540,720.82 | Within 1 year | 53.45 |
| Finance Bureau of Tianjin Airport Free trade zone | Subsidy | Customer | 1,352,967,425.00 | | 30.25 |

| | | | | | |
|---|---|---|---|---|---|
| Tianjin Port FTZ Investment Co., Ltd. | Current account | Related party | 710,474,975.72 | Within 1 year | 15.88 |
| Tianjin T&B Jiashun Investment Co., Ltd | Current account | Related party | 19,000,000.00 | Within 1 year | 0.42 |
| Total | | | **4,472,983,121.54** | | **100** |

**3. Held-to-maturity Investment**

Held-to-maturity investments of the Company as of December 31, 2014 include entrusted loans and finance products and their balance is RMB 12,641,723,781.55 yuan.

（1）Entrusted Loans

| Items | Ending balance | Beginning balance |
|---|---|---|
| Tianjin T&B Holdings Co., Ltd | 1,690,000,000.00 | 290,000,000.00 |
| Tianjin T&B Jiayuan Investment Co., Ltd | 764,000,000.00 | 686,000,000.00 |
| Tianjin T&B Jiashun Investment Co., Ltd | 546,299,200.00 | 646,299,200.00 |
| Tianjin Port FTZ Investment Co., Ltd. | 5,610,000,000.00 | 4,300,000,000.00 |
| Tianjin Airport Free Trade Zone Land Development Investment Co., Ltd | 1,216,000,000.00 | 1,210,000,000.00 |
| Tianjin T&B International Logistics Group Co., Ltd | | 50,000,000.00 |
| Tianjin Free Trade Zone International Trade Development Co., Ltd | | 8,000,000.00 |
| Tianjin Tianbao Leasing Co., Ltd. | 780,000,000.00 | 500,000,000.00 |
| Tianjin T&B Commercial Factoring Co., Ltd. | 40,000,000.00 | |

| | | |
|---|---|---|
| Tianjin T&B Asset Management Co., Ltd | 48,000,000.00 | 48,000,000.00 |
| China Mensheng Bank. small loans | 667,424,581.55 | 902,847,000.00 |
| Tianjin T&B Power Co., Ltd | | 7,000,000.00 |
| Total | **11,361,723,781.55** | **8,648,146,200.00** |

（2） Entrusted finance products

| Invested Company | Time | Interest | Amount | Notes |
|---|---|---|---|---|
| Shanghai Pudong Development Bank. | 2014/12/29-2015/01/05 | 3.7% | 600,000,000.00 | |
| China CITIC Bank. Tianjin Branch | 7-day redeemable | 3.3% | 480,000,000.00 | |
| Bank of China. Free Trade Zone Branch | 2014/12/26-2015/01/09 | 5.09% | 200,000,000.00 | |
| Total | | | **1,280,000,000.00** | |

**4.Long-term Equity Investment**

（1Details of long-term equity investments

| Type | Beginning balance | Increase in current period | Decrease in current period | Ending balance |
|---|---|---|---|---|
| Investment on subsidiaries | 28,896,327,794.75 | 2,470,000,000.00 | | 31,366,327,794.75 |
| Investment on joint ventures | | | | |
| Investment on affiliated ventures | 200,000,000.00 | | | 200,000,000.00 |
| Other equity investments | | | | |
| Subtotal | **29,096,327,794.75** | **2,470,000,000.00** | | **31,566,327,794.75** |

| Type | Beginning balance | Increase in current period | Decrease in current period | Ending balance |
|---|---|---|---|---|
| Less: impairment reserve for long-term equity investments | | | | |
| Total | **29,096,327,794.75** | **2,470,000,000.00** | | **31,566,327,794.75** |

（2）Book Value

| Items | Ending balance | | |
|---|---|---|---|
| | Balance of long-term equity investments | Impairment reserve | Net book value |
| Cost method | 31,566,327,794.75 | | 31,566,327,794.75 |
| Equity method | | | |
| **Total** | **31,566,327,794.75** | | **31,566,327,794.75** |

Continued：

| Items | Beginning balance | | |
|---|---|---|---|
| | Balance of long-term equity investments | Impairment reserve | Net book value |
| Cost method | 29,096,327,794.75 | | 29,096,327,794.75 |
| Equity method | | | |
| **Total** | **29,096,327,794.75** | | **29,096,327,794.75** |

（3）Long-term equity investments accounted by equity method: N/A

（4）Long-term equity investments accounted by cost method:

| Invested Company | Shareholding ratio % | Investment cost | Beginning balance | Increase/ decrease | Ending balance | Cash dividends in current period |
|---|---|---|---|---|---|---|
| Tianjin Port FTZ Investment Co., Ltd. | 100 | 20,841,989,998.62 | 19,091,989,998.62 | 1,750,000,000.00 | 20,841,989,998.62 | 902,728,500.00 |
| Tianjin T&B Holdings Co., Ltd | 100 | 4,744,554,660.13 | 4,474,554,660.13 | 270,000,000.00 | 4,744,554,660.13 | 433,630,000.00 |
| Tianjin T&B Jiashun Investment Co., | 100 | 1,113,783,136.00 | 1,113,783,136.00 | | 1,113,783,136.00 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Ltd | | | | | | |
| Tianjin T&B Jiaye Investment Co., Ltd | 100 | 1,116,000,000.00 | 1,116,000,000.00 | | 1,116,000,000.00 | |
| Tianjin T&B Jiayuan Investment Co., Ltd | 100 | 30,000,000.00 | 30,000,000.00 | | 30,000,000.00 | |
| Tianjin Tianbao Leasing Co., Ltd. | 100 | 1,000,000,000.00 | 1,000,000,000.00 | | 1,000,000,000.00 | 133,870,600.00 |
| Tianjin T&B Micro-credit Co., Ltd. | 100 | 1,000,000,000.00 | 1,000,000,000.00 | | 1,000,000,000.00 | 60,769,916.96 |
| Tianjin T&B Finance Co., Ltd | 100 | 1,000,000,000.00 | 1,000,000,000.00 | | 1,000,000,000.00 | 135,000,000.00 |
| Tianijn Jinjulian Joint Guarantee Investment Partnership | 25 | 200,000,000.00 | 200,000,000.00 | | 200,000,000.00 | |
| Tianjin T&B Financial Management Co., Ltd | 100 | 20,000,000.00 | 20,000,000.00 | | 20,000,000.00 | |
| Tianjin T&B Commercial Factoring Co., Ltd. | 100 | 500,000,000.00 | 50,000,000.00 | 450,000,000.00 | 500,000,000.00 | |
| **Total** | | | **29,096,327,794.75** | **2,470,000,000.00** | **31,566,327,794.75** | **1,665,999,016.96** |

Notes 1: cash dividends in current period are declared but unpaid.

Notes 2: The Company pledges its shares of Tianjin Tianbao Leasing Co., Ltd. to Tianjin Binhai Branch of Bohai Bank for a loan of RMB 500 million yuan. RMB 200 million yuan has been withdrawn as of December 31, 2014.

（5）Impairment reserve for long-term equity investments: N/A

**5. Short-term Borrowings**

（1） Short-term borrowings classification

| Items | Ending balance | Beginning balance |
|---|---|---|
| Credit borrowings | 8,495,000,000.00 | 3,845,000,000.00 |
| Guarantee borrowings | 200,000,000.00 | |

| | | |
|---|---|---|
| Entrusted loan | | 65,000,000.00 |
| **Total** | **8,695,000,000.00** | **3,910,000,000.00** |

Notes 1: The Company has no matured and outstanding short-term borrowings in the accounting period.

Notes 2: The Company pledges its shares of Tianjin Tianbao Leasing Co., Ltd. to Tianjin Binhai Branch of Bohai Bank for a loan of RMB 500 million yuan. RMB 200 million yuan has been withdrawn as of December 31, 2014. Tianjin T&B Holding Co., Ltd provides the joint liability guaranty.

**6.**Long-term borrowings

（1）Long-term borrowings s Classification

| **Items** | **Ending balance** | **Beginning balance** |
|---|---|---|
| Credit borrowings | 1,943,000,000.00 | 744,000,000.00 |
| Guarantee borrowings | 50,018,756.42 | 65,000,000.00 |
| Total | **1,993,018,756.42** | **809,000,000.00** |

Notes 1: The Company has no matured and outstanding short-term borrowings in the accounting period.

Notes: total guaranteed borrowings at end of this period amount to RMB 50,018,756.42 yuan. The guaranty is Tianjin Port FTZ Investment Co., Ltd.

Tianjin Free trade zone Investment Holding Group Co., Ltd

April 15, 2015

中兴财光华 ▪ 中兴财光华会计师事务所（特殊普通合伙） ▪ Zhongxingcai Guanghua Certified Public Accountants LLP
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# Auditors' Report

ZXCGHSHZD（2014）No.05024

To the entire shareholders of Tianjin Free Trade Zone Investment Holding Group Co., Ltd.

We have audited the Financial Statements of Tianjing T&B Holding Group Co., Ltd. (the Company) attached hereafter, including the Balance Sheet ended December 31, 2013, Income Statement, Cash Flow Statement, Statement of Change in Share Equities of year 2013, as well as the notes to the Financial Statements.

## I. Executives' responsibilities on the Financial Statements

Preparing and appropriately presenting of the Financial Statements are the responsibilities of the management of The Company. This responsibilities are including: (1) Preparing the financial statements according to Enterprise Accounting Standards and make them reflecting a fair basis. (2) Design, implement and maintain the internal control system related to producing of the Financial Statements, to prevent the Financial Statements from major false presentation due to cheating or error.

## II. Responsibilities of the CPA

Our responsibilities are to issue auditing opinions on the Financial Statements basing on the auditing works we've done on them. We carried out the auditing works with compliance to Chinese CPA Auditing Standard, which requires us to plan and implement our works on the basis of professional ethic standards, and obtain reasonable guarantee that the Financial Statements are free of major false statements.

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, we consider the internal control relevant to the entity's preparation of financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting polices used and the reasonableness of the 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. Auditors' Opinions**

We believe that the Company has been following with the Enterprise Accounting Standard in preparing of the Financial Statements. The Company Financial Statements is reflecting,in all important aspects, the financial situation of December 31, 2013 and the business performance and cash flow of year 2013 of the Company .

Zhongxingcai Guanghua Certified Public Accountants (LLP)

CPA China :

Beijing •China

CPA China :

April 27,2014

Balance sheet

Prepared by :Tianjin Free Trade Zone Investment Holding Group Co., Ltd. In RMB

| Items | Notes | December 31,2013 | | December 31,2012 | |
|---|---|---|---|---|---|
| | | Consolidated | Parent Company | Consolidated | Parent Company |
| Current asset: | | | | | |
| Monetary fund | V.1 | 9,722,505,007.94 | 5,563,228,322.58 | 10,117,359,953.47 | 2,348,499,650.35 |
| Trading financial assets | V.2 | 498,840,000.00 | | 68,000,000.00 | |
| Notes receivable | V.3 | 7,996,846.90 | | 5,600,000.00 | |
| Account receivable | V.4 | 1,024,572,253.82 | 505,567.46 | 825,292,868.13 | 505,567.46 |
| Prepayments | V.5 | 980,623,284.80 | | 1,164,258,862.29 | |
| Interest receivable | V.6 | 11,864,089.65 | | 55,472,617.58 | |
| Dividend receivable | | | 1,462,808,057.07 | | 562,150,080.20 |
| Other account receivable | V.7 | 8,342,394,050.29 | 5,382,711,531.23 | 6,319,303,430.37 | 4,415,942,754.22 |
| Inventories | V.8 | 13,237,451,241.29 | | 13,052,511,636.68 | |
| Non-current asset due in 1 year | | 1,071,470,131.02 | | 150,000,000.00 | |
| Other current asset | | | | | |
| **Total current assets** | | 34,897,716,905.71 | 12,409,253,478.34 | 31,757,799,368.52 | 7,327,098,052.23 |
| Non-current assets: | | | | | |
| Loans and advances issued | V.9 | 1,068,737,415.05 | | 525,445,200.00 | |
| Financial assets available for sale | V.10 | 368,066,480.26 | | 305,658,414.50 | |
| Held- to-maturity investment | V.11 | 6,522,809,980.12 | 10,878,046,200.00 | 1,916,800,000.00 | 6,206,105,654.05 |
| Long-term receivable | V.12 | 3,627,818,886.68 | | 3,358,925,923.02 | |
| Long term equity investment | V.13 | 8,207,935,300.31 | 29,141,207,371.35 | 7,179,105,241.82 | 27,662,511,916.80 |
| Investment Property | V.14 | 1,010,818,544.88 | 88,785,521.44 | 1,058,224,481.90 | 92,969,893.00 |
| Fixed assets | V.15 | 3,344,531,927.82 | 154,450,965.69 | 3,461,311,069.10 | 162,550,431.21 |
| Construction in progress | V.16 | 22,727,941,363.10 | 396,581,718.39 | 21,119,731,461.68 | 1,083,433,542.55 |
| Engineering material | | 13,109,514.00 | | 10,044,415.73 | |
| Fixed asset disposal | | 10,782,401.45 | | -14,511.30 | |
| Production physical assets | | | | | |
| Gas & petrol | | | | | |
| Intangible assets | V.17 | 9,825,010,483.37 | 12,041,891.31 | 9,901,130,757.00 | 12,290,604.99 |
| R & D Expense | | | | | |
| Goodwill | V.18 | 39,407,378.24 | | 39,407,378.24 | |
| Long-term expenses to be amortized | V.19 | 18,497,282.80 | | 37,631,560.07 | |
| Deffered income tax asset | V.20 | 122,862,194.63 | | 85,172,846.81 | |
| Other non-current asset | | | | | |
| **Total non-current assets** | | 56,908,329,152.71 | 40,671,113,668.18 | 48,998,574,238.57 | 35,219,862,042.60 |
| **Total assets** | | 91,806,046,058.42 | 53,080,367,146.52 | 80,756,373,607.09 | 42,546,960,094.83 |

Legal Representative: Person in charge of accounting: Accounting Dept Leader:

1

Balance sheet(Cont'd)

Prepared by :Tianjin Free Trade Zone Investment Holding Group Co., Ltd. In RMB

| Items | Notes | Decembeer 31,2013 | | December 31,2012 | |
|---|---|---|---|---|---|
| | | Consolidated | Parent Company | Consolidated | Parent Company |
| Current liabilities: | | | | | |
| Short-term loans | V.21 | 9,715,061,040.06 | 3,910,000,000.00 | 9,911,874,764.85 | 2,935,000,000.00 |
| Deposit received and due to banks and other financial institutions | V.22 | | | 1,165,130,182.66 | |
| Derivative financial liabilities | | | | | |
| Notes payable | V.23 | 528,322,616.35 | | 543,705,172.76 | |
| Account payable | V.24 | 2,608,547,605.69 | 21,705,907.64 | 2,957,300,833.58 | 23,164,626.66 |
| Payment receivable in advance | V.25 | 1,524,438,894.76 | 23,577,823.80 | 1,385,164,104.17 | |
| Wage payable | V.26 | 27,973,945.68 | | 27,309,502.55 | |
| Tax payable | V.27 | 17,267,651.89 | 12,295,891.46 | -33,054,589.19 | 7,301,904.64 |
| Interest payable | | 249,238,404.16 | | 231,471,264.60 | |
| Dividend payable | V.28 | 858,305.28 | | 858,305.28 | |
| Other account payable | V.29 | 686,005,057.70 | 43,777,510.33 | 752,340,008.33 | 978,515,447.65 |
| Non-current liability due in 1 year | V.30 | 677,610,000.00 | | 2,451,400,000.00 | |
| Other current liability | V.31 | 293,707,125.72 | | 636,927,831.46 | |
| **Total of current liability** | | 16,329,030,647.29 | 4,011,357,133.23 | 20,030,427,381.05 | 3,943,981,978.95 |
| Non-current liabilities： | | | | | |
| Long-term loan | V.32 | 16,673,280,000.00 | 809,000,000.00 | 14,466,789,090.00 | 2,755,000,000.00 |
| Bond payable | V.33 | 29,226,711,917.80 | 21,226,711,917.80 | 18,310,036,164.38 | 10,310,036,164.38 |
| Long-term payable | V.34 | 37,937,686.94 | | 39,501,307.18 | |
| Special payable | V.35 | 771,126,682.68 | | 796,049,205.73 | |
| Expected liabilities | | | | | |
| Deferred income tax liability | V.36 | 43,752,488.24 | | 12,347,280.23 | |
| Other non-current liabilities | V.37 | | | 1,700,000.00 | |
| **Total non-current liabilities** | | 46,752,808,775.66 | 22,035,711,917.80 | 33,626,423,047.52 | 13,065,036,164.38 |
| **Total liability** | | 63,081,839,422.95 | 26,047,069,051.03 | 53,656,850,428.57 | 17,009,018,143.33 |
| Owners' equity | | | | | |
| Share capital | V.38 | 16,051,000,000.00 | 16,051,000,000.00 | 13,750,000,000.00 | 13,750,000,000.00 |
| Capital reserves | V.39 | 10,349,285,708.24 | 10,749,430,894.31 | 11,045,723,160.36 | 11,656,412,894.71 |
| Less：Shares in stock | | | | | |
| Surplus reserves | V.40 | 177,777,777.78 | 177,777,777.78 | 77,777,777.78 | 77,777,777.78 |
| Undistributed profit | V.41 | 612,197,204.50 | 55,089,423.40 | 759,552,069.24 | 53,751,279.01 |
| Foreign exchange difference | | | | | |
| Total owner's equity belong to the parent company | | 27,190,260,690.52 | 27,033,298,095.49 | 25,633,053,007.38 | 25,537,941,951.50 |
| Minority shareholders' equity | | 1,533,945,944.95 | | 1,466,470,171.14 | |
| Total owners' equity | | 28,724,206,635.47 | 27,033,298,095.49 | 27,099,523,178.52 | 25,537,941,951.50 |
| **Total liabilities and owners' equity** | | 91,806,046,058.42 | 53,080,367,146.52 | 80,756,373,607.09 | 42,546,960,094.83 |

Legal Representative: Person in charge of accounting： Accounting Dept Leader:

Income Statement

Prepared by :Tianjin Free Trade Zone Investment Holding Group Co., Ltd. In RMB

| Items | Notes | December 31,2013 | | December 31,2012 | |
|---|---|---|---|---|---|
| | | Consolidated | Parent Company | Consolidated | Parent Company |
| I.Operating income | V.42 | 7,899,066,762.13 | 532,880,886.81 | 7,314,535,082.04 | 333,482,534.67 |
| Less ：Operating cost | V.42 | 6,724,789,035.30 | 9,406,096.89 | 5,721,489,502.02 | 7,233,364.24 |
| Operating tax and surcharge | V.43 | 204,058,167.52 | 31,686,629.47 | 216,680,322.03 | 19,709,536.54 |
| Sales expense | V.44 | 189,827,600.64 | | 211,420,711.55 | |
| Administrative expense | V.45 | 373,835,048.53 | 15,071,672.68 | 405,582,095.50 | 14,744,517.02 |
| Financial expenses | V.46 | 1,077,035,839.68 | 1,222,940,912.65 | 1,584,561,334.84 | 686,416,010.24 |
| Asset impairment loss | V.47 | 26,833,866.63 | | 35,725,843.32 | |
| Add：Gains from change of fair value （“-”for loss） | | | | | |
| Investment gain（“-”for loss） | V.48 | 646,228,450.27 | 1,233,978,183.60 | 848,257,156.45 | 506,297,900.33 |
| Incl: investment gains from affiliates | | | | | |
| II. Operational profit（“-”for loss) | | -51,084,345.90 | 487,753,758.72 | -12,667,570.77 | 111,677,006.96 |
| Add ：Non-operating income | V.49 | 1,307,338,422.50 | 513,291,440.28 | 1,191,345,558.59 | 348,443,110.00 |
| Less：Non-operating expenses | V.50 | 37,346,805.41 | | 75,692,989.46 | |
| Incl：Loss from disposal of non-current assets | | 3,391,157.03 | | 67,171,360.29 | |
| III.Total profit(“-”for loss) | | 1,218,907,271.19 | 1,001,045,199.00 | 1,102,984,998.36 | 460,120,116.96 |
| Less：Income tax expenses | V.51 | 274,626,473.94 | | 245,732,797.71 | |
| IV. Net profit（“-”for net loss） | | 944,280,797.25 | 1,001,045,199.00 | 857,252,200.65 | 460,120,116.96 |
| Net profit attributable to the owners of parent company | | 718,350,895.94 | | 716,209,210.34 | |
| Minority shareholders’ equity | | 225,929,901.31 | | 141,042,990.31 | |
| V. Earnings per share： | | | | | |
| （I）Basic earnings per share | | | | | |
| (II)Diluted earnings per share | | | | | |
| VI. Other comprehensive income | | -720,597,340.30 | | -731,782,298.21 | |
| VII. Total comprehensive income | | 223,683,456.95 | | 125,469,902.44 | |
| Total comprehensive income attributable to the owner of the parent company | | | | 131,189,750.10 | |
| Total comprehensive income attributable to minority shareholders | | | | -5,719,847.66 | |

Legal Representative: Person in charge of accounting： Accounting Dept Leader:

Cash flow statement

Prepared by :Tianjin Free Trade Zone Investment Holding Group Co., Ltd. In RMB

| Items | December 31,2013 | | December 31,2012 | |
|---|---|---|---|---|
| | Consolidated | Parent Company | Consolidated | Parent Company |
| I.Cash flows from operating activities | | | | |
| Cash received from sales of goods or rending of services | 8,924,826,624.76 | | 6,591,123,280.89 | 266,877,980.69 |
| Net increase in customer deposits and placement from banks and other financial institutions | | | 1,165,130,182.66 | |
| Cash received as interest, processing fee and commission | 141,920,755.29 | | 46,002,980.82 | |
| Tax refund | 38,108,855.87 | 30,090,000.00 | 174,718,449.94 | |
| Other cash received from operating activities | 7,760,846,282.37 | 9,093,326,877.38 | 10,506,926,178.49 | 8,343,460,048.62 |
| **Sub-total cash inflow** | 16,865,702,518.29 | 9,123,416,877.38 | 18,483,901,072.80 | 8,610,338,029.31 |
| Cash paid for purchasing of merchandise and services | 9,020,108,324.43 | 1,616,382.96 | 7,182,999,980.28 | 5,140,376.05 |
| Net increase of client loan and advance | 579,672,386.65 | | 47,610,000.00 | |
| Net increase of savings in central bank and other financial institutions | 497,973,890.10 | | 0.00 | |
| Cash paid for interest, processing fee and commission | 2,336,778.23 | | 7,498.65 | |
| Cash paid to staffs or paid for staffs | 334,998,893.21 | | 359,401,369.88 | |
| Taxes paid | 1,380,361,518.29 | 32,096,129.06 | 865,468,976.08 | 25,237,644.54 |
| Other cash paid for operating activities | 8,057,032,676.34 | 10,107,591,976.29 | 11,211,354,514.08 | 8,868,239,116.80 |
| **Sub-total of cash outflow from operating activities** | 19,872,484,467.25 | 10,141,304,488.31 | 19,666,842,338.97 | 8,898,617,137.39 |
| **Cash flow generated by operating activities, net** | -3,006,781,948.96 | -1,017,887,610.93 | -1,182,941,266.17 | -288,279,108.08 |
| II.Cash flow generated by investment activities | | | | |
| Cash received from investment retrieving | 5,107,480,280.66 | 7,152,676,454.05 | 2,427,246,520.94 | 2,913,906,454.05 |
| Cash received as investment gains | 564,999,270.21 | 310,950,891.66 | 104,005,555.48 | 18,931,999.02 |
| Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets | 86,978,170.06 | 23,577,823.80 | 342,958,211.90 | |
| Net cash received from disposal of subsidiaries or other operational units | 634,883,644.23 | | 304,938,217.11 | 115,768,000.00 |
| Other financing –related cash received | 22,652,636.07 | 16,969,315.07 | 140,141,907.03 | |
| Sub-total of cash inflow in investment activities | 6,416,994,001.23 | 7,504,174,484.58 | 3,319,290,412.46 | 3,048,606,453.07 |
| Cash paid for construction and purchase fixed assets, intangible assets and other long-term assets | 3,305,260,564.52 | 40,021,545.59 | 3,330,142,583.77 | 54,032,945.72 |
| Cash paid as investment | 8,022,570,545.95 | 11,328,217,000.00 | 2,192,750,263.64 | 7,765,542,817.69 |
| Net cash received from subsidiaries and other operational units | 662,746,510.92 | 1,663,513,760.92 | 194,160,203.00 | |
| Other cash paid for investment activities | 561,485,857.00 | 500,000,000.00 | 160,293,838.56 | |
| **Sub-total flow from investing activities** | 12,552,063,478.39 | 13,531,752,306.51 | 5,877,346,888.97 | 7,819,575,763.41 |
| **Net cash flow generated by investment activities** | -6,135,069,477.16 | -6,027,577,821.93 | -2,558,056,476.51 | -4,770,969,310.34 |
| III.Cash flow generated by financing activities | | | | |
| Cash received as investment | 2,564,600,000.00 | 2,301,000,000.00 | 670,000,000.00 | 450,000,000.00 |
| Incl: Cash received as investment from minor shareholders | | | 220,000,000.00 | |
| Cash received as loans | 18,089,426,322.60 | 3,335,000,000.00 | 12,248,436,169.08 | 3,713,000,000.00 |
| Cash received from bond issuance | 10,649,000,000.00 | 10,649,000,000.00 | 5,982,000,900.00 | 5,982,000,900.00 |
| Other financing –related cash received | 122,572,175.92 | | 126,543,312.54 | |
| **Sub-total of cash inflow from financing activities** | 31,425,598,498.52 | 16,285,000,000.00 | 19,026,980,381.62 | 10,145,000,900.00 |
| Cash to paid for debts repayment | 19,992,117,486.02 | 4,306,000,000.00 | 11,269,809,174.27 | 2,838,000,000.00 |
| Cash paid as dividend, profit, or interests | 2,821,741,766.81 | 1,679,805,444.91 | 1,130,156,728.29 | 732,928,821.35 |
| Incl: Dividend and profit paid by subsidiaries to minor shareholders | 1,256,597,235.13 | 39,000,450.00 | 200,000,000.00 | |
| Other cash paid for financing activities | 237,610,159.51 | | 803,315.16 | |
| **Sub-total cash outflow due to financing activities** | 23,051,469,412.34 | 6,024,805,894.91 | 12,400,769,217.72 | 3,570,928,821.35 |
| **Net cash flow generated by financing activities** | 8,374,129,086.18 | 10,260,194,105.09 | 6,626,211,163.90 | 6,574,072,078.65 |
| IV. Influence of exchange rate alternation on cash and cash equivalents | -125,106,495.69 | | -10,005,119.35 | |
| V.Net increase of cash and cash equivalents | -892,828,835.63 | 3,214,728,672.23 | 2,875,208,301.87 | 1,514,823,660.23 |
| Add: balance of cash and cash equivalents at the beginning of term | 10,117,359,953.47 | 2,348,499,650.35 | 7,242,151,651.60 | 833,675,990.12 |
| VI.Balance of cash and cash equivalents at the end of term | 9,224,531,117.84 | 5,563,228,322.58 | 10,117,359,953.47 | 2,348,499,650.35 |

Legal Representative: Person in charge of accounting： Accounting Dept Leader:

Consolidated Statement on Change in Owners' Equity

Prepared by :Tianjin Free Trade Zone Investment Holding Group Co., Ltd. Year 2013 In RMB Year 2013 In RMB

| | Amount in this period | | | | | | | | | Amount in last year | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Owner's equity Attributable to the Parent Company | | | | | | | Minor shareholders' equity | Total of owners' equity | Owner's equity Attributable to the Parent Company | | | | | | | Minor shareholders' equity | Total of owners' equity |
| | Share Capital | Capital reserves | Less: Shares in stock | Specialized reserve | Surplus reserves | Attributable profit | Other | | | Share Capital | Capital reserves | Less: Shares in stock | Specialized reserve | Surplus reserves | Attributable profit | Other | | |
| I.Balance at the end of last year | 13,750,000,000.00 | 11,045,723,160.36 | | | 77,777,777.78 | 759,552,069.24 | | 1,466,470,171.14 | 27,099,523,178.52 | 13,600,000,000.00 | 11,352,917,313.81 | | | | 798,945,943.47 | | 1,472,190,018.80 | 27,224,053,276.08 |
| Add: Change of accounting policy | | | | | | | | | | | | | | | | | | |
| Correcting of previous errors | | | | | | | | | | | | | | | | | | |
| Other | | | | | | | | | | | | | | | | | | |
| II.Balance at the beginning of current year | 13,750,000,000.00 | 11,045,723,160.36 | | | 77,777,777.78 | 759,552,069.24 | | 1,466,470,171.14 | 27,099,523,178.52 | 13,600,000,000.00 | 11,352,917,313.81 | | | | 798,945,943.47 | | 1,472,190,018.80 | 27,224,053,276.08 |
| III.Changed in the current year | 2,301,000,000.00 | -696,437,452.12 | | | 100,000,000.00 | -147,354,864.74 | | 67,475,773.81 | 1,624,683,456.95 | 150,000,000.00 | -307,194,153.45 | | | 77,777,777.78 | -39,393,874.23 | | -5,719,847.66 | -124,530,097.56 |
| （I） Net profit | | | | | | 718,350,895.94 | | 225,929,901.31 | 944,280,797.25 | | | | | | 716,209,210.34 | | 141,042,990.31 | 857,252,200.65 |
| （II）Other comprehensive.income | | -696,437,452.12 | | | | 134,294,239.32 | | -158,454,127.50 | -720,597,340.30 | | -607,194,153.45 | | | | 22,174,693.21 | | -146,762,837.97 | -731,782,298.21 |
| Total of (I) and (II) | | -696,437,452.12 | | | | 852,645,135.26 | | 67,475,773.81 | 223,683,456.95 | | -607,194,153.45 | | | | 738,383,903.55 | | -5,719,847.66 | 125,469,902.44 |
| (III) Adding or decreasing of capital by owners | 2,301,000,000.00 | | | | | | | | 2,301,000,000.00 | 150,000,000.00 | 300,000,000.00 | | | | | | | 450,000,000.00 |
| 1. Capital paid by owners | 2,301,000,000.00 | | | | | | | | 2,301,000,000.00 | 150,000,000.00 | 300,000,000.00 | | | | | | | 450,000,000.00 |
| 2．Shares paid which accounted as owners' equity | | | | | | | | | | | | | | | | | | |
| 3．Other | | | | | | | | | | | | | | | | | | |
| （IV）Profit allocation | | | | | 100,000,000.00 | -1,000,000,000.00 | | | -900,000,000.00 | | | | | 77,777,777.78 | -777,777,777.78 | | | -700,000,000.00 |
| 1.Providing of surplus reserves | | | | | 100,000,000.00 | -100,000,000.00 | | | | | | | | 77,777,777.78 | -77,777,777.78 | | | |
| 2．Allocation to the owners (or shareholders) | | | | | | -900,000,000.00 | | | -900,000,000.00 | | | | | | -700,000,000.00 | | | -700,000,000.00 |
| 3．Others | | | | | | | | | | | | | | | | | | |
| (V) Internal transferring of owners' equity | | | | | | | | | | | | | | | | | | |
| 1. Capitalizing of capital reserves (or to capital shares) | | | | | | | | | | | | | | | | | | |
| 2. Capitalizing of surplus reserves (or to capital shares) | | | | | | | | | | | | | | | | | | |
| 3・Making up losses with surplus reserves | | | | | | | | | | | | | | | | | | |
| 4．Other | | | | | | | | | | | | | | | | | | |
| (VI) Special reserves | | | | | | | | | | | | | | | | | | |
| 1. Provided in current period | | | | | | | | | | | | | | | | | | |
| 2．Used in current period | | | | | | | | | | | | | | | | | | |
| （VII）Other | | | | | | | | | | | | | | | | | | |
| IV. Balance at the end of this year | 16,051,000,000.00 | 10,349,285,708.24 | | | 177,777,777.78 | 612,197,204.50 | | 1,533,945,944.95 | 28,724,206,635.47 | 13,750,000,000.00 | 11,045,723,160.36 | | | 77,777,777.78 | 759,552,069.24 | | 1,466,470,171.14 | 27,099,523,178.52 |

Legal Representative: Person in charge of accounting： Accounting Dept Leader: Person in charge of accounting： Accounting Dept Leader:

Statement on Change in Owners' Equity

Prepared by :Tianjin Free Trade Zone Investment Holding Group Co., Ltd. Year 2013 In RMB

| | Amount in this period | | | | | | | Amount in last year | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share Capital | Capital reserves | Less: Shares in stock | Specialized reserves | Surplus reserves | Attributable profit | Total of owners' equity | Share Capital | Capital reserves | Less: Shares in stock | Specialized reserves | Surplus reserves | Attributable profit | Total of owners' equity |
| I.Balance at the end of last year | 13,750,000,000.00 | 11,656,412,894.71 | | | 77,777,777.78 | 53,751,279.01 | 25,537,941,951.50 | 13,600,000,000.00 | 11,356,412,894.71 | | | | 371,649,087.13 | 25,328,061,981.84 |
| Add: Change of accounting policy | | | | | | | | | | | | | | |
| Correcting of previous errors | | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | | |
| II.Balance at the beginning of current year | 13,750,000,000.00 | 11,656,412,894.71 | | | 77,777,777.78 | 53,751,279.01 | 25,537,941,951.50 | 13,600,000,000.00 | 11,356,412,894.71 | | | | 371,649,087.13 | 25,328,061,981.84 |
| III.Changed in the current year | 2,301,000,000.00 | -906,982,000.40 | | | 100,000,000.00 | 1,338,144.39 | 1,495,356,143.99 | 150,000,000.00 | 300,000,000.00 | | | 77,777,777.78 | -317,897,808.12 | 209,879,969.66 |
| （I） Net profit | | | | | | 1,001,045,199.00 | 1,001,045,199.00 | | | | | | 460,120,116.96 | 460,120,116.96 |
| （II）Other comprehensive.income | | -906,982,000.40 | | | | 292,945.39 | -906,689,055.01 | | | | | | -240,147.30 | -240,147.30 |
| Total of (I) and (II) | | -906,982,000.40 | | | | 1,001,338,144.39 | 94,356,143.99 | | | | | | 459,879,969.66 | 459,879,969.66 |
| (III) Adding or decreasing of capital by owners | 2,301,000,000.00 | | | | | | 2,301,000,000.00 | 150,000,000.00 | 300,000,000.00 | | | | | 450,000,000.00 |
| 1. Capital paid by owners | 2,301,000,000.00 | | | | | | 2,301,000,000.00 | 150,000,000.00 | 300,000,000.00 | | | | | 450,000,000.00 |
| 2．Shares paid which accounted as owners' equity | | | | | | | | | | | | | | |
| 3．Other | | | | | | | | | | | | | | |
| （IV）Profit allocation | | | | | 100,000,000.00 | 1,000,000,000.00 | -900,000,000.00 | | | | | 77,777,777.78 | -777,777,777.78 | -700,000,000.00 |
| 1.Providing of surplus reserves | | | | | 100,000,000.00 | 100,000,000.00 | | | | | | 77,777,777.78 | -77,777,777.78 | |
| 2．Allocation to the owners (or shareholders) | | | | | | 900,000,000.00 | -900,000,000.00 | | | | | | -700,000,000.00 | -700,000,000.00 |
| 3．Others | | | | | | | | | | | | | | |
| (V) Internal transferring of owners' equity | | | | | | | | | | | | | | |
| 1. Capitalizing of capital reserves (or to capital shares) | | | | | | | | | | | | | | |
| 2. Capitalizing of surplus reserves (or to capital shares) | | | | | | | | | | | | | | |
| 3．Making up losses with surplus reserves | | | | | | | | | | | | | | |
| 4．Others | | | | | | | | | | | | | | |
| (VI) Special reserves | | | | | | | | | | | | | | |
| 1. Provided in current period | | | | | | | | | | | | | | |
| 2．Used in current period | | | | | | | | | | | | | | |
| （VII）Others | | | | | | | | | | | | | | |
| IV. Balance at the end of this year | 16,051,000,000.00 | 10,749,430,894.31 | | | 177,777,777.78 | 55,089,423.40 | 27,033,298,095.49 | 13,750,000,000.00 | 11,656,412,894.71 | | | 77,777,777.78 | 53,751,279.01 | 25,537,941,951.50 |

Statement on Change in Owners' Equity

Year 2013 In RMB

Legal Representative: Person in charge of accounting： Accounting Dept Leader: Person in charge of accounting： Accounting Dept Leader:

# Tianjin Free Trade Zone Investment Holding Group Co., Ltd.
# Notes to the Consolidated Financial Statements

**I. The Basic Information of the Company**

Tianjin Free Trade Zone Investment Holding Group Co., Ltd. (hereinafter referred to as the Company) is a wholly state-owned limited company invested and established by Tianjin Port Free Trade Zone State-owned Asset Supervision and Administration Commission, and is registered and founded in Tianjin Airport Logistics Processing Zone on December 17, 2008, with the initial registered capital of RMB12.5 billion and the paid-in capital of RMB12.5 billion. On October 11, 2011, Tianjin Port Free Trade Zone State-owned Asset Supervision and Administration Commission has increased and invested RMB1.1 billion to the Company, and then the registered capital is up to RMB13.6 billion. Tianjin Port Free Trade Zone State-owned Asset Supervision and Administration Commission has invested RMB150 million on June 1, 2012, and then the registered capital is up to RMB13.75 billion. Tianjin Port Free Trade Zone State-owned Asset Supervision and Administration Commission has invested RMB501 million on September 3, 2013, and then the registered capital is up to RMB14.251 billion. Tianjin Port Free Trade Zone State-owned Asset Supervision and Administration Commission has invested RMB 1.8 billion on December 20, 2013, and then the registered capital is up to RMB16.051 billion.

As of December 31, 2013, the registered capital of the Company is RMB16.051 billion; the legal representative is Xing Guoyou; the Company type is limited liability company. Business Scope: investment, management and consultation services for real estate, international and domestic trade, logistics, financial industry, high-tech industry, infrastructure construction; international trade; warehousing (dangerous goods excluded); freight forwarder; self-owned equipment leasing; property management services (subject to the national special provisions).

**II. The Main Accounting Policy, Accounting Estimation and Previous Errors adopted by the Company**

**1. Preparation Basis of Financial Statements**

(1) The preparation of the financial statements is based on "Accounting Standard for Business Enterprises – Basic Standard" issued by Ministry of Finance in February 2006, the specific accounting standard in Article 38, the application guidelines, interpretations and other relevant regulations (generally referred to as the "Accounting Standard for Business Enterprises").

(2) The presentation of the financial statements is on the basis of the continual operation.

**2. Declaration on Compliance with Accounting Standard for Business Enterprises**

The financial statements prepared by the Company is in accordance with the requirements of Accounting Standard for Business Enterprises, which truly and completely reflects the financial situation at the date of December 31, 2012 and the annual business performance and cash flow of the Company in 2012.

**3. Accounting Period**

The Gregorian calendar year is adopted for the fiscal year in the Company, which is from January 1 to December 31.

**4. Recording Currency**

The financial statements of the Company are stated in RMB.

**5. Accounting Treatment Method of Business Merger under Common Control and not under Common Control**

(1) The Business Merger under Common Control

For the business merger under common control, the Company adopts the pooling of interest method for the accounting treatment. The assets and liabilities acquired by the combining party in the business merger, other than the adjustment due to the different accounting policies, shall be measured according to the book value of the combined party at the combination date. For the difference of the book value of net assets acquired minus that of combination consideration (or total present value of the issued shares) paid by the combination party, the capital reserve should be adjusted. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

The expense directly relevant to the Business merger shall be recorded into the current profits and losses when occurrence.

(2) The Business Merger not under Common Control

For the business merger not under common control, the Company adopts the purchase method for the accounting treatment. The combination cost is the assets paid, the liabilities occurred or assumed and the fair value of equity securities issued by the Company for the acquisition of the control power of the combined party at the purchase date. Thus, the assets, the liabilities and the contingent liabilities of the combined party acquired by the Company shall be recognized as per the fair value.

The differences between the combination costs and the fair value shares of identifiable net assets of the combined party acquired in the combination, recognized as the goodwill by the Company, shall be measured by the amounts that the accumulative depreciation reserves deducted from the cost. The gaps that the combination costs below the fair value shares of identifiable net assets of the combined party acquired in the combination, shall be recorded into the current profits and losses after review.

The expense directly relevant to the business merger shall be recorded into the cost of business merger.

**6. Preparation Method of Consolidated Financial Statements**

The combination scope of the consolidated financial statements covers the Company and all the subsidiaries.

The consolidated financial statements of the Company should be prepared by the Company based on the financial statements of the Company and the subsidiaries and after the adjustment of the long-term equity investment in the subsidiaries as per the equity method according to other relevant data. In the preparation of the consolidated financial statements, the accounting policy and the accounting period should be kept consistent between the Company and the subsidiaries, and the major transactions and the balances among the companies should be offset. The stockholders' equity of the subsidiaries that not belong to the parent company, shall be as the minority interest to be independently listed under the stockholders' equity item in the consolidated financial statements.

During the reporting period, the subsidiary increased due to the business merger under common control, the Company shall record the revenue, expense and profit of the subsidiary from the beginning to the end of reporting period in the combination period, into the consolidated income statement, and the cash flow shall be included into the consolidated cash flow statement. The subsidiary increased due to the business merger not under common control, the Company shall record the revenue, expense and profit of the subsidiary from the purchase date to the end of reporting period, into the consolidated income statement, and the cash flow shall be included into the consolidated cash flow statement.

**7. Determination Standard of Cash and Cash Equivalents**

The cash determined by the Company in the preparation of the cash flow statement, refers to the cash on hand and the deposits that can be used to pay at any time in the Company. The cash equivalents refer to the Company's investments with short term, strong liquidity, easy to covert to known amounts of cash and low risk of value change.

**8. Foreign Currency Transaction and Foreign Currency Translation in Financial Statements**

(1) The Accounting Method of Foreign Currency Transaction

① The foreign currency amounts shall be translated into the recording currency amounts as per the spot exchange rate at transaction date in the occurrence of the foreign currency transaction.

② The foreign currency monetary items and the foreign currency non-monetary items shall be translated 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 balances of the spot exchange rate on the balance sheet date minus that in the initial confirmation or on the former balance sheet date shall be recorded into the current profits and losses. The foreign currency non-monetary items with the historical cost measurement shall be translated at the spot exchange rate at the transaction date. The foreign currency non-monetary items with the fair value measurement shall be translated at the spot exchange rate at the fair value determination date, and the differences of the translated recording currency amounts minus the original recording currency amounts shall be recorded into the current profits and losses.

(2) The Translation Method of Foreign Currency Accounting Statements

At the end of period, the assets and the liabilities items in the balance sheet shall be translated at the spot exchange rate on the balance sheet date when the foreign currency financial statements of overseas subsidiaries is translated by the Company, and other items in the stockholders' equity items should be translated at the spot exchange rate on the occurrence date, except for the "Undistributed Profit".

The income and expense items in the income statements shall be translated at the spot exchange rate on the transaction date.

All the items in the cash flow statement shall be translated at the spot exchange rate on the cash flow occurrence date. The impact of exchange rate change on the cash shall be as the adjustment item, and "The Impact of Exchange Rate Change on Cash and Cash Equivalents" item shall be independently listed and reflected in the cash flow statement.

"The Foreign Currency Translation Balance in Financial Statements" item due to the difference produced by the translation of the financial statements shall be independently listed and reflected under the stockholders' equity item in the balance sheet.

**9. Financial Instrument**

The financial instrument refers to the contract that the corporate financial assets, and other units' financial liabilities or equity instruments are formed.

(1) The Financial Instruments Recognition and Derecognition

The Company shall recognize the financial assets or the financial liabilities when becoming the party of the financial instrument contract.

The derecognition shall be made if the followings occur for the financial assets.

① The contract rights on the acquisition of the financial assets cash flow are terminated.

② The financial assets have been transferred in accordance with the derecognition requirements of the following financial assets transfer.

Only when the current obligation of the financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly.

(2) The Financial Assets Classification and Measurement

The Financial assets at the initial recognition of the Company are divided into four categories, including the financial assets that are measured by the fair value and whose changes are recorded into the current profits and losses, held-to-maturity investments, loans and receivables, and the financial assets available for sale. The Financial assets at the initial recognition shall be measured based on the fair value. For the financial assets at the measurement of the fair value and whose changes included into the current profits and losses, the relevant transaction expenses shall be directly recorded into the current profits and losses, and those of other categories of the financial assets shall be recorded into the amounts at the initial recognition.

The financial assets at the measurement of the fair value and whose changes included into the current profits and losses, should include the trading financial assets and the financial assets at the initial recognition on the basis of the measurement of the fair value and whose changes included into the current profits and losses. The trading financial assets include the financial assets acquired for sale in short term, and the financial derivative instruments.

Only meet the following conditions, the financial assets or the financial liabilities can be initially recognized as the financial assets or the financial liabilities at the fair value and whose changes included into the profits and losses.

A. The designation can eliminate or obviously reduce the inconsistency of the relevant gains or losses at the recognition or the measurement due to the different measurement basis of the financial assets or the financial liabilities.

B. The official written documents of the risk management or the investment strategy have specified that the financial asset portfolio, the financial liability portfolio, or the financial asset and liability portfolio shall be managed and evaluated on the basis of the fair value, and reported to the key management personnel.

C. The financial assets or the financial liabilities shall include the embedded derivative instruments that need to be spited separately.

The held-to-maturity investment refers to the non-derivative financial assets with the fixed due date, the fixed or determinable recoverable amounts, and the clear intention and ability to hold by the Company till maturity. Such financial assets shall be conducted the follow-up measurement with the effective interest method according to the amortized cost, and the gains or losses produced from the derecognition, impairment or amortization shall be included in the current profits and losses.

The accounts receivable refers to the non-derivative financial assets without the quotation but with the fixed or determinable recoverable amounts in the active market, including the account receivable and other receivables.

The financial assets available-for-sale, refers to the non-derivative financial assets available-for-sale that appointed at the initial recognition, and the financial assets with the exception of above financial assets categories. Such financial assets shall be conducted the subsequent measurement at the fair value. The premium/discount price shall be amortized by use of the effective interest method and recognized as the interest income. In addition to the impairment losses and the exchange balance of foreign currency financial assets recognized as the current profits and losses, the changes in the fair value of the financial assets available for sale shall be recognized as the independent capital reserves until the derecognition or impairment of the financial assets, and the accumulative gains or losses recognized in the former capital reserves shall be shifted into the current profits and losses. The dividend or the interest income relevant to the financial assets available for sale shall be recorded into the current profits and losses.

The equity instruments investment without quotation and whose fair value unable to be reliably measured in the active market, shall be measured at cost.

(3) The Financial Liabilities Classification and Measurement

The financial liabilities of the Company at the initial recognition shall include the financial liabilities measured by the fair value and whose changes recorded into the current profits and losses, and other financial liabilities. For the financial liabilities not measured by the fair value and whose changes recorded into the current profits and losses, the relevant transaction expenses shall be recorded into the amounts of the initial recognition.

The financial liabilities at the measurement of the fair value and whose changes included into the current profits and losses, should include the transactional financial assets and the financial liabilities at the initial recognition on the basis of the measurement of the fair value and whose changes included into the current profits and losses. Such financial liabilities shall be conducted the subsequent measurement as per the fair value, and all the realized and unrealized profits and losses shall be recorded into the current profits and losses.

Other financial liabilities shall be conducted the subsequent measurement as per the amortized cost by use of the effective interest method.

(4) The Derivative Financial Instruments

The derivative financial instruments of the Company shall be initially measured by the fair value at the signature date of the derivative business contract, and subsequently measured at the fair value. The derivative financial instruments of the positive fair value shall be recognized as the assets, and that of the negative fair value shall be recognized as the liabilities.

Any gains or losses unconformable to the hedging accounting provisions due to the changes in the fair value, shall be directly included into the current profits and losses.

(5) The Fair Value of Financial Instruments

The financial assets and financial liabilities of the Company at the initial recognition should be measured as per the fair value. The fair value at the initial recognition of the financial instruments usually refers to the transaction value (the fair value received from or paid to the counter party). If part of the considerations received from or paid to that not at the financial instruments, the fair value of the financial instruments should be estimated according to the valuation technique. The valuation techniques include the price used by every party with voluntary transaction and with reference to the familiar situation in the recent market transactions, the current fair value in reference to other financial instruments with the same essence, the discount cash flow method and the option pricing model.

(6) The Financial Assets Impairment

The Company shall check the book value of the financial assets on the balance sheet date, and the impairment provision shall be recognized if there are objective evidences showing the impairment of the financial assets. The objective evidences indicating the impairment of the financial assets, refer to the events that actual occurrence of the financial assets at the initial recognition, with influence on the expected future cash flow of the financial assets, and the reliable measurement made on the influence by the enterprise.

The financial assets at the measurement of amortized cost

If there is objective evidence that the impairment of the financial asset occurred, the book value of the financial asset shall be write down to the present value of the expected future cash flow (unhappened future credit loss excluded), and the write-down amounts shall be recorded into the current profits and losses. The present value of the expected future cash flow should be determined according to the effective interest rate discount of the financial asset, and the relevant collateral value shall be considered.

For the impairment test independently conducted for the financial asset with significant single amount, if there is objective evidence on the occurrence of the impairment, the impairment losses shall be recognized and recorded into the current profits and losses. For the financial asset without significant single amount, the impairment test should be conducted in the financial asset portfolio with similar credit risk features. For the financial asset that the impairment unhappened in the independent test (significant single amount and insignificant single amount included), the retest of impairment should be conducted in the financial asset portfolio with similar credit risk features. However, the financial asset of impairment loss with single recognition, the impairment test shall not be conducted in the financial asset portfolio with similar credit risk features.

After the impairment loss is recognized by the Company for the financial asset at the measurement of amortized cost, and if there is any objective evidence that the financial asset value has been restored and objectively is related to the items occurred after the recognition of the loss, the originally recognized impairment loss shall be switched back and recorded into the current profits and losses. However, the amortized cost of the financial asset at the switch-back date under the condition of impairment provision shall not be calculated if the switched book value is not beyond the supposed one.

The financial assets available for sale

If there is any objective evidence that the impairment occurred for the financial asset, the accumulative losses occurred due to the decline of the fair value for the originally recorded capital reserves, shall be switched out and be included into the current profits and losses. The cumulative roll-out losses are the balances of the initially gained costs of the financial assets available for sale minus the redeemed principal, the amortized amounts, the current fair value and the impairment losses originally recorded into the profits and losses.

For the available-for-sale debt instruments that the impairment loss has been identified, the originally recognized impairment loss shall be switched back and recorded into the current profits and losses if the subsequent fair value during the accounting period has risen and objectively is related to the items occurred after the recognition of the original impairment loss. The impairment loss of the equity instruments available for sale in the occurrence of investment shall not be switched back through the profits and losses.

The financial assets at the measurement of costs

If there is any objective evidence that the impairment occurred for the financial asset, the book value of the financial asset shall be recognized as the impairment loss and recorded into the current profit and loss according to the difference of the market return rate of the similar financial asset minus the present value recognized from the discounted future cash flow. The occurred impairment loss shall not be switched back once recognized.

(7) The Financial Assets Transfer

The transfer of the financial assets means that the financial asset shall be handed over or delivered to another party (transferee) other than the issuer of the financial asset.

The financial asset shall be derecognized if the Company has transferred almost all the risks and rewards on the ownership of the financial asset to the transferee, and the financial asset shall not be derecognized if almost all the risks and rewards on the ownership of the financial asset are reserved.

If the Company neither transfers nor reserves almost all the risks and rewards on the ownership of the financial asset, the treatments are as follows: the financial asset shall be derecognized and the generated asset and liability should be recognized if the control on the financial asset has been given up, and the relevant financial asset shall be recognized according to the transfer degree on the financial asset and the relevant liability shall be accordingly recognized if the control on the financial asset has not been given up.

**10. Account Receivable**

The account receivable shall include the payment receivable and other receivables.

(1) The Recognition Criterion and Withdrawing Method on Bad-debt Provision of Receivables with Significant Single Amount

The recognition criterion of receivables with significant single amount of the Company is that the amount receivable of customers with more than RMB10 million (RMB10 million included) of ending balance, shall be the receivables with significant single amount.

The withdrawing method of bad-debt provision of receivables with significant single amount is that the bad-debt provision shall be withdrawn according to the gap between the present value of future cash flow and the book value for the receivables with significant single amount and in the occurrence of impairment indicated by the objective evidences.

(2) The Recognition Basis and Withdrawing Method on Bad-debt Provision of Receivables with High Portfolio Risk after Combination as per Credit Risk Features for Insignificant Single Amount

The recognition basis of the receivables with high portfolio risk after the combination as per similar credit risk features for insignificant single amount is that the receivables with high portfolio risk shall be recognized after the combination as per the overdue status for the single amount below RMB10 million, specifically covering the customer receivables of the affiliated party not included in the consolidated financial statements that with 3-year of aging, the situation of insolvency, bankruptcy, debt restructuring, mergers and acquisitions for the debtor proved according to the collected information of the Company, and the influence on the credit obligation normally performed by the debtor.

The withdrawing method recognized according to the credit risk features portfolio is that the receivables of the insignificant single amount together with the non-impaired receivables of the insignificant single amount after the independent testing shall be divided into several portfolio as per the aging, and the bad-debt provision shall be withdrawn by use of the individual recognition method according to the portfolio balance of the receivables (except for the obvious inconsistency of the risk features).

(3) The receivables that are transferred to the financial institutions without the recourse right attached by the Company shall be recorded into the current profits and losses according to the gap of the transaction payment deducting the book value of reselling receivables and the relevant taxes.

**11. Inventory**

(1) The Inventory Classification

Inventory refers to the finished products or goods held for sale in daily activities, the products in the production process, the stuffs and materials consumed in the process of production or service offering for the enterprise. The inventory covers raw materials, products in process, low-value consumption goods, packing materials, inventory merchandise, goods shipped in transit, development cost, developed products, etc.

(2) The Pricing Method for Acquisition and Delivery

The actual cost pricing shall be adopted for the Company in the acquisition of inventory, and the weighted average method or the individual pricing method shall be used in the delivery of the raw materials, products in process, inventory merchandise and goods shipped in transit.

(3) The Recognition Basis of Net Realizable Value of Inventory and the Withdrawing Method of Inventory Decline Provision in Price

The net realizable value of the inventory is the amount that the estimated sale price of inventory minus the costs estimated to occur in the future till the completion, the estimated sale expenses and the relevant taxes.

The decline provision in price for the inventory shall be withdrawn if the final inventory costs of the Company is larger than the net realizable value. Usually, the Company made the withdrawing of the inventory falling price reserves as per the single inventory item. At the end of period, the decline provision in price for the inventory shall be switched back on the originally withdrawn amounts if the influence factors of the previous write-down inventory value have disappeared.

(4) Inventory System

The perpetual inventory system shall be adopted for the inventories.

(5) The Amortization Method of Low-value Consumables and packaging materials.

The low-value consumables of the Company shall be amortized by one or several times of write-off method when applicable.

**12. Long-term Equity Investment**

(1) The Recognition of Investment Cost at Initial Measurement

The long-term equity investment of the Company shall be measured at the initial investment cost when acquired. The initial investment costs generally are the fair value of the assets paid out, the liabilities occurred or undertaken and the equity securities issued for the acquisition of the investment, and the relatively direct expenses. However, the initial investment costs of the long-term equity investment formed by the business merger under common control are the shares of book value from the owner's equity of the combined party acquired on the combination date.

(2) The Subsequent Measurement and the Recognition Method of Profit and Loss

The long-term equity investment that the Company can implement the control of the invested entity and has no joint control or significant influence on the invested entity, and that has no the quotation in the active market and the fair value can't be reliably measured, should be calculated by the cost method. The long-term equity investment that has joint control or significant impact on the invested entity, shall be calculated by the equity method.

When the long-term equity investment of the Company is calculated by the equity method, and the fair value of the net identifiable assets is shared from the invested entity if the initial investment cost of the long-term equity investment is more than the investment, the initial investment cost of the long-term equity investment shall not be adjusted. The fair value of the net identifiable assets is shared from the invested entity if the initial investment cost of the long-term equity investment is less than the investment, the book value of the long-term equity investment shall be adjusted and the balance shall be recorded into the current profits and losses of investment.

When the long-term equity investment is calculated by the equity method, the Company shall make the adjustment of the net profits of the invested entity in terms of fair value, accounting policy and accounting period of all the identifiable assets from the invested entity in the acquisition of investment, and then recognize the current profits and losses of investment according to the shared or undertaken net profits and losses from the invested entity.

The parts belonging to the Company that calculated as per the shareholding proportion for the unrealized internal transaction profits or losses that occur among the Company, the associated enterprise and the joint venture, shall be recognized as the investment profits and losses on the basis of the offset.

For the long-term equity investment of the associated enterprise and the joint venture held before January 1, 2007, the Company shall recognize the investment profit and loss after the debit balance of equity investment that amortized as per the original residual maturity line method, is deducted if there exists the debit balance of equity investment relevant to the long-term equity investment.

(3) The Recognition Basis of Joint Control and Significant Impact on the Invested Party

The joint control means that any joint parties can't individually control the production and operation activities of joint ventures, and all the decision on the basic business activities involved in the joint venture should be agreed by every joint party. Of which, the control refers to the right to decide the financial and business policy of an enterprise, and make profits from the business activities of the enterprise.

The significant impact means that there is the participation right on decision-making of the financial and business policies for an enterprise, but can't control or jointly control the setup of these policies together with other parties. When the Company directly or indirectly owns more than 20% (including 20%) and less than 50% of voting right shares from the invested party through the subsidiaries, the significant influence shall be recognized for the invested party unless there are clear evidences that the Company can't participate in the production and management decision of the invested party in such situation, and there is no significant influence. If the Company only has less than 20% (excluding 20%) of voting right shares from the invested party, the significant influence generally shall not be recognized for the invested party unless there are clear evidences that the Company can participate in the production and management decision of the invested party in such situation, and there is significant influence.

(4) The Impairment Test Method and the Impairment Provision Withdrawing Method

For the investments of the subsidiaries, the associated enterprises and the joint ventures, the Company has the withdrawing method of the assets impairment stipulated in Notes II. 25.

For the long-term equity investment held by the company but the Company has no joint control or significant influence on the invested entity, has no quotation in the active market, and the fair value can't be reliably measured, the Company has the withdrawing method of the assets impairment stipulated in Notes II. 9 (6).

**13. Investment Property**

The investment property is defined as the real estate held for earning rent, or gaining capital or both. The investment property of the Company includes the land use rights that rented out, the land use rights that held and ready to transfer after the capital appreciation, and the buildings that rented out.

The investment property of the Company shall be made the initial measurement as per the cost when acquiring, and made the withdrawing of depreciation or amortization on schedule according to the relevant provisions of the fixed assets or the intangible assets.

The investment property at the subsequent measurement adopting the cost model shall be withdrawn by the assets impairment method that stipulated in Notes II. 25.

**14. Fixed Assets**

(1) The Recognition Requirement of Fixed Assets

The fixed assets of the Company refer to the tangible assets held for goods production, services offering, renting or operating management, with service life of more than a fiscal year.

The economic benefits relevant to the fixed assets maybe flow into the enterprise, and the fixed assets only can be recognized when the cost of the fixed assets can be reliably measured.

The fixed assets of the Company shall be measured initially according to the actual cost when acquiring.

(2) The Depreciation Method of all Fixed Assets

The Company shall make withdrawing of the depreciation with the year average method. The depreciation shall be withdrawn for the fixed assets when the expected usable status reached, and the depreciation shall be stopped withdrawing when terminating recognition or dividing into the non-current assets held for sale. Take no account of the impairment provision, the yearly depreciation of all kinds of assets shall be recognized by the Company as follows according to the fixed asset classes, the expected service life and the estimated residual value.

| The fixed asset classes | Depreciation life | Residuals rate（%） | Yearly depreciation rate（%） |
|---|---|---|---|
| Buildings | 15-30 | 3-5 | 6.47-3.17 |
| Machinery equipment | 5-8 | 3-5 | 19.40-11.88 |
| Transportation | 8-10 | 3-5 | 12.13-9.5 |
| Electronic equipment | 5 | 5 | 19.00 |
| Others | 5-10 | 3-5 | 19.40-9.5 |

Where, the accumulative amounts of the withdrawn impairment provision of the fixed asset should be deducted from the withdrawn fixed assets of the impairment provision, and then the depreciation rate shall be calculated and recognized.

(3) The impairment test method and the withdrawing method of impairment provision of the fixed assets stipulated in Notes II. 25.

(4) The Recognition Basis and Pricing Method of the Fixed Assets under Financial leasing

The fixed assets under the financial leasing can be withdrew the depreciation when the leasing assets are in the service life if the ownership of leasing assets can be reasonably recognized to acquire at the expiration of lease term. If the ownership of leasing assets cannot be reasonably recognized to acquire at the expiration of lease term, the depreciation shall be withdrawn in the shorter period between the lease term and the service life of leasing assets.

(5) The Company shall review the service life, the expected net residual value and the depreciation method of the fixed assets at the end of year.

If there is difference between the service life number and the original estimated number, the service life of the fixed asset shall be adjusted. If the estimated net residual value number is different from the original estimated number, the estimated net residual value shall be adjusted.

(6) The Overhaul Cost

When the Company makes the regular checking for the fixed assets and the overhaul costs occur, there is clear evidence showing that the recognition requirement of the fixed assets is met, which shall be recorded into the costs of the fixed assets. If not met, recorded into the current profits and losses. The depreciation shall still be withdrawn for the fixed assets overhauled periodically in the interval period.

**15. Project under Construction**

The cost of the project under construction of the Company shall be recognized as per the actual engineering expense, including all the necessary engineering expense occurred in the construction period, the capitalized borrowing costs before the engineering reaching the expected usable condition, and other relevant expenses.

The project under construction shall be transferred into the fixed assets when the expected usable condition is reached.

**16. Borrowing Costs**

(1) The Recognition Principle of Borrowing Costs Capitalization

The borrowing costs occurred in the Company shall be capitalized if they are arisen from construction or manufacture of the assets that fulfill the capitalization conditions, and other borrowing costs shall be included into the current profits and losses if the borrowing costs are recognized as the expenses according to the incurred amounts when occurring. The borrowing costs shall be capitalized if the following requirements are simultaneously satisfied.

① The assets expenses have occurred, which include the cash payment, the transfer of non-cash assets or the expenses occurred in the form of interest-bearing debt undertaken for the construction or production of the assets eligible for capitalization.

② The borrowing costs have occurred.

③ The necessary construction or production activities have been ready for the estimated serviceable or merchantable assets.

(2) The Capitalization Period of Borrowing Costs

① The borrowing costs shall start the capitalization if simultaneously meet the following requirements. The assets expenses include the cash payment, the transfer of non-cash assets or the expenses occurred in the form of interest-bearing debt undertaken for the purchase and construction of the fixed assets if the assets expenses have occurred. The necessary purchase and construction activities have ready for the intended use or sale of the assets if the borrowing costs have occurred.

② The Suspension of Capitalization

If the construction or production of the assets eligible for capitalization is interrupted abnormally and the interruption interval is consecutively beyond 3-month, the capitalization of borrowing costs shall be suspended. The borrowing costs occurred in the interruption interval shall be recognized as the current expenses until the construction or production activities of the assets restarted.

③ The Termination of Capitalization

When the construction or production of the assets eligible for capitalization is ready for the intended use or sale, the capitalization of borrowing costs shall be terminated.

**17. Intangible Assets**

The intangible assets of the Company shall conduct the initial measurement as per the cost and the service life shall be analyzed and judged in the acquisition of the intangible assets. If the service life is limited, the intangible assets shall be amortized within the expected service life by use of the amortization method of the expected implementation way reflecting the economic benefits relevant to the assets when the intangible assets are available for use. If the expected implementation way is unable to be reliably recognized, the line method is adopted for the amortization. The intangible assets with the uncertain service life shall not be amortized.

The Company shall review the service life and the amortization method of the intangible assets with the limited service life at the end of year. If different from the previous estimated one, the original estimated number shall be adjusted and the treatment shall be conducted as per the accounting estimate changes.

If some intangible assets are estimated to unable to bring the economic benefits for the Company in the future at the end of period, the book value of the intangible assets shall be fully transferred into the current profits and losses.

The impairment method of the assets withdrawn for the intangible assets is stipulated in Notes II. 25.

**18. Research and Development Expenditure**

The Company divides the expenditure of the internal research and development projects into the research expense and the development expense.

The research expense shall be recorded into the current profits and losses when occurring.

The development expense can be capitalized if the following requirements are simultaneously met. Namely, the intangible assets should be finished and ready for use and sale, and have the feasibility in the technique; the intangible assets should be completed and invented to use or sell; the way to produce the economic benefits from the intangible assets includes the evidence that proves the products generated by the intangible assets have the market or the intangible assets themselves have the market, and the usefulness if the intangible assets are used internally; there are sufficient technology, financial resources and other resource support to complete the development of the intangible assets and able to use or sell the intangible assets; the development expense belong to the intangible assets can be reliably measured. The development expense that doesn't meet above requirements shall be recorded into the current profits and losses.

The relevant projects of the Company shall enter into the development stage if they have met above requirements, passed the study of technical feasibility and economic feasibility, and approved and initiated projects.

**19. Long-term Unamortized Expenses**

(1) The Accounting Contents

The long-term unamortized expenses mainly calculate the rental expenses of assets of operating lease and the subsequent improvement expenses of operating lease assets.

(2) The Amortization Method and Life

The long-term unamortized expenses shall be entered into an account as per the actual amount, and averagely amortized by the line method in the benefit period or the term stipulated in the contract. If the projects of the long-term unamortized expenses can't benefit for the accounting period in the future, the amortized value of the unamortized projects shall be fully recorded into the current profits and losses.

**20. The Accrued Liabilities**

If the obligation relevant to the contingencies simultaneously meets the following requirements, the Company shall recognize it as the estimated liabilities.

① The obligation is the current obligation undertaken by the Company.

② The implementation of the obligation is likely to result in the outflow of economic benefit from the Company.

③ The amount of the obligation can be reliably measured.

If all or part accrued amounts paid for the recognized accrued liabilities are compensated by the third party or other parties, the amount of compensation shall be recognized as an individual asset only when they are virtually received. The recognized compensation amount shall not exceed the book value of the recognized liabilities.

**21. Income**

(1) The Sale of Goods

The sale of goods should simultaneously meet to transfer the key risks and rewards at the ownership of the goods to the buyers; the Company either no longer reserves the continual management right usually relevant to the own ship, or implements the effective control on the sold goods; the income amount can be reliably measured; the relevant economic benefits maybe outflow; the achievement of the sale goods incomes is confirmed when the relevant costs that have happened or will happen can be reliably measured.

(2) The Services Offering

The Company shall recognize the income by the completion percentage method at the end of period if the transaction result of services offering can be reliably estimated.

(3) The Use Right of Assets Transferring

The income of transferring the right to use assets shall be recognized when the use right of assets transferring simultaneously meets that the relevant economic benefits are likely to outflow and the income amount can be reliably measured. The interest income shall be calculated and confirmed according to the time and the effective interest rate of the enterprise's monetary capital used by others. The royalty revenue shall be calculated and determined as per the chargeable time and method stipulated in the relevant contract or agreement.

**22. Government Subsidies**

(1) The Government Grant Types

The government grant is that the company acquires the government's monetary or non-monetary assets at free of charge, excluding the capital invested by the government as the enterprise's owner.

The government grant includes that relevant to assets and earnings.

(2) The Government Grant Measurement

① The government grant shall be measured as per the received or receivable amount if it is the monetary asset. If the government grants are the non-monetary asset, it shall be measured at the fair value, and it shall be measured at the nominal amount if the fair value can't be reliably gained.

② The government grant relevant to the asset should be recognized as the deferred income, made the equal distribution within the service life of the relevant asset and recorded into the current profits and losses. However, the government grant at the measurement of the nominal amount shall be directly recorded into the current profits and losses.

③ The government grant relevant to the earnings should be handled respectively as per the following requirements.

A. If the government grant is to compensate the relevant expenses or losses of the company in the future period, it shall be recognized as the deferred income and recorded into the current profits and losses during the period of the recognition of the relevant expenses.

B. If the government grant is to compensate the relevant expenses or losses that have happened, it shall be directly recorded into the current profits and losses.

**23. The Deferred Tax Assets /The Deferred Tax Liabilities**

The income tax of the Company shall be calculated by use of the debt method on balance sheet.

The income taxes include all types of domestic and overseas tax amounts based on the amounts of taxable incomes of the Company.

When acquiring the assets and undertaking the liabilities, the Company shall determine the tax basis of the relevant assets and liabilities according to the provisions of National Tax Law. If the book value of assets is more than the tax basis or the book value of the liabilities is less than the tax basis, the differences shall be as the taxable temporary differences. If the book value of assets is below the tax basis or the book value of the liabilities is beyond the tax basis, the differences shall be as the deductable temporary differences.

The Company shall recognize all the deferred income tax liabilities produced by the taxable temporary differences, except for the following deferred income tax liabilities produced in the transaction.

(1) The Initial Recognition of Goodwill

(2) The initial recognition of assets or liabilities produced simultaneously in the following transactions

① The transaction is not the business merger.

②The deferred income tax liabilities neither influence the accounting profit nor impact the taxable income (or the deductible losses) in the occurrence of the transaction.

If the Company can control the return time of taxable temporary differences relevant to the investment of the subsidiaries, the associated enterprises and the joint ventures, and the taxable temporary differences are unlikely to return back in the foreseeable future, the Company shall recognize the produced deferred income tax liabilities.

On the basis of the taxable income that likely acquired to deduct the deductible temporary differences, the Company shall recognize the deferred income tax assets from the deductible temporary differences, but do not recognize that produced due to the initial recognition of assets or liabilities in the transactions simultaneously with the following features.

(1) The transaction is not the business merger.

(2) The deferred income tax assets neither influence the accounting profit nor impact the taxable income (or the deductible losses) in the occurrence of the transaction.

If there are sufficient evidences showing that the enough taxable income likely acquired can deduct the deductible temporary difference in the future on the balance sheet date, the Company shall the unidentified deferred tax assets in the previous period.

If the deductable temporary differences relevant to the investment of the subsidiaries, the associated enterprises and the joint ventures are likely to return back in the foreseeable future, and the taxable income to deduct the deductable temporary differences likely acquired in the future, the Company shall recognize the deferred income tax assets relevant to the differences.

On the balance sheet date, the Company shall calculate the current income tax liabilities (or assets) formed in current and previous period based on the expected payable (or returnable) income tax amount measured as per the provisions of Tax Law.

If the applicable tax rate changes, the Company shall recalculate the recognized deferred tax assets and liabilities. Moreover, the Company shall record the influence number produced in the tax rate changes into the current income tax expense, except for the deferred tax assets and liabilities directly produced in the transactions or items confirmed in the owner’s equity.

On every balance sheet date, the Company shall review the book value of the deferred tax assets. If the sufficient taxable income to deduct the deferred tax assets benefits is unlikely to be acquired in the future, the book value of the deferred tax assets shall be written down. The write-down amount shall be returned back if the sufficient taxable income is likely to be acquired.

The Company shall record the current income tax and the deferred income tax into the income tax expense or income, except for the business merger and the transactions or items directly confirmed in the shareholders' equity.

**24. Operating Lease and Finance Lease**

The Company shall recognize the lease that all risks and rewards relevant to the asset ownership are transferred in essence as the finance lease, and other leases other than the finance lease are recognized as the operating lease.

On the commencement date of lease term, the Company shall regard the lower one between the fair value of leasing asset and the current value of minimum lease payment on the lease commencement date as the book value of the leasing asset, the minimum lease payment as the book value of long-term payables, and the difference as the unrecognized finance fees.

The rent of the operating lease shall be recorded into the relevant asset costs or the current profits and losses as per the line method in every period within the lease term.

**25. Assets Impairment**

The Company shall recognize the assets impairment on the long-term equity investment of subsidiaries, associated enterprises and joint ventures, the investment property subsequently measured by the cost model, fixed assets, productive biological assets, intangible assets, goodwill, equity of the proved oil and gas mine, wells and the relevant facilities (except for the inventory, the investment property at the measurement of fair value model, the deferred income tax assets and the financial assets), as per the following treatments.

The Company shall make the judgment of the assets whether there exists the possible impairment on the balance sheet date. If there exists the impairment, the Company shall estimate the recoverable amount and make the impairment test. The goodwill from the business merger, the intangible assets with uncertain service life and the intangible assets with unusable situation should be made the impairment test every year whether there exists the impairment.

The recoverable amount shall be determined according to the higher one between the net amount of fair value of assets minus treatment cost and the current value of the expected future cash flow generated from the assets. The Company shall estimate the recoverable amount based on the single asset. If the recoverable amount of the single asset is hard to estimate, the Company shall recognize the recoverable amount of asset group on the basis of the subordinate asset group. In addition, the recognition of asset group should be based on whether the main cash inflow from the asset group is independent from the cash inflow of other assets or asset group. When the recoverable amount of assets or asset group is less than the book value, the Company shall write the book value down to the recoverable amount, the write-down amount shall be recorded into the current profits and losses, and the corresponding asset impairment provision should be withdrawn.

In terms of the goodwill impairment test, the book value of goodwill from the business merger shall be distributed to the relevant asset group from the purchase date according to the reasonable method. Otherwise, the book value shall be distributed to the relevant asset group portfolio if it is difficult to distribute to the relevant asset group. The relevant asset group and asset group portfolio are those benefited from the synergistic effect of business merger, and not more than the reporting portion confirmed by the Company.

When conducting the impairment test and if there exists the impairment for the asset group or the asset group portfolio relevant to the goodwill, the Company shall firstly conduct the impairment test for the asset group or the asset group portfolio without the goodwill, calculate the recoverable amount, and recognize the corresponding impairment losses, and then conduct the impairment test for the asset group or the asset group portfolio with the goodwill, make comparison of the book value and the recoverable amount, and recognize the goodwill impairment losses if the recoverable amount is less than the book value.

The asset impairment loss is no longer returned back in the future accounting period once recognized.

**26. Employment Compensation**

The salary, bonus, allowance, subsidy, welfare, social insurance and housing fund should be determined in the accounting period of service offerings from staffs. For the payroll expires with more than 1 year after the balance sheet date and the discounting amount with significant influence, the current value shall be listed.

**27. Changes in Principal Accounting Policy and Accounting Estimation**

(1) The changes in the accounting policy in the current period

(2) The accounting estimation of the current period has changed.

**28. Correction of Accounting Error in Previous Period**

There are no major correction items of accounting errors in the current period.

**III. The Taxes**

The Company has the following major taxables.

1. Business Income Tax

The business income tax shall be paid on the basis of the taxable income amount according to the proportional tax rate determined by the local competent tax authorities.

2. Business Tax

The business tax shall be paid according to the tax rate of 5% of the real estate development revenues (After deduct the supporting expenses as per the regulation), rents and the building design incomes, 3% of the construction and installation incomes, and 5% of service earnings.

3. Value Added Tax

The sales of the Company’s materials and supplies shall be divided into the general taxpayer and the small-scale taxpayer in terms of the sales revenue, and should be paid as per the tax rate or charge rate respectively. The general taxpayer shall use 17% or 13% of tax rate to calculate the output tax and pay after the current income and the previous offset amount deducted, while the small-scale taxpayer shall use 3% of charge rate to calculate the payment.

4. Urban Construction Tax, Educational Surtax and Flood Control Project Maintenance Cost

The Company shall respectively calculate the payment as per 7%, 3% and 1% of the actual circulation tax paid.

5. Individual Income Tax

The individual income taxes of the Company shall be undertaken by the staffs themselves, and the Company shall withhold and remit taxes for them.

6. Property Tax

The Property tax paid by the Company shall be implemented the valuation taxation and the lease taxation. The valuation taxation is paid on the basis of the provisions of Tax Law according to the balance of 30% loss value deducted once from the original property value, with the tax rate of 1.2%. The lease taxation is paid on the basis of the rental income of the leased property, with the tax rate of 12%.

7. Land VAT

The land VAT of the Company is paid by use of four super-rate progressive tax rate according to the value added acquired from the revenue of property transferring. The value added acquired from the property transferring is the balance of the revenue of property transfer of the Company minus the deducted items amount regulated in Tax Law.

**IV. The Business Merger and the Consolidated Financial Statements**

**1. The Important Subsidiaries**

The subsidiaries are acquired by the way of setup or investment.

| **Full name of subsidiary** | **Subsidiary Type** | **Registration Place** | **Business Nature** | **Registered Capital (RMB'0000)** | **Business Scope** |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| Tianjin T&B Holdings Co., Ltd. | Domestic Non-financial Subsidiary | Tianjin Airport | Investment | 365,100 | The solely-invested, joint and cooperative enterprise; the land development within the free trade zone; the international trade, etc. |
| Tianjin Port FTZ Investment Co., Ltd. | Domestic Non-financial Subsidiary | Tianjin Airport | Investment | 640,000 | Use own funding to invest in high-tech industry and infrastructure; the enterprise investment management consulting, etc. |
| Tianjin T&B Finance Co., Ltd. | Domestic Financial Subsidiary | Tianjin Airport | Finance | 100,000 | The main business activities are to absorb the deposits from member units and make loans to member units. |
| Tianjin T&B Jiashun Investment Co., Ltd. | Domestic Non-financial Subsidiary | Binhai New District | Investment | 10,000 | Use the own funds to invest in property industry, infrastructure and commercial facilities construction; the distribution sales of commercial housing, etc. |
| Tianjin T&B Jiaye Investment Co., Ltd. | Domestic Non-financial Subsidiary | Binhai New District | Investment | 111,600 | Use the own funds to invest in property industry, infrastructure and commercial facilities construction; the real estate development and management, etc. |
| Tianjin T&B Jiayuan Investment Co., Ltd. | Domestic Non-financial Subsidiary | Binhai New District | Investment | 3,000 | Use the own funds to invest in property industry, infrastructure and commercial facilities construction; the real estate development and the distribution sales of commercial housing, etc. |
| Tianjin T&B Micro-Credit Co., Ltd. | Domestic Financial Subsidiary | Binhai New District | Finance | 100,000 | All kinds of micro-credits, bills discounting, loan transfers, consulting business relevant to micro-credit, settlement under loans and other business approved by supervision department. |

| | | | | | |
|---|---|---|---|---|---|
| Tianjin T&B Leasing Co., Ltd. | Domestic Non-financial Subsidiary | Tianjin Airport | Leasing | 100,000 | The public facilities, housing, infrastructure, various advanced or applicable production equipment, communications equipment, research equipment, testing instrument, engineering machinery, transportation means, etc. |
| Tianjin T&B Financial Management Co., Ltd. | Domestic Non-financial Subsidiary | Tianjin Airport | Agency | 2,000 | The bookkeeping agency, enterprise management consulting, enterprise tax consulting and financial advisory service. |

Continued

| **Full name of subsidiary** | **Final actual amount (RMB'0000)** | **Shareholding Proportion (%)** | **Proportion of voting right (%)** | **Statements consolidated or not** | **Minority interest** |
|---|---|---|---|---|---|
| Tianjin T&B Holdings Co., Ltd. | 365,100 | 100 | 100 | Yes | |
| Tianjin Port FTZ Investment Co., Ltd. | 640,000 | 100 | 100 | Yes | |
| Tianjin T&B Finance Co., Ltd. | 100,000 | 100 | 100 | Yes | |
| Tianjin T&B Jiashun Investment Co., Ltd. | 10,000 | 100 | 100 | Yes | |
| Tianjin T&B Jiaye Investment Co., Ltd. | 111,600 | 100 | 100 | Yes | |
| Tianjin T&B Jiayuan Investment Co., Ltd. | 3,000 | 100 | 100 | Yes | |
| Tianjin T&B Micro-Credit Co., Ltd. | 100,000 | 100 | 100 | Yes | |
| Tianjin T&B Leasing Co., Ltd. | 100,000 | 100 | 100 | Yes | |
| Tianjin T&B Financial Management Co., Ltd. | 2,000 | 100 | 100 | Yes | |

**2. Description of Changes in Consolidation Scope**

(1) The subject is no longer included into the consolidation scope in the present period.

The secondary subject: N/A

(2) The subject is newly included into the consolidation scope in the present period.

Tianjin T&B Financial Management Co., Ltd.

Company Introduction: Tianjin T&B Financial Management Co., Ltd., established on June 25, 2013, is a limited liability company set up by Tianjin Free Trade Zone Investment Holding Group Co., Ltd., with the registered capital of RMB20 million. Where, Tianjin Free Trade Zone Investment Holding Group Co., Ltd. has invested RMB20 million, accounting for 100% of the total registered capital. The company has acquired "Legal Enterprise Business License" with the registration number 120116000174316 issued by Tianjin Binhai New District Administrative Bureau for Industry and Commerce on June 25, 2013.

The financial situation and the business performance of Tianjin T&B Financial Management Co., Ltd. are as follows.

| Company name | Net assets at the end of year | Business revenue of this year | Net profits of this year | Net cash flows of business activities of this year |
|---|---|---|---|---|
| Tianjin T&B Financial Management Co., Ltd. | 22,009,589.22 | 5,943,396.06 | 2,009,589.22 | 3,166,260.89 |

Notes: (1) The company indirectly holds 32.65% equity ratio of Tianjin Airport Automobile Park Development Co., Ltd., is the largest shareholder, owns the decision-making power and the control right, and is included into the consolidation scope.

(2) The company indirectly holds 100% of stock right from Tianjin T&B Communal Facility Co., Ltd. and owns 60% of stock right from Tianjin T&B Huari International Logistic Base Co., Ltd... Due to the adjustment of whole business strategy, above two companies have been liquidated after the decision of shareholder meeting, and the finance and the relevant data have been transferred to liquidation team to make management. The liquidation is being made up to the end of the current year, the company has no longer the actual control power, and above companies are not included into this consolidation scope.

## V. The Notes of Financial Statements

### 1. Monetary Fund

| Items | Closing Balance | Opening Balance |
|---|---|---|
| Cash | 268,418.34 | 876,913.21 |
| Deposit in Bank | 8,774,569,115.84 | 9,888,690,350.99 |
| Other Monetary Funds | 947,667,473.76 | 227,792,689.27 |
| **Total** | **9,722,505,007.94** | **10,117,359,953.47** |

Notes: The restricted deposit amount in the monetary capital is RMB 497,973,890.10 stipulated in Notes V. 20 Restricted Ownership Assets.

**2. Trading Financial Assets**

| Items | Closing balance | Opening balance |
|---|---|---|
| The financial assets specified at the measurement of fair value and the changes recorded into the current profits and losses | 498,840,000.00 | 68,000,000.00 |
| **Total** | **498,840,000.00** | **68,000,000.00** |

**3. Bill Receivable**

| Bill Type | Balance at the end of year | Balance at the beginning of year |
|---|---|---|
| Bank Acceptance Bill | 1,553,349.90 | 3,200,000.00 |
| Commercial Paper | 6,443,497.00 | 2,400,000.00 |
| Total | **7,996,846.90** | **5,600,000.00** |

Notes 1: The bill receivable without the pledge is up to December 31, 2013.

Notes 2: There are no bills of accounts receivable transferred from the bills due to drawer not able to implement in the current period.

**4. Accounts Receivable**

(1) The accounts receivable are listed as follows as per the aging analysis.

| Account Aging | Balance at the end of year | | |
|---|---|---|---|
| | Amount | Proportion % | Bad-debt Provision |
| Within 1 year | 859,282,060.52 | 83.18 | 99,488.18 |
| 1-2 years | 81,538,264.26 | 7.89 | 7,175,661.30 |
| 2-3 years | 5,870.00 | 0.00 | |
| Over 3 years | 92,241,579.09 | 8.93 | 1,220,370.57 |
| **Total** | **1,033,067,773.87** | **100.00** | **8,495,520.05** |

Continued

| Account Aging | Balance at the beginning of year | | |
|---|---|---|---|
| | Amount | Proportion % | Bad-debt Provision |
| Within 1 year | 675,042,544.97 | 81.57 | 29,195.46 |
| 1-2 years | 21,716,020.87 | 2.62 | |
| 2-3 years | 17,815,321.54 | 2.15 | 1,050,000.00 |
| Over 3 years | 113,018,546.78 | 13.66 | 1,220,370.57 |
| **Total** | **827,592,434.16** | **100.00** | **2,299,566.03** |

(2) The shareholder without holding above 5% (5% included) of voting power shares in the receivables, has the debts at the end of the report period.

(3) The key units of the accounts receivable are introduced in the following.

| Entity Name | The relationship with the Company | Closing balance | Account Aging | Proportion of total receivables (%) |
|---|---|---|---|---|
| Tianjin Jinpeng Investment Co., Ltd. | Customer | 116,366,107.46 | Over 3 years | 11.26 |
| Tangshan Fengrun Gangsheng Trading Co., Ltd. | Customer | 100,957,127.48 | Within 1 year | 9.77 |
| Tianjin Wu'an Steel Logistics Co., Ltd. | Customer | 77,748,019.99 | Within 1 year | 7.53 |
| Finance Bureau in Free Trade Zone | The third party | 70,844,553.00 | Within 1 year | 6.86 |
| Dongruan Group (Tianjin) Co., Ltd. | The third party | 38,776,924.00 | 1-2 years | 3.75 |
| **Total** | | **404,692,731.93** | | **39.17** |

5. **Prepayment**

(1) The prepayment is listed by the account aging.

| Account Aging | Balance at the end of year | | |
|---|---|---|---|
| | Amount | Proportion % | Bad-debt Provision |
| Within 1 year | 838,869,874.80 | 85.54 | |
| 1-2 years | 19,137,907.51 | 1.95 | |
| 2-3 years | 10,016,740.20 | 1.02 | |
| Over 3 years | 112,598,762.29 | 11.48 | |
| **Total** | **980,623,284.80** | **100.00** | |

Continued

| Account Aging | Balance at the beginning of year | | |
|---|---|---|---|
| | Amount | Proportion % | Bad-debt Provision |
| Within 1 year | 1,014,307,550.94 | 87.12 | |
| 1-2 years | 36,022,090.96 | 3.09 | |
| 2-3 years | 1,985,291.53 | 0.17 | |
| Over 3 years | 111,943,928.86 | 9.62 | |
| **Total** | **1,164,258,862.29** | **100.00** | |

(2) The top five companies of prepayment amounts are as follows on December 31, 2013.

| Company Name | The relationship with the Company | Closing balance | Account Aging | Proportion Accounting for Total Prepayment (%) |
|---|---|---|---|---|
| Tianjin Vanke Airport Real Estate Co., Ltd. | The third party | 139,512,979.34 | Within1 year | 14.23 |
| Xinjiang Liugou Red Tomato Products Co., Ltd. | Customer | 104,795,108.83 | Within1 year | 10.69 |
| Tianjin Haijin Xingnong Trading Co., Ltd. | Customer | 71,420,000.00 | Within1 year | 7.28 |
| Hebei Tianye Economic Trade Co., Ltd. | Customer | 71,255,600.00 | Within1 year | 7.27 |
| Tangshan Great Wall Iron and Steel Group – Yanshan Steel Co., Ltd. | Customer | 64,843,525.16 | Within1 year | 6.61 |
| **Total** | | **451,827,213.33** | | 46.08 |

(3) The shareholder units without holding more than 5% (5% included) voting right shares of the company shall make payment in advance at the end of current report period.

**6. Interest Receivable**

| Account Aging | Closing balance | Opening balance |
|---|---|---|
| Within 1 year | 11,864,089.65 | 55,472,617.58 |
| 1-2 years | | |
| 2-3 years | | |
| Over 3 years | | |
| **Total** | **11,864,089.65** | **55,472,617.58** |

**7. Other Receivables**

(1) The other receivables are listed as follows as per the aging analysis.

| Account Aging | Balance at the end of year | | |
|---|---|---|---|
| | Amount | Proportion % | Bad-debt Provision |
| Within 1 year | 5,327,599,029.30 | 63.43 | 335,540.07 |
| 1-2 years | 1,051,530,057.06 | 12.52 | 19,983.77 |
| 2-3 years | 541,465,539.98 | 6.45 | 2,737.71 |
| Over 3 years | 1,478,534,043.35 | 17.60 | 56,376,357.85 |
| **Total** | **8,399,128,669.69** | **100.00** | **56,734,619.40** |

Continued

| Account Aging | Balance at the beginning of year | | |
|---|---|---|---|
| | Amount | Proportion % | Bad-debt Provision |
| Within 1 year | 3,071,567,143.24 | 47.94 | 273,610.49 |
| 1-2 years | 1,404,068,493.69 | 21.91 | 872.57 |
| 2-3 years | 90,586,094.78 | 1.41 | 131,591.04 |
| Over 3 years | 1,840,677,167.05 | 28.74 | 87,189,394.29 |
| **Total** | **6,406,898,898.76** | **100.00** | **87,595,468.39** |

(2) Up to December 31, 2013, larger amounts of the receivables are as the following details.

| Entity Name | Payment Description | The relationship with the Company | Amount | Account Aging | Proportion Accounting for Total Other Receivables (%) |
|---|---|---|---|---|---|
| Finance Bureau in Tianjin Port Free Trade Zone | Subsidy Payments | Non-related Party | 6,435,882,007.91 | Within 1 year and over 1 year | 76.63 |
| Preparatory Office of Airport International Hospital of Tianjin Medical University | Loans borrowed from unit | Non-related Party | 778,021,507.00 | Within 1 year | 9.26 |
| Construction Service Head Company in Tianjin Port Free Trade Zone | Operation Funds | Non-related Party | 404,109,295.21 | Over 3 years | 4.81 |
| Financial Management Center of Tianjin Binhai New District | Operation Funds | Non-related Party | 200,000,000.00 | Over 3 years | 2.38 |
| Local Tax Bureau in Tianjin Port Free Trade Zone | Advance Payment | Non-related Party | 98,480,000.10 | Within 1 year | 1.17 |
| Total | | | 7,916,492,810.22 | | 94.25 |

(3) The shareholders without holding more than 5% (5% included) voting right shares of the company in other receivables shall have debts at the end of current report period.

(4) The increase or decrease more than 20% in current subject compared to the beginning of the period: subsidy receivables increase.

## 8. Inventory and Inventory Falling Price Reserves

(1) The Inventory and Provision for inventory Reserves Balance

| Items | Balance at the end of year | | |
|---|---|---|---|
| | Original Book Value | Falling Price Reserves | Net Book Value |
| Development Cost | 7,899,166,519.87 | | 7,899,166,519.87 |
| Indirect Development Expense | 188,377,642.34 | | 188,377,642.34 |
| Development Product | 4,870,039,434.52 | | 4,870,039,434.52 |
| Inventory Goods | 244,969,959.70 | | 244,969,959.70 |
| Low-value Consumption Goods | 16,642,687.25 | | 16,642,687.25 |
| Inventory Material | 13,210,858.54 | | 13,210,858.54 |
| Unfinished Product | | | |
| Engineering Construction | 5,044,139.07 | | 5,044,139.07 |
| **Total** | **13,237,451,241.29** | | **13,237,451,241.29** |

Continued

| Items | Balance at the beginning of year | | |
|---|---|---|---|
| | Original Book Value | Falling Price Reserves | Net Book Value |
| Inventory Material | 11,040,872.32 | | 11,040,872.32 |
| Inventory Goods | 156,138,145.81 | | 156,138,145.81 |
| Low-value Consumption Goods | 16,495,640.20 | | 16,495,640.20 |
| Unfinished Product | 15,665,414.59 | | 15,665,414.59 |
| Development Product | 5,287,069,119.01 | | 5,287,069,119.01 |
| Development Cost | 7,339,314,695.55 | | 7,339,314,695.55 |
| Indirect Development Expense | 221,929,305.67 | | 221,929,305.67 |
| Engineering Construction | 3,804,696.66 | | 3,804,696.66 |
| Revolving Material | 1,053,746.87 | | 1,053,746.87 |
| **Total** | **13,052,511,636.68** | | **13,052,511,636.68** |

(2) The development cost used for mortgage on December 31, 2013

| Items | Ownership Certificate No. | Mortgage Term |
|---|---|---|
| Jinhai'an D06 Project | Origin Certificate JinZi No. 114051300002 | From June 3, 2013 to June 2, 2016 |
| Jinhai'an D07 Project | Origin Certificate JinZi No. 114051300003 | From June 3, 2013 to June 2, 2016 |
| Project under Construction 11, 13, 15 in B01 Project | Property Ownership Certificate for Project under Construction | From June 3, 2013 to June 2, 2016 |

(3) The development costs and the earnings right relevant to "8 Square Kilometers", "4 Square Kilometers" and "2 Square Kilometers" from Tianjin T&B Real Estate Co., Ltd., the wholly-owned subsidiary of the Company, are used for the mortgage collateral of loan contract with RMB4.5 billion from Tianjin Dongli Sub-branch of Agricultural Development Bank of China for the Company, and the borrowing term is from June 27, 2013 to June 26, 2017.

**9. Making Loans and Advance**

(1) The loans made to be listed as per the category

| Category | Balance at the end of year | | Balance at the beginning of year | |
|---|---|---|---|---|
| | Book balance | Loan Loss Reserves | Book balance | Loan Loss Reserves |
| Loans offering | 1,136,832,386.65 | 68,094,971.60 | 542,160,000.00 | 16,714,800.00 |
| **Subtotal** | 1,136,832,386.65 | 68,094,971.60 | 542,160,000.00 | 16,714,800.00 |
| Book Value | 1,068,737,415.05 | | 525,445,200.00 | |

(2) The larger balance of loans offering is as the following details up to December 31, 2013.

| Entity Name | Amount | Loan Term | Remark |
|---|---|---|---|
| Tianjin Municipal Construction Development Co., Ltd. | 50,000,000.00 | 6-12 months (included) | Guarantee |
| Tianjin Songjiang Group Co., Ltd. | 50,000,000.00 | 6-12 months (included) | Guarantee |
| Tianjin Songjiang Tuanpo Investment Development Co., Ltd. | 50,000,000.00 | 6-12 months (included) | Guarantee |
| Tianjin Jintaicheng Investment Co., Ltd. | 50,000,000.00 | 6-12 months (included) | Guarantee |
| Tianjin Ruantong Xutian Technology Development Co., Ltd. | 49,000,000.00 | 6-12 months (included) | Collateral |

(3) The shareholders without holding more than 5% (5% included) voting right shares of the company in loans offering and advance making shall have payment at the end of current report period.

**10. Financial assets available for sale**

(1) Introduction of Financial Assets Available for Sale

| Items | Closing balance | Opening balance |
|---|---|---|
| 1. Available-for-Sale Stock Investment | 368,066,480.26 | 305,658,414.50 |
| 2. Others | | |
| Total | 368,066,480.26 | 305,658,414.50 |

(2) Detail of Financial Assets Available for Sale

| Items | Closing balance |
|---|---|
| Tianjin Pulin Circuit Co., Ltd. | 11,631,596.76 |
| Tianjin Bohai Leasing Co., Ltd. | 356,434,883.50 |

**11. Held-to-maturity Investment**

(1) The Entrusted Loans

| Items | Balance at the end of year | Balance at the beginning of year |
|---|---|---|
| Tianjin Tianfang Investment Holdings Co., Ltd. | | 127,000,000.00 |
| Tianjin Dongfang Guorun Investment Co., Ltd. | | 300,000,000.00 |
| China North Power Group Co., Ltd. | | |
| Tianjin Dongli District Land Consolidation Center | 350,000,000.00 | 280,000,000.00 |
| Land Development Merchant in Tianjin Port Free Trade Zone | 1,240,000,000.00 | 840,000,000.00 |
| Tianjin T&B International Hotel Co., Ltd. | 15,162,980.12 | |
| Tianjin T&B Baiheng Investment Co. Ltd. | 8,500,000.00 | |
| Tianjin New Yansha Outlets Business Co., Ltd. | 40,000,000.00 | |
| Tianjin Airport Economic Zone Water Co., Ltd. | 35,000,000.00 | |
| Tianjin Aviation Industry Development Co., Ltd. | 21,500,000.00 | |
| Small Debt of Minsheng Bank | 902,847,000.00 | |
| Total | **2,613,009,980.12** | **1,547,000,000.00** |

(2) The details of long-term bond investments are as follows.

| Detail of Invested Entity | Term | Interest Rate | Amount | Remark |
|---|---|---|---|---|
| BOC International (China) Limited | 2009.11.20-2014.11.20 | 5.40% | 99,900,000.00 | |
| BOC International (China) Limited | 2014.11.20-2019.11.20 | 8.40% | | |
| Bank of Tianjin | 2009.11.20-2014.11.20 | 5.40% | 99,900,000.00 | |
| Bank of Tianjin | 2014.11.20-2019.11.20 | 8.40% | | |
| **Total** | | | **199,800,000.00** | |

(3) Entrusted Financial Products

| Detail of Invested Entity | Term | Interest Rate | Amount | Remark |
|---|---|---|---|---|
| Bank of China | 1 month | 4.30% | 550,000,000.00 | |
| Agricultural Bank of China. Free Trade Branch | 1 month | 5.60% | 350,000,000.00 | |
| Bank of Communications of China .Airport Branch | 1 month | 5.10% | 350,000,000.00 | |
| China Zheshang Bank. Tianjin Branch | 1 month | 5.80% | 80,000,000.00 | |
| Ping'an Bank .Tianjin Airport Sub-branch | 3-month | 4.80% | 100,000,000.00 | |
| China CITIC Bank .Free Trade Zone Sub-branch | 3-month | 4.50% | 400,000,000.00 | |
| Ping'an Bank | Continuous Operation | The financial return rate on the previous transaction date published on every transaction date in Ping'an Bank Website | 190,000,000.00 | The financial products of Tiantianli Baoben RMB Company of Ping'an Bank |

| | | | | |
|---|---|---|---|---|
| Shanghai Pudong Development Bank.Puji Sub-branch | 2014.01.24 | 3.70% | 180,000,000.00 | Structural Deposits |
| Bank of China .Tianjin Ronghe Plaza | 2014.01.10 | 4.46% | 70,000,000.00 | RMB opens on the schedule T+1 |
| Jizhitong Financial Plan of Bank of China | December 27, 2013 to January 28, 2014 | | 20,000,000.00 | Jizhitong Financial Plan of Bank of China |
| Total | | | 2,290,000,000.00 | |

(4) The Trust Products

| **Items** | **Tenor** | **Expected Annual Return Rate** | **Amount** |
|---|---|---|---|
| Assembled Funds Trust Loan Project of Hongze Huaxin Company | 2012/12/12-2014/12/12 | 11.50% | 50,000,000.00 |
| No.2 Assembled Funds Trust Transfer of Receivables of Wanda Store | 2012/12/11-2014/12/11 | 10.00% | 50,000,000.00 |
| Tianjin Trust Co., Ltd. | 2013/12/19-2014/06/19 | 8.00% | 200,000,000.00 |
| Tianjin Trust Co., Ltd. | 2013/08/16-2014/08/16 | 9.00% | 100,000,000.00 |
| Northern International Trust Co., Ltd. | 3-years | 7.50% | 350,000,000.00 |
| Northern International Trust Co., Ltd. | 2-years | 7.50% | 500,000,000.00 |
| Northern International Trust Co., Ltd. | 2-years | 7.50% | 150,000,000.00 |
| No.3 Collective fund Transfer of Receivables Claim Constructed in Chentang | 2013.4.18-2014.4.18 | 9.60% | 20,000,000.00 |
| **Total** | | | **1,420,000,000.00** |

**12. Long-term Receivables**

| **Items** | **Balance at the end of year** | **Balance at the beginning of year** |
|---|---|---|
| Management Committee of Tianjin Port Free Trade Zone | 1,446,087,428.82 | 2,479,998,528.82 |
| Principal and Lease of financial leasing | 2,181,731,457.86 | 878,927,394.20 |
| **Total** | **3,627,818,886.68** | **3,358,925,923.02** |

On January 3, 2008, Tianjin Port FTZ Investment Co., Ltd. (hereinafter referred to as "Investment Company") that is a wholly-owned subsidiary of Tianjin Free Trade Zone Investment Holding Group Co., Ltd., Free Trade Zone Management Committee and Finance Bureau of Tianjin Port Free Trade Zone have signed "Handover and Reimbursement Agreement of Infrastructure Construction Project in Tianjin Airport Logistics Processing Zone (Phase I)". On the basis of the agreement, the Investment Company shall hand over the total amount of the entrusted and constructed airport logistics processing zone (Phase I) infrastructure construction about RMB5,099,998,528.82 to Free Trade Zone Management Committee up to December 31, 2007, and Free Trade Zone Management Committee shall pay the entrusted construction investment capital by the way of amortization with acceleration year by year. For the guarantee of continuous operation and maintenance of project after handover, and in view of the Investment Company has had good level of operation and maintenance before the project handover, Free Trade Zone Management Committee shall continue to entrust the Investment Company to make operation and maintenance of the project after handover. Meanwhile, Free Trade Zone Management Committee shall pay the financial subsidies of operation and maintenance to the Investment Company with 1% of project investment amount (the amount that handed over this time) every year, and the specific funds transfer shall be implemented by Finance Bureau of Tianjin Port Free Trade Zone.

According to above contents relevant to the agreement, the Investment Company shall shift the infrastructure project balance of RMB5,099,998,528.82 from the entrusted and constructed airport logistics processing zone (Phase I) till December 31, 2007 to the lone-term receivables for business accounting. Based on the reimbursement plan of the entrusted construction and investment, RMB290,000,000.00 are returned by Free Trade Zone Management Committee that received by the Investment Company in 2008, RMB370,000,000.00 are returned by Free Trade Zone Management Committee that received by the Investment Company in 2009, RMB490,000,000 .00 are returned by Free Trade Zone Management Committee that received by the Investment Company in 2010, RMB640,000,000.00 are returned by Free Trade Zone Management Committee that received by the Investment Company in 2011, RMB830,000,000.00 are returned by Free Trade Zone Management Committee that received by the Investment Company in 2012 and RMB1,080,000,000.00 are returned by Free Trade Zone Management Committee that received by the Investment Company in 2013 till December 31, 2013. The long-term receivables balance of the Investment Company is RMB1,399,998,528.82 up to December 31, 2013.

According to the document from Finance Bureau of Tianjin Port Free Trade Zone, the Investment Company shall build Airport Logistics Land Development and Supporting Facilities Project as per the requirement of Management Committee, Airbus A320 Final Assembly Line Project Land Development and the relevant supporting facility construction project, and other non-operation projects construction designated by Tianjin Port Free Trade Zone Management Committee. Due to the projects basically finished in 2013, Finance Bureau is unable to allocate all construction project payment to the Investment Company. Therefore, the borrowings interest and bond interest of construction project payment paid by the Investment Company shall be borne by Finance Bureau of Tianjin Port Free Trade Zone, an the interest amounts withdrawn in this year are RMB759,008,745.69 which are the receivables of Finance Bureau of Tianjin Port Free Trade Zone.

**13. Long-term Equity Investment**

(1) The Project Details of Long-term Equity Investment

| **Category** | **Closing balance** |
|---|---|
| Investment of Subsidiary | 12,388,430.00 |
| Investment in Joint Venture | 9,834,146.49 |
| Investment in Associated Enterprise | 6,127,398,234.38 |
| Other Equity Investment | 2,122,542,541.72 |
| Subtotal | 8,272,163,352.59 |
| Less: Depreciation Reserves of Long-term Equity Investment | 64,228,052.28 |
| **Total** | **8,207,935,300.31** |

(2) The Book Value

| Items | Balance at the end of year | | |
|---|---|---|---|
| | Balance of Long-term Equity Investment | Depreciation Reserves | Net Book Value |
| Cost Method | 2,122,542,541.72 | 61,228,052.28 | 2,061,314,489.44 |
| Equity Method | 6,149,620,810.87 | 3,000,000.00 | 6,146,620,810.87 |
| **Total** | **8,272,163,352.59** | **64,228,052.28** | **8,207,935,300.31** |

Continued:

| Items | Balance at the beginning of year | | |
|---|---|---|---|
| | Balance of Long-term Equity Investment | Depreciation Reserves | Balance of Long-term Equity Investment |
| Cost Method | 1,838,347,087.15 | 60,436,748.82 | 1,777,910,338.33 |
| Equity Method | 5,406,384,029.18 | 5,189,125.69 | 5,401,194,903.49 |
| **Total** | **7,244,731,116.33** | **65,625,874.51** | **7,179,105,241.82** |

(3) The Long-term Equity Investment Calculated by Equity Method (Top 10 units)

| Invested Entity | Investment Cost | Balance at the beginning of year | Increase and Decrease Change | Balance at the end of year |
|---|---|---|---|---|
| Bank of Tianjin | 1,319,784,495.35 | 4,017,059,825.46 | 757,590,509.19 | 4,774,650,334.65 |
| Catic Helicopter Co., Ltd. | 1,100,000,000.00 | 1,130,217,502.77 | -53,046,675.24 | 1,077,170,827.53 |
| Airbus (Tianjin) Jigs and Fixtures Co., Ltd. | 619,687,193.71 | 77,817,307.93 | -5,636,168.68 | 72,181,139.25 |
| Tianjin Binhai Shengshi International Automobile Park Investment Development Co., Ltd. | 80,000,000.00 | 74,163,595.49 | -5,477,673.72 | 68,685,921.77 |
| Tianjin T&B Growth Venture Investment Co., Ltd. | 23,910,900.00 | 23,979,616.72 | 1,422,992.90 | 25,402,609.62 |
| Tianjin Aviation Industry Development Co., Ltd. | 50,000,000.00 | | 47,617,921.54 | 47,617,921.54 |
| Tianjin Airport Second-hand Car Trading Market Co., Ltd. | 16,131,776.31 | 21,420,610.56 | 3,074,773.07 | 24,495,383.63 |
| Tianjin Binhai New District Pioneer Cultural Investment Co., Ltd. | 20,000,000.00 | 18,534,298.64 | 153,616.00 | 18,687,914.64 |
| Tianjin International Logistics Park Co., Ltd. | 11,920,000.00 | 14,972,951.42 | -498,578.03 | 14,474,373.39 |
| Tianjin Zhongyou Jinhai Petroleum Sales Co., Ltd. | 9,800,000.00 | 8,201,738.14 | -1,067,765.37 | 7,133,972.77 |

Continued:

| Invested Entity | Shareholding Proportion (%) | Voting Right Proportion (%) | Depreciation Reserves | Depreciation Reserves Withdrawn in Current Period | Cash Dividend in Current Period |
|---|---|---|---|---|---|
| Bank of Tianjin | 24.17 | 24.17 | | | |
| Catic Helicopter Co., | 20.09 | 20.09 | | | |

| | | | | | |
|---|---|---|---|---|---|
| Ltd. | | | | | |
| Airbus (Tianjin) Jigs and Fixtures Co., Ltd. | 49.00 | 49.00 | | | |
| Tianjin Binhai Shengshi International Automobile Park Investment Development Co., Ltd. | 40.00 | 40.00 | | | |
| Tianjin T&B Growth Venture Investment Co., Ltd. | 20.30 | 20.30 | | | |
| Tianjin Aviation Industry Development Co., Ltd. | 49.00 | 49.00 | | | |
| Tianjin Airport Second-hand Car Trading Market Co., Ltd. | 28.00 | 28.00 | | | |
| Tianjin Binhai New District Pioneer Cultural Investment Co., Ltd. | 20.00 | 20.00 | | | |
| Tianjin International Logistics Park Co., Ltd. | 40.00 | 40.00 | | | |
| Tianjin Zhongyou Jinhai Petroleum Sales Co., Ltd. | 49.00 | 49.00 | | | |

(4) The Long-term Equity Investment Calculated by Cost Method (Top 10 Units)

| Invested Entity Name | Shareholding Proportion at the end of Period (%) | Investment Cost | Balance at the beginning of year | Increase and Decrease Change | Balance at the end of year | Cash Dividend in Current Period |
|---|---|---|---|---|---|---|
| Tianjin Lingang Industrial Zone Construction Development Co., Ltd. | 20.00 | 320,000,000.00 | 320,000,000.00 | | 320,000,000.00 | |
| Tianjin Yanshan Equity Funds Co., Ltd. | 18.83 | 200,000,000.00 | 200,000,000.00 | | 200,000,000.00 | |
| Tianjin Airlines Co., Ltd. | 15.38 | 200,000,000.00 | 200,000,000.00 | | 200,000,000.00 | |
| Tianjin Jinjulian Joint Guaranty Investment Partnership Business | 25.00 | 200,000,000.00 | 100,000,000.00 | 100,000,000.00 | 200,000,000.00 | |
| Tianjin Global Magnetic Card Co., Ltd. | 6.63 | 198,908,572.10 | 198,908,572.10 | | 198,908,572.10 | |
| Tianjin T&B Communal Facility Co., Ltd. | 100.00 | 200,000,000.00 | 192,428,529.13 | | 192,428,529.13 | |
| Everbright Jinkong (Tianjin) Venture Investment Co., Ltd. | 9.17 | 101,000,000.00 | 101,000,000.00 | | 101,000,000.00 | |
| Navigation Building Aviation Industry Equity Investment (Tianjin) Co., Ltd. | 8.30 | 100,000,000.00 | 100,000,000.00 | | 100,000,000.00 | |
| Tianjin Binhai Fast Transit (LRT) Co., Ltd. | 2.37 | 66,750,000.00 | 66,750,000.00 | | 66,750,000.00 | |
| G&K Ruihua Venture Investment | 4.94 | 37,500,000.00 | 37,500,000.00 | 12,500,000.00 | 50,000,000.00 | 14,194,263.38 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Enterprise | | | | | | |

(5) The Impairment Provision of Long-term Equity Investment

| **Invested Entity Name** | **Balance at the beginning of year** | **Withdrawing in Current Period** | **Decrease in Current Period** | **Balance at the end of year** |
|---|---|---|---|---|
| Tianjin T&B Huari International Logistics Base Co., Ltd. | 10,750,111.90 | | | 10,750,111.90 |
| Tianjin Gaoxin Electronics Co., Ltd. | 4,150,000.00 | | | 4,150,000.00 |
| Tianjin Junda Textile Industrial Co., Ltd. | 18,230,000.00 | | | 18,230,000.00 |
| Tianjin Lanchao Technology Co., Ltd. | 1,867,500.00 | | | 1,867,500.00 |
| Zanussi Electromeccanica Tianjin Compressor Co., Ltd. | 25,439,136.92 | | | 25,439,136.92 |
| Tianbao Aihua (Tianjin) Thermal Co., Ltd. | 1,397,822.23 | | 1,397,822.23 | |
| Militzer & Muench Tianbao (Tianjin) International Forwarding Co., Ltd. | 791,303.46 | | | 791,303.46 |
| Tianjin Northern International Chemical Products Market Co., Ltd. | 3,000,000.00 | | | 3,000,000.00 |
| **Total** | **65,625,874.51** | | **1,397,822.23** | **64,228,052.28** |

(6) The Investment in Joint Venture and Associated Enterprise

| **Invested Entity Name** | **Shareholding Proportion (%)** | **Voting Right Proportion of the Enterprise** | **Total Assets at the end of period** | **Total Liabilities at the end of period** | **Total Net Assets at the end of period** | **Total Business Revenues of the period** | **Net Profits of the period** |
|---|---|---|---|---|---|---|---|
| **I. Associated Enterprise** | | | | | | | |
| Where: | | | | | | | |
| Tianjin Airport Second-hand Car Trading Market Co., Ltd. | 28.00 | 28.00 | 320,908,623.36 | 233,426,360.42 | 87,482,262.94 | 41,327,072.50 | 10,981,332.38 |
| Tianjin Binhai Shengshi International Automobile Park Investment Development Co., Ltd. | 40.00 | 40.00 | 1,015,482,324.40 | 836,332,005.83 | 179,150,318.57 | 231,898,525.98 | -12,341,397.63 |
| Tianjin Zhongyou Jinhai Petroleum Sales Co., Ltd. | 49.00 | 49.00 | 14,619,327.96 | 60,199.84 | 14,559,128.12 | 186,358,560.85 | -2,179,112.99 |
| Tianbao Mingmen (Tianjin) International Freight Forwarder Co., Ltd. | 25.00 | 25.00 | 62,219,835.45 | 43,652,093.86 | 18,567,741.68 | 82,180,976.63 | -10,505,884.85 |
| Tianjin International Logistics Park Co., Ltd. | 40.00 | 40.00 | 67,287,418.62 | 23,578,972.83 | 43,708,445.79 | 58,617,874.73 | 3,411,819.56 |
| Tianjin Northern International Chemical Products Market Co., Ltd. | 40.00 | 40.00 | Total Amount of Depreciation Reserves Withdrawing | | | | |
| Tianjin T&B Communal Facility Co., Ltd. | 100.00 | 100.00 | | | | | |
| Tianjin Lingang Industrial Zone Construction Development Co., Ltd. | 20.00 | 20.00 | | | | | |
| Tianjin Binhai New District Pioneer Cultural | 20.00 | 20.00 | 102,124,810.97 | 8,124,194.52 | 94,000,616.45 | 2,134,650.10 | 768,079.98 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Investment Co., Ltd. | | | | | | | |
| Tianjin Zhongyou Jinhai Petroleum Sales Co., Ltd. | 49.00 | 49.00 | 10,503,720.08 | 392,718.17 | 10,111,001.91 | 223,648,090.33 | 3,563,321.08 |
| Bank of Tianjin | 24.17 | 24.17 | 301,625,627,432.24 | 284,940,453,573.81 | 16,685,173,858.43 | 8,053,441,411.42 | 3,413,175,220.61 |
| Catic Helicopter Co., Ltd. | 20.09 | 20.09 | 23,202,950,000.00 | 18,958,350,000.00 | 4,244,600,000.00 | 9,075,080,000.00 | -223,590,000.00 |
| Airbus (Tianjin) Jigs and Fixtures Co., Ltd. | 49.00 | 49.00 | 147,920,730.74 | 111,010,906.13 | 36,909,824.61 | 8.25 | -25,559,990.85 |
| Sitisi (Tianjin) Spraying Service Co., Ltd. | 48.80 | 48.80 | 1,848,287.09 | 8,713,888.98 | 976,898.11 | 3,803,343.20 | -82,575.42 |
| Tianjin T&B Growth Venture Investment Co., Ltd. | 29.70 | 29.70 | 106,782,610.23 | - | 106,782,610.23 | 29,493,453.34 | 25,623,376.19 |
| Tianjin Aviation Industry Development Co., Ltd. | 49.00 | 49.00 | 201,773,280.48 | 126,621,785.11 | 75,151,495.37 | 16,705,324.69 | -4,764,156.92 |
| **II. Joint Venture** | | | | | | | |
| Tianjin Space-time Software Co., Ltd. | 45.00 | | | | | | |
| Tianjin Huayu AirCargo Terminal Co., Ltd. | 5.00 | | | | | | |
| | | | | | | | |

## 14. Investment Property

| Items | Opening balance | Increase in current year | Decrease in current year | Closing balance |
|---|---|---|---|---|
| I. Total Original Book Value | 1,196,218,384.52 | 167,100,622.47 | 198,376,738.57 | 1,164,942,268.42 |
| Where: 1. Buildings | 1,134,919,094.43 | 167,100,622.47 | 168,284,047.65 | 1,133,735,669.25 |
| 2. Land Use Right | 61,299,290.09 | | 30,092,690.92 | 31,206,599.17 |
| II. Accumulative Depreciation and Accumulative Amortization Amount | 137,993,902.62 | 33,163,010.07 | 17,033,189.15 | 154,123,723.54 |
| Where: 1. Buildings | 134,504,454.76 | 32,521,737.27 | 15,663,003.07 | 151,363,188.96 |
| 2. Land Use Right | 3,489,447.86 | 641,272.80 | 1,370,186.08 | 2,760,534.58 |
| III. Total Accumulative Amounts of Investment Property impairment Provision | | | | |
| Where: 1. Buildings | | | | |
| 2. Land Use Right | | | | |

| | | | | |
|---|---|---|---|---|
| IV. Total Book Value of Investment Property | **1,058,224,481.90** | | | **1,010,818,544.88** |
| Where: 1. Buildings | 1,000,414,639.67 | | | 982,372,480.29 |
| 2. Land Use Right | 57,809,842.23 | | | 28,446,064.59 |

**15. Fixed Assets**

(1) The fixed assets and accumulative depreciation details and the increase and decrease changes are as follows.

| Items Name | Balance at the beginning of year | Increase in current period | Decrease in current period | Balance at the end of year |
|---|---|---|---|---|
| **Fixed Assets** | | | | |
| Where: Buildings | 3,003,153,601.96 | 1,170,441,307.74 | 921,032,923.84 | 3,252,561,985.86 |
| Office Equipment | 924,822,453.30 | -144,191,876.11 | 58,037,422.76 | 722,593,154.43 |
| Transportation Equipment | 128,169,890.68 | 10,207,421.95 | 24,840,830.10 | 113,536,482.53 |
| Machinery Equipment | 45,061,021.39 | 2,178,037.21 | 15,452,044.80 | 31,787,013.80 |
| Other Equipment | 62,760,769.88 | 15,016,216.72 | 27,515,977.93 | 50,261,008.67 |
| **Total** | **4,163,967,737.21** | **1,053,651,107.51** | **1,046,879,199.43** | **4,170,739,645.29** |
| **Less: Accumulated Depreciation** | | | | |
| Where: Buildings | 339,183,547.38 | 215,127,672.50 | 112,249,287.10 | 442,061,932.78 |
| Office Equipment | 244,379,886.59 | 40,019,404.76 | 13,118,097.83 | 271,281,193.52 |
| Transportation Equipment | 64,220,039.04 | 16,102,401.26 | 11,199,806.15 | 69,122,634.15 |
| Machinery Equipment | 27,364,841.42 | 3,743,295.40 | 9,775,814.37 | 21,332,322.45 |
| Other Equipment | 27,426,437.01 | 5,953,739.77 | 11,052,007.19 | 22,328,169.59 |
| **Total** | **702,574,751.44** | **280,946,513.69** | **157,395,012.64** | **826,126,252.49** |
| **Depreciation Reserves** | | | | |
| Where: Buildings | | | | |
| Office Equipment | | | | |
| Transportation Equipment | | | | |
| Machinery Equipment | 81,916.67 | | 451.69 | 81,464.98 |

| | | | | |
|---|---|---|---|---|
| Other Equipment | | | | |
| **Total** | **81,916.67** | | 451.69 | 81,464.98 |
| **Net Value of Fixed Assets** | | | | |
| Where: Buildings | 2,663,970,054.58 | | | 2,810,500,053.08 |
| Office Equipment | 680,360,650.04 | | | 451,230,495.93 |
| Transportation Equipment | 63,949,851.64 | | | 44,413,848.38 |
| Machinery Equipment | 17,696,179.97 | | | 10,454,691.35 |
| Other Equipment | 35,334,332.87 | | | 27,932,839.08 |
| **Total** | **3,461,311,069.10** | | | **3,344,531,927.82** |

Notes 1: The company has no available-for-sale fixed assets held for sale in the current report period.

Notes 2: The company has no idle fixed assets in the current report period.

Notes 3: The increase and decrease of the subject is beyond 20% compared to the beginning period, which is because that the original value of RMB145,417,763.58 of machinary equipment is reduced by the adjustment of heat source plant assets from Tianjin T&B Termoelectricity Co., Ltd. in 2012, and the decrease of the original value of RMB599,227,570.90 transferred from Tianjin T&B Baiheng Co., Ltd..

(2) The Fixed Assets of Property Certificate Unhandled

| Items | Original Value | Reason of Unhandled Property Certificate | Expected Time for Handling Property Certificate |
|---|---|---|---|
| No.1 Building of Huijin Plaza | 76,469,049.32 | In procedure | In 2014 |
| C04 | 240,904,483.52 | In procedure | In 2014 |
| Tianbao Thermoelectric Buildings | 675,230,295.49 | In procedure | |

16. Project under Construction

| Engineering Project | Balance at the beginning of year | Increase in current period | Decrease in current period | Balance at the end of year | Capital Source |
|---|---|---|---|---|---|
| Boiler Room in | 47,248,132.86 | 299,180.00 | 3,356,013.82 | 44,191,299.04 | Self-raised |

| | | | | | |
|---|---|---|---|---|---|
| Transition | | | | | |
| Heating Source Plant | 53,050,108.79 | 82,717,884.90 | 6,675,096.85 | 129,092,896.84 | Self-raised |
| Steam Pipe System | 20,330,946.75 | 869,133.00 | 20,981,727.75 | 218,352.00 | Self-raised |
| Water Heating Network | 93,249,303.53 | 8,039,896.45 | 34,574,543.54 | 66,714,656.44 | Self-raised |
| Geothermal Well | 63,880,076.00 | 9,664,540.01 | 25,862,419.52 | 47,682,196.49 | Self-raised |
| Construction Project | 48,163,777.16 | 2,547,188.82 | 2,513,647.73 | 48,197,318.25 | Self-raised |
| Heat Exchange Station | 27,022,698.19 | 1,196,636.81 | 67,150.33 | 28,152,184.67 | Self-raised |
| Pipe Network Optimization | 2,364,328.18 | 653,511.70 | 2,457,360.61 | 560,479.27 | Self-raised |
| Airport Pipe Network Phase II | 58,071,214.63 | 25,563,155.99 | 40,436,597.09 | 43,197,773.53 | Self-raised |
| Management Expenses of Construction Entity | 9,530,611.60 | 1,811,748.19 | 11,342,359.79 | | |
| Finance and Trade Zone in Free Trade Zone | 2,650,000.00 | | | 2,650,000.00 | Self-raised |
| T&B Service Center | 13,008,067.96 | 776.68 | | 13,008,844.64 | Self-raised |
| Airport White-collar Apartment | 598,077,823.88 | 84,985,930.77 | | 683,063,754.65 | Self-raised |
| Temporary Power Lead of Management | 21,591,761.00 | 1,872,652.00 | | 23,464,413.00 | Self-raised |

| | | | | | |
|---|---|---|---|---|---|
| Committee | | | | | |
| Chery 4s Shop Reconstruction | 243,251.27 | | 243,251.27 | | Self-raised |
| Logistics Demonstration Fire Pump Station | 1,695,588.30 | | 123,341.82 | 1,572,246.48 | Self-raised |
| Neighborhood Center | 100,003.00 | | 100,003.00 | | Self-raised |
| Other Items | 352,615.00 | | 352,615.00 | | Self-raised |
| Maoxiang Plant | 41,339,900.00 | | 41,339,900.00 | | Self-raised |
| Free of Charge Assets Allocated by Management Committee | | 726,081,504.41 | | 726,081,504.41 | Allocated |
| Deputy Construction Project | 7,226,789.43 | | | 7,226,789.43 | Entrusting Party |
| Communicatio n Pipeline | | 6,621,473.00 | 3,281,037.00 | 3,340,436.00 | Self-raised |
| Others | | 359,400.00 | | 359,400.00 | Self-raised |
| Researchable Consulting Fees of Wharf Project | 70,000.00 | | | 70,000.00 | Self-raised |
| Filling Engineering | 13,126,436.00 | | | 13,126,436.00 | Entrusting Party |
| Aviation No.1 Bridge Surrounding Greening Project | 8,571,409.00 | | | 8,571,409.00 | Entrusting Party |
| Dashun Garden | 3,848,195.00 | | | 3,848,195.00 | Entrusting Party |

| | | | | | |
|---|---|---|---|---|---|
| Engineering | | | | | |
| Airbus Surrounding Environment Regulation | 641,185.20 | | | 641,185.20 | Entrusting Party |
| Regional Bayonet | 801,210.00 | | | 801,210.00 | |
| Tour Road and Parking Lot | 2,187,348.00 | | | 2,187,348.00 | |
| Customs Supervision Warehouse | 929,195.00 | | | 929,195.00 | |
| Sewage Pumping Outlet Pipe Transformation | 2,870,043.41 | | | 2,870,043.41 | |
| Heat Pipe Network Planning and Design | 23,600.00 | | | 23,600.00 | |
| Fence (South Sea) | 690,000.00 | | | 690,000.00 | |
| Feedwater Regulator Station Equipment | 1,399,384.00 | | 1,005,930.00 | 393,454.00 | |
| Airport Logistics No.3 Station | 6,740,568.00 | | 6,740,568.00 | | |
| Fire Fighting Equipment of Regulator Station | 1,404,006.00 | | 1,404,006.00 | | |
| Sewage | 3,311,986.00 | | 3,311,986.00 | | |

| | | | | | |
|---|---|---|---|---|---|
| Pumping Station Equipment | | | | | |
| 10KV Open and Close Station Equipment | 8,191,803.00 | | 8,191,803.00 | | |
| 4S Shop | 1,464,586.00 | -977,914.50 | 486,671.50 | | Self-raised |
| Club | 93,800.00 | -6,702.50 | 87,097.50 | | Self-raised |
| Other Expenses of Airport Logistics Park Engineering | 180,000.00 | | 180,000.00 | | Self-raised |
| Vacuum Preloading Engineering of Lingang Free Trade Logistics Center | 38,412,686.49 | 104,317.33 | 17,354,974.77 | 21,162,029.05 | Self-raised |
| No.2 Warehouse of Phase 1 Engineering of Lingang Free Trade Logistics Center | 32,377.77 | -32,377.77 | | | Self-raised |
| No.1 Warehouse of Phase 1 Engineering of Lingang Free Trade Logistics Center | | 1,602,273.00 | | 1,602,273.00 | Self-raised |
| Material and | | 973,803.80 | 973,803.80 | - | Self-raised |

| | | | | | |
|---|---|---|---|---|---|
| Trade Warehouse Renovation | | | | | |
| No.3 Warehouse of Lingang Free Trade Logistics Center | | 56,769.47 | | 56,769.47 | Self-raised |
| Design Fee | 9,000.00 | | | 9,000.00 | Self-raised |
| Logistics Base Project | | 9,654,795.00 | | 9,654,795.00 | Self-raised |
| 3# Open and Close Station Distribution Network Reconstruction Project in Haigang Fee Trade Zone | | 951,977.78 | | 951,977.78 | Self-raised |
| 1#35 Exterior Wall Reconstruction Project | | 1,050,000.00 | | 1,050,000.00 | Self-raised |
| Paoli Warehouse Power Lead Project (outside of the red line) | | 93,538.36 | | 93,538.36 | Self-raised |
| Staff Service Center of Power Project | | 72,407.69 | | 72,407.69 | Self-raised |
| Seaport 2# Reconstruction | 2,200,518.00 | 155,407.87 | 2,355,925.87 | | Self-raised |
| Construction | 115,930,653.38 | 2,521,200.00 | | 118,451,853.38 | |

| | | | | | |
|---|---|---|---|---|---|
| Project | | | | | |
| Variation Project | 7,783,127.70 | -2,897,113.70 | | 4,886,014.00 | |
| Overhaul Engineering | 5,493,489.00 | 40,000.00 | | 5,533,489.00 | |
| Capital Construction Handover | 8,041,167.20 | 1,155.80 | | 8,042,323.00 | |
| Other Projects | 354,309.20 | | | 354,309.20 | |
| Special Project | 13,777,972.90 | 22,510.00 | | 13,800,482.90 | |
| Phase I Water Supply Network | 24,878,693.13 | | 24,878,693.13 | | |
| Phase II Water Supply Network | 68,846,390.91 | | 68,846,390.91 | | |
| Reclaimed Water Pipe Network Project | 8,190,579.75 | | 8,190,579.75 | | |
| Water Plant Project | 7,904,600.84 | | 7,904,600.84 | | |
| Comprehensive Office Building Project | 1,882,586.71 | | 1,882,586.71 | | |
| Reconstruction and Extension Project of Sewage Treatment Plant | 71,532,198.29 | | 71,532,198.29 | | |
| Supporting Project | 4,730,566.12 | | 4,730,566.12 | | |
| Airbus Site Water Supply | 9,312,570.21 | | 9,312,570.21 | | |

| | | | | | |
|---|---|---|---|---|---|
| Pipe Network Project | | | | | |
| Formal Outlet Pipe Project of Sewage Factory | 5,230,795.99 | | 5,230,795.99 | | |
| Upgrading Reconstruction Project | 5,778.00 | | 5,778.00 | | |
| Water Bus System | 94,000.00 | | 94,000.00 | | |
| Expansion of Municipal Sewage Plant | 27,177,289.56 | | 27,177,289.56 | | |
| Tianbao Baiheng Purchasing Land | 156,653,730.50 | | 156,653,730.50 | | |
| C4 Hotel Apartment | 929,136,813.77 | 1,883,079.61 | | 931,019,893.38 | Self-raised |
| C4 Hotel Apartment | 140,136,330.16 | 249,105.20 | | 140,385,435.36 | Self-raised |
| Deputy Construction Project of Land Development and relevant Supporting Facilities Construction in Tianjin Airport Logistics Processing Zone | 9,427,671,510.62 | 1,352,678,603.97 | | 10,780,350,114.59 | Self-raised / Borrowing |

| | | | | | |
|---|---|---|---|---|---|
| Deputy Construction Project of Land Development and relevant Supporting Facilities Construction of Airbus A320 Assembly Bus Line | 7,287,494,391.19 | 680,305,749.89 | 114,541,620.78 | 7,853,258,520.30 | Self-raised / Borrowing |
| Complex Buildings and Environment Testing Station Project of Municipal, Environmental, Green Base in Tianjin Airport Logistics Processing Zone | 26,649,767.43 | | | 26,649,767.43 | Self-raised / Borrowing |
| Airbus A320 Transport Jig | 383,110,989.75 | 20,116,996.37 | | 403,227,986.12 | Self-raised / Borrowing |
| Airbus A320 Training Device | 8,782,639.74 | 1,674,589.39 | | 10,457,229.13 | Self-raised / Borrowing |
| Phase I Project of Airport Hubin Plaza | 5,500,482.89 | 4,941,388.00 | | 10,441,870.89 | Self-raised / Borrowing |
| High-tech Projects in Qixin Solar | 18,113,539.41 | | | 18,113,539.41 | Self-raised / Borrowing |

| | | | | | |
|---|---|---|---|---|---|
| Building Materials Plate | | | | | |
| Nyk Project | 61,904,970.52 | 1,385,135.00 | | 63,290,105.52 | Self-raised / Borrowing |
| Tianjin Baoli Project | | 5,517,300.00 | | 5,517,300.00 | Self-raised / Borrowing |
| R&D Center | 3,579,649.86 | | 3,579,649.86 | | Owned Funds |
| Tianbao Commercial Plaza | 287,051,167.65 | 35,311,869.87 | | 322,363,037.52 | Self-raised |
| Tianbao Yadu Industrial Plant | 74,218,680.87 | | | 74,218,680.87 | Self-raised |
| Assets Transfer of Management Committee | 722,163,694.03 | 3,917,810.38 | 726,081,504.41 | | |
| Total | **21,119,731,461.68** | **3,074,652,288.04** | **1,466,442,386.62** | **22,727,941,363.10** | |

Notes: (1) The engineering address of Tangshan Zhongteng 4S shop that a subordinate company of the Company, and the leisure club is in No.299, Kaiyue Road, Kaiping District, Tangshan City, with the building area of 9208 square meters. Due to 4S shop and leisure club constructed by Hebei Jingxin Building Group Co., Ltd., the engineering payment at the beginning of year is not divided yet. According to the resolution of the 4th meeting of the 3rd of the Board of Directors of Tangshan Zhongteng in current year, above engineering payment shall be divided as per the use area percentage (65.57% from 4S：34.43% from Club) of 4S and Club, the relevant construction expenses of the projects are accordingly carried down, and the prerotation treatment is made for the project. Up to the audit reports date, Tangshan Zhongteng company has not yet acquired above building ownership certificate.

(2) On December 31, 2013, the State-owned Assets Management Bureau in Tianjin Free Trade Zone has freely allocated RMB726 million on project under construction that originally transferred to Tianjin Free Trade Zone Investment Holding Group Co., Ltd., to Tianjin T&B Holdings Co., Ltd. according to JinBaoGuoZiPi [2013] No.24 file.

(3) Where: The filling project, No.1 aviation bridge surrounding greening project, Dashun garden project

and year end project under construction of airbus surrounding environment renovation project are all the agency construction project, the entrusted party is Tianjin Port FTZ Investment Co., Ltd., and the accounting and presentation of the project under construction are made according to the requirements of Tianjin Free Trade Zone Investment Holding Group Co., Ltd. of the ultimate controller of the Company.

**17. Intangible Assets**

(1) The Book Value of Intangible Assets

| Items | Balance at the beginning of year | Increase in current period | Decrease in current period | Balance at the end of year |
|---|---|---|---|---|
| **I. Total Original Value** | **9,936,011,744.50** | **92,366,818.48** | **175,381,209.29** | **9,852,997,353.69** |
| Land Use Right | 9,930,856,399.97 | 91,768,218.48 | 175,381,209.29 | 9,847,243,409.16 |
| All Management and Application Software | 4,931,855.64 | 598,600.00 | | 5,530,455.64 |
| Monitoring Software of Logistics Department | 143,488.89 | | | 143,488.89 |
| Video Monitoring System Payment of Customs | 80,000.00 | | | 80,000.00 |
| **II. Total Accumulated Amortization** | **34,880,987.50** | **7,732,184.25** | **14,626,301.43** | **27,986,870.32** |
| Land Use Right | 32,994,588.31 | 7,053,534.75 | 14,626,301.43 | 25,421,821.63 |
| All Management and Application Software | 1,746,351.78 | 632,729.50 | | 2,379,081.28 |
| Monitoring Software of Logistics Department | 82,269.69 | 23,697.72 | | 105,967.41 |
| Video Monitoring System Payment of Customs | 57,777.72 | 22,222.28 | | 80,000.00 |
| **III. Total Depreciation Reserves** | | | | |
| Land Use Right | | | | |
| All Management and Application Software | | | | |
| Monitoring Software of | | | | |

| | | | | |
|---|---|---|---|---|
| Logistics Department | | | | |
| Video Monitoring System Payment of Customs | | | | |
| **IV. Total Book Value** | **9,901,130,757.00** | | | **9,825,010,483.37** |
| Land Use Right | 9,897,861,811.66 | | | 9,821,821,587.53 |
| All Management and Application Software | 3,185,503.86 | | | 3,151,374.36 |
| Monitoring Software of Logistics Department | 61,219.20 | | | 37,521.48 |
| Video Monitoring System Payment of Customs | 22,222.28 | | | |

(2) The Research and Development Expenses Recorded into Current Profits and Losses and Recognized as Intangible Assets

| Items | Amount at the beginning of year | Increase in Current Year | Decrease in Current Year | | Amount at the end of year |
|---|---|---|---|---|---|
| | | | Recorded into Current Profits and Losses | Recognized as Intangible Assets | |
| Management System | | 3,888,708.15 | 3,888,708.15 | | |
| Total | | 3,888,708.15 | 3,888,708.15 | | |

**18. Goodwill**

| Invested Entity Name | Amount at the beginning of year | Increase in Current Year | Decrease in Current Year | Amount at the end of year | Depreciation Reserves at the end of year |
|---|---|---|---|---|---|
| Tianjin T&B Property Development Co., Ltd. | 30,879,343.11 | | | 30,879,343.11 | |
| Tianjin Baili Construction Engineering Co., Ltd. | 8,528,035.13 | | | 8,528,035.13 | |
| Total | 39,407,378.24 | | | 39,407,378.24 | |

According to the "Assets Replacement Agreement" signed by Tianjin T&B Holdings Co., Ltd. and Tianjin Building Materials Group (Holding) Co., Ltd. in 2007, the company has merged 100% of stock rights from Tianjin T&B Property Development Co., Ltd., RMB620,646,783.20 of book value, RMB589,767,440.09 of fair value of net assets of the company, RMB30,879,343.11 of the gap, and the goodwill is formed in the preparation of the consolidated financial statements.

Tianjin T&B Property Development Co., Ltd., a wholly-owned subsidiary of the Company, has acquired 51% of stock rights from Tianjin Baili Construction Engineering Co., Ltd., RMB25,500,000.00 of book investment costs, RMB16,971,964.87 of net assets of invested unit shared as per the shareholding proportion, RMB8,528,035.13 of the gap, and the goodwill is formed in the preparation of the consolidated financial statements.

The Company has made the impairment test for the goodwill at the end of year, and the depreciation reserves are not withdrawn if no impairment happens.

**19. Long-term expenses to be amortized**

| **Items** | **Closing balance** | **Opening balance** |
|---|---|---|
| Steel Pallet | 158,333.43 | 258,333.43 |
| Transformation of Detection Line | 1,405,456.46 | 11,430,478.90 |
| Dining Room Engineering | 37,400.00 | 63,800.00 |
| Renovation Costs | 7,759,414.24 | 9,753,236.87 |
| Improvement Expenditure of Fixed Assets | 7,638,512.26 | 7,776,879.31 |
| Large Seamless (No.6 Wangzi) Temporary Storage Rental Fee | 734,762.83 | 5,740,882.57 |
| Guarantee Fee | 266,666.67 | 492,124.99 |
| E-commerce Website | 496,736.91 | 2,115,824.00 |
| Total | **18,497,282.80** | **37,631,560.07** |

**20. Deferred Income Tax Assets**

| Items | Closing balance | | Opening balance | |
|---|---|---|---|---|
| | Taxable (or Deductible) Temporary Difference | Book balance | Taxable (or Deductible) Temporary Difference | Book balance |
| 1. Deductible Temporary Difference Produced from Accounts Receivable | 43,153,677.47 | 10,788,419.37 | 52,531,982.44 | 13,132,995.61 |
| 2. Special Accounts Payable | 43,994,969.52 | 10,998,742.38 | 43,994,969.52 | 10,998,742.38 |
| 3. Deductible Temporary Difference Produced from Loan Losses | 26,636,647.73 | 6,659,161.93 | 11,143,200.00 | 2,785,800.00 |
| 4. Unrealized Internal Transaction gains and Losses | 15,193,481.59 | 3,798,370.40 | 11,244,103.32 | 2,811,025.83 |
| 5. Accrued Expenses | 37,279,096.13 | 9,319,774.03 | 30,305,537.84 | 7,576,384.46 |
| 6. Gross Margin calculated from House Sales Payment Receivable in Advance | 272,410,153.76 | 68,102,538.43 | 107,106,890.76 | 26,776,722.69 |
| 7. Interest Payable | 32,191,162.30 | 8,047,790.58 | 17,906,982.12 | 4,476,745.53 |
| 8. Financial Assets Available for Sales – Bohai Leasing | | | 15,909,886.60 | 3,977,471.65 |
| 9. Deferred Income Tax Assets Produced by Unredeemed Losses in the year after transferred | 20,589,590.04 | 5,147,397.51 | 50,547,834.64 | 12,636,958.66 |
| Total | **491,448,778.54** | **122,862,194.63** | **340,691,387.24** | **85,172,846.81** |

**21. Short-term Borrowing**

(1) Borrowing Classification

| Items | Balance at the end of year | Balance at the beginning of year |
|---|---|---|
| Unsecured loans | 5,814,436,036.54 | 3,980,300,000.00 |
| Mortgage Loan | 97,000,000.00 | 277,540,000.00 |
| Guaranteed Loan | 2,967,222,710.30 | 4,603,288,678.42 |
| Pledge Loan | 225,902,293.22 | 740,446,086.43 |
| Entrusted Loan | 610,500,000.00 | 310,300,000.00 |
| **Total** | **9,715,061,040.06** | **9,911,874,764.85** |

(2) Borrowing Details

| Lender | Due Date | Amount | Interest Rate | Requirement | Purpose |
|---|---|---|---|---|---|
| Agricultural Bank of China.Tianjin | 2014/2/26 | 250,000,000.00 | 5% Decrease in | Credit | Current Capital |

| Lender | Due Date | Amount | Interest Rate | Requirement | Purpose |
|---|---|---|---|---|---|
| Free Trade Zone Branch | | | Base Rate | | |
| Agricultural Bank of China .Tianjin Free Trade Zone Branch | 2014/2/20 | 250,000,000.00 | 5% Decrease in Base Rate | Credit | Current Capital |
| Agricultural Bank of China .Tianjin Free Trade Zone Branch | 2014/3/6 | 200,000,000.00 | 5% Decrease in Base Rate | Credit | Current Capital |
| Agricultural Bank of China. Tianjin Free Trade Zone Branch | 2014/3/17 | 200,000,000.00 | 5% Decrease in Base Rate | Credit | Current Capital |
| Agricultural Bank of China. Tianjin Free Trade Zone Branch | 2014/3/3 | 300,000,000.00 | 5% Decrease in Base Rate | Credit | Current Capital |
| Agricultural Bank of China. Tianjin Free Trade Zone Branch | 2014/3/11 | 300,000,000.00 | 5% Decrease in Base Rate | Credit | Current Capital |
| China Construction Bank .Development Branch of | 2014/9/17 | 445,000,000.00 | Base Rate | Credit | Current Capital |
| China CITIC Bank. Binhai New District Branch | 2014/8/15 | 150,000,000.00 | Base Rate | Credit | Current Capital |
| Bank of Tianjin.Tianjin Branch | 2014/2/28 | 200,000,000.00 | Base Rate | Credit | Current Capital |
| Bank of Communications . Tianjin Branch | 2014/2/3 | 50,000,000.00 | Base Rate | Credit | Current Capital |
| Bohai Bank .Tianjin Branch | 2014/10/23 | 400,000,000.00 | 6.4% | Credit | Current Capital |
| Tianjin Trust Co., Ltd. | 2014/3/27 | 400,000,000.00 | 6.4% | Credit | Current Capital |
| Xiamen International Bank .Xiamen Siming Sub-branch | 2014/4/28 | 300,000,000.00 | Base Rate | Credit | Current Capital |
| Xiamen International Trust Co. Ltd. | 2014/5/30 | 400,000,000.00 | 5.9% | Credit | Current Capital |
| Agricultural Bank of China Business Department | 2014/1/27 | 100,000,000.00 | Floating Interest Rate | Credit Borrowing | Current Capital |
| Agricultural Bank of China .Tianjin Free Trade Zone Branch | 2014/6/25 | 100,000,000.00 | Floating Interest Rate | Credit Borrowing | Current Capital |
| Agricultural Bank of China .Tianjin Free Trade Zone Branch | 2014/2/16 | 150,000,000.00 | Floating Interest Rate | Credit Borrowing | Current Capital |
| Agricultural Bank of China. Tianjin Free Trade Zone Branch | 2014/3/19 | 150,000,000.00 | Floating Interest Rate | Credit Borrowing | Current Capital |
| Northern International Trust and Investment Co., Ltd. | 2014/4/24 | 500,000,000.00 | 6.69% | Credit Borrowing | Current Capital |
| Shenzhen Development Bank .Business Department of Tianjin Branch | 2014/1/27 | 100,000,000.00 | Floating Interest Rate | Guaranteed Loan | Project Loan |
| Bank of China .Free Trade Zone Branch | 2014/11/25 | 50,000,000.00 | 6.00% | Guarantee | Current Capital Supplement |
| China Construction Bank .Tianjin Branch | 2014.6.20 | 100,000,000.00 | 6.46% | Guarantee + Pledge | Factoring Business |
| China CITIC Bank. Binhai New District Branch | | 25,936,800.00 | | Pledge | Purchase of Cars |
| Huaxia Bank .Tianjin Branch | 2014/11/7 | 27,070,000.00 | 6.90% | Collateral | Purchase of Cars |
| Huaxia Bank .Tianjin Branch | 2014/9/23 | 22,930,000.00 | 6.60% | Collateral | Purchase of Cars |
| Beijing Bank .Tianjin Hedong Sub-branch | 2014/7/10 | 20,000,000.00 | 6.59% | Collateral | Purchase of Cars |
| Zheshang Bank .Tianjin Branch | 2014/11/28 | 7,000,000.00 | 6.30% | Collateral | Goods Payment |
| Zheshang Bank .Tianjin Branch | 2014/7/17 | 20,000,000.00 | 6.00% | Collateral | Goods Payment |
| Volkswagen Financial (China) Co., Ltd. | | 18,401,960.00 | | Pledge | Financing |
| China CITIC Bank .Hedong Sub-branch | 2014/6/12 | 770,100.00 | 5.88% | Pledge | Purchase of Cars |
| Guangzhou Huili Automobile Financial Co., Ltd. | | 18,717,934.00 | | Pledge | Purchase of Cars |
| Bank of Communications .Tianjin Branch | 2014/4/15 | 5,000,000.00 | 6.59% | Guarantee | Purchase of Cars |
| Bank of Communications.Tianjin Branch | 2014/5/26 | 15,000,000.00 | 6.59% | Guarantee | Purchase of Cars |
| Bank of Communications. Tianjin Branch | 2014/3/24 | 4,000,000.00 | 6.90% | Credit | Purchase of Cars |
| Bank of Communications .Tianjin Branch | 2014/4/22 | 4,000,000.00 | 6.90% | Credit | Purchase of Cars |
| Bank of Communications. Tianjin | 2014/7/10 | 2,000,000.00 | 6.90% | Credit | Purchase of Cars |

| Lender | Due Date | Amount | Interest Rate | Requirement | Purpose |
|---|---|---|---|---|---|
| Branch | | | | | |
| Bank of Communications .Tianjin Branch | 2014/2/26 | 1,483,736.54 | | Credit | Purchase of Cars |
| Industry and Commercial Bank of China. Free Trade Zone Sub-branch | 2014/11/11 | 351,000,000.00 | Base Rate | Guarantee | Current Capital |
| Agricultural Bank of China. Tianjin Free Trade Zone Branch | 2014/3/11 | 150,000,000.00 | 5% Decrease in Base Rate | Guarantee | Current Capital |
| China Construction Bank .Development Branch | 2013/8/27 | 445,000,000.00 | Base Rate | Guarantee | Current Capital |
| China CITIC Bank. Binhai New District Branch | 2014/4/18 | 300,000,000.00 | Base Rate | Guarantee | Current Capital |
| Tianjin Rural Commercial Bank .Heixi Subbranch | 2014/9/29 | 200,000,000.00 | Base Rate | Guarantee | Current Capital |
| Bohai Bank .Binhai Branch | 2014/3/28 | 400,000,000.00 | 6.40% | Credit | Current Capital |
| Bohai Bank .Binhai Branch | 2014/5/30 | 1,000,000,000.00 | Base Rate | Credit | Current Capital |
| Bohai Bank .Binhai Branch | 2014/7/28 | 40,000,000.00 | 5.40% | Entrusted Loan | Current Capital |
| Ping'an Bank .Tianjin Branch | 2014/4/17 | 60,000,000.00 | 6.00% | Guarantee | Purchase of Coals |
| Huaxia Bank .Binhai New District Sub-branch | 2014/2/27 | 100,000,000.00 | 6.00% | Guarantee | Purchase of Coals |
| Binhai Rural Commercial Bank | 2014/3/28 | 100,000,000.00 | 6.00% | Guarantee | Purchase of Coals |
| Binhai Rural Commercial Bank | 2014/5/5 | 100,000,000.00 | 6.00% | Guarantee | Purchase of Coals |
| Binhai Rural Commercial Bank | 2014/5/19 | 100,000,000.00 | 6.00% | Guarantee | Purchase of Coals |
| Binhai Branch of Bohai Bank | 2014/12/25 | 17,952,300.00 | 6.60% | Credit | Daily Operation |
| Shandong International Trust Co., Ltd. | 2014/3/14 | 500,000,000.00 | 6.00% | Guarantee | Construction and Repair of 11 roads of 8 squares of supporting infrastructure of Linkong Industrial Area Phase III |
| China Merchants Bank. Tianjin Economic and Technological Development Zone Sub-branch | | 2,754,579.42 | | Pledge | Letter of Credit Bill Purchase |
| Huaxia Bank .Binhai Branch | 2014.1.10 | 30,000,000.00 | 6.60% | Credit | Current Capital |
| China Minsheng Bank Binhai Sub-branch | 2014.4.29 | 10,000,000.00 | 6.72% | Credit | Current Capital |
| Bank of China .Free Trade Zone Branch | | 9,320,919.80 | | Pledge | Letter of Credit Bill Purchase |
| Bank of Communications Tianjin Branch | 2014.6.20 | 20,000,000.00 | 6.90% | Guarantee + Collateral | Appreciation Business of Logistics |
| Huaxia Bank .Tianjin Branch | 2014.3.3 | 9,000,000.00 | 6.16% | Guarantee | Current Capital |
| Tianbao Small Loan Company | 2014.3.17 | 40,000,000.00 | 7.20% | Guarantee | Current Capital |
| Tianjin Binhai Rural Commercial Bank | 2014.6.18 | 200,000,000.00 | 6.00% | Guarantee | Current Capital |
| Tianjin Binhai Rural Commercial Bank | 2014.6.25 | 47,000,000.00 | 6.00% | Guarantee | Current Capital |
| China CITIC Bank. Binhai New District Branch | 2014.5.21 | 10,000,000.00 | 6.60% | Guarantee | Current Capital |
| China CITIC Bank. Binhai New District Branch | 2014.10.9 | 12,400,000.00 | 6.00% | Guarantee | Current Capital |
| Binhai New District Branch of CITIC Bank | 2014.6.26 | 23,600,000.00 | 6.00% | Guarantee | Current Capital |
| China Everbright Bank. Tianjin Branch | 2014.12.25 | 10,000,000.00 | 6.90% | Guarantee | Current Capital |
| China Merchants Bank | | 139,722,710.30 | | | Letter of Credit |

| Lender | Due Date | Amount | Interest Rate | Requirement | Purpose |
|---|---|---|---|---|---|
| | | | | | Bill Purchase |
| **Total** | | **9,715,061,040.06** | | | |

Note 1: The short-term borrowings of RMB445,000,000.00 are due but unpaid by the Company in the accounting period.

Note 2: The guaranteed loans are RMB2,967,222,710.30 at the end of current period, the guaranteed unit is Tianjin Port FTZ Investment Co., Ltd., Tianjin Free Trade Zone Investment Holding Group Co., Ltd. and Tianjin Port Free Trade Zone Management Committee.

Note 3: The mortgage loans are RMB97,000,000.00 at the end of current period, and the mortgages are the buildings and land use right of Tianjin Airport International Automobile Park Co., Ltd..

Note 4: The pledge borrowings are RMB225,902,293.22 at the end of current period, and the pledges are the earnings right under the leasing contract of 6 roads such as Tianjin Dagu Bridge, Bei'an Road, and other revenue rights under the financial leasing contract.

**22. Deposit Absorbing**

| Items | Balance at the end of year | Balance at the beginning of year |
|---|---|---|
| Current Deposit | | 1,165,130,182.66 |
| Where: The Company | | 1,165,130,182.66 |
| Person | | |
| Fixed Deposit | | |
| Where: The Company | | |
| Person | | |
| **Total** | | **1,165,130,182.66** |

**23. Bill Payable**

| Items | Closing balance | Opening balance |
|---|---|---|
| Bank Acceptance | 518,637,900.00 | 473,274,574.00 |
| Commercial Paper | 9,684,716.35 | 70,430,598.76 |
| **Total** | **528,322,616.35** | **543,705,172.76** |

**24. Accounts Payable**

(1) Listed as per the account aging

| Items | Balance at the end of year | |
|---|---|---|
| | Amount | Proportion (%) |

| | | |
|---|---|---|
| Within 1 year | 1,048,791,427.68 | 40.21 |
| 1-2 years | 1,424,551,823.76 | 54.61 |
| 2-3 year(s) | 81,162,981.33 | 3.11 |
| Over 3 years | 54,041,372.92 | 2.07 |
| **Total** | **2,608,547,605.69** | **100.00** |

Continued:

| Items | Balance at the beginning of year | |
|---|---|---|
| | Amount | Proportion (%) |
| Within 1 year | 2,393,964,627.50 | 80.95 |
| 1-2 years | 362,467,169.82 | 12.26 |
| 2-3 year(s) | 72,977,342.75 | 2.47 |
| Over 3 years | 127,891,693.51 | 4.32 |
| **Total** | **2,957,300,833.58** | **100.00** |

(2) The top 5 units of accounts payable amount on December 31, 2013 are as follows.

| Entity Name | Business Description | Closing balance | Proportion (%) Accounting for Total Payables |
|---|---|---|---|
| China Construction 8th Engineering Bureau Co., Ltd. | Project Funds | 218,420,826.48 | 8.37 |
| China Construction 5th Engineering Bureau Co., Ltd. | Project Funds | 162,405,047.70 | 6.23 |
| China Construction 3nd Engineering Bureau Co., Ltd. | Project Funds | 136,926,015.00 | 5.25 |
| China Construction 3nd Decoration Bureau Co., Ltd. | Project Funds | 74,384,419.30 | 2.85 |
| Bositeng International Trading Co., Ltd. in Tianjin Port Free Trade Zone | Goods Payment | 95,154,320.74 | 3.65 |
| **Total** | | **687,290,629.22** | 26.35 |

(3) The shareholder units without holding more than 5% (5% included) voting right shares of the company shall pay the accounts payable at the end of current report period.

**25. Payment receivable in advance**

(1) Listed as per Account Aging

| Items | Balance at the end of year | |
|---|---|---|
| | **Amount** | **Proportion (%)** |
| Within 1 year | 1,437,106,364.26 | 94.27 |
| 1-2 years | 76,925,324.11 | 5.05 |
| 2-3 years | 2,691,300.00 | 0.18 |
| Over 3 years | 7,715,906.39 | 0.50 |
| **Total** | **1,524,438,894.76** | **100.00** |

Continued

| Items | Balance at the beginning of year | |
|---|---|---|
| | **Amount** | **Proportion (%)** |
| Within 1 year | 1,174,657,832.61 | 84.80 |
| 1-2 years | 168,512,805.74 | 12.17 |
| 2-3 years | 15,308,428.38 | 1.10 |
| Over 3 years | 26,685,037.44 | 1.93 |
| **Total** | **1,385,164,104.17** | **100.00** |

(2) The top 5 units of the Payment receivable in advance amount on December 31, 2013 are as follows.

| Entity Name | Business Description | Closing balance | Proportion Accounting for Total Payables(%) |
|---|---|---|---|
| Zhidi Investment Development Co., Ltd. of Tianjin Lingang Economic Zone | Goods Payment | 38,637,385.00 | 2.53 |
| Hebei Laibao Steel Import and Export Group Co., Ltd. | Goods Payment | 37,691,500.00 | 2.47 |
| Tianjin Wu'an Steel Co., Ltd. | Goods Payment | 36,772,864.53 | 2.41 |
| Tianjin Wu'an Steel Logistics Co., Ltd. | Goods Payment | 26,761,000.00 | 1.76 |
| Tianjin Property-rights Exchange Center | Property Right Transaction Payment | 23,577,823.80 | 1.55 |
| **Total** | | **163,440,573.33** | **10.72** |

**26. Wage payable**

| Items | Balance of the beginning of year | Increase in current period | Decrease in current period | Balance at the end of year |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| Salary, Bonus and Allowance | 20,007,016.33 | 236,592,339.71 | 235,094,282.83 | 21,494,273.21 |
| Welfare Expense of Employee | | 7,204,480.09 | 7,204,480.09 | |
| Social Insurance Fee | 284,623.29 | 64,458,788.78 | 64,402,978.04 | 340,434.03 |
| Hosing Fund | -185,865.37 | 21,101,794.11 | 20,918,722.74 | -2,794.00 |
| Labour Union Dues | 3,176,685.67 | 2,566,236.81 | 3,462,677.17 | 2,280,245.31 |
| Personnel Education Fund | 4,027,042.63 | 1,769,513.59 | 1,934,769.09 | 3,861,787.13 |
| Other (Annuities) | | 4,438,451.10 | 4,438,451.10 | |
| **Total** | **27,309,502.55** | **338,131,604.19** | **337,467,161.06** | **27,973,945.68** |

## 27. Tax Payable

| Items | Amount at the beginning of year | Payable in Current Year | Paid in Current Year | Amount at the end of year |
|---|---|---|---|---|
| VAT | -42,800,532.51 | 157,475,850.66 | 169,345,927.78 | -54,670,609.63 |
| Business Tax | -2,052,713.30 | 168,229,564.45 | 194,904,580.10 | -28,727,728.95 |
| Urban Construction Tax | 429,626.31 | 14,611,162.36 | 16,792,753.55 | -1,751,964.88 |
| Corporate Income Tax | 142,790,150.95 | 336,245,550.00 | 338,689,547.01 | 140,346,153.94 |
| Individual Income Tax | 1,684,949.86 | 20,240,733.27 | 20,094,626.43 | 1,831,056.70 |
| Property Tax | 3,938,115.57 | 79,366,774.46 | 82,364,401.07 | 940,488.96 |
| Land VAT | -140,027,822.32 | 702,648,666.17 | 605,662,544.90 | -43,041,701.05 |
| Stamp Tax | 246,719.48 | 2,947,767.28 | 965,410.20 | 2,229,076.56 |
| Land Use Tax | 31,530.48 | 5,050,310.73 | 5,076,821.76 | 5,019.45 |
| Education Surtax | 370,260.54 | 7,643,880.11 | 9,197,730.29 | -1,183,589.64 |
| Local Education Surtax | 154,846.05 | 819,947.80 | 719,045.27 | 255,748.58 |
| Flood Prevention Charges | -33,373.80 | 556,384.32 | 396,708.97 | 126,301.55 |

| Items | Amount at the beginning of year | Payable in Current Year | Paid in Current Year | Amount at the end of year |
|---|---|---|---|---|
| Other Taxes | 2,213,653.50 | 8,135,428.47 | 9,439,681.67 | 909,400.30 |
| **Total** | **-33,054,589.19** | **1,503,972,020.08** | **1,453,649,779.00** | **17,267,651.89** |

**28. Interest Payable**

| Entity Name | Balance at the end of year | Balance at the beginning of year |
|---|---|---|
| Interest Payable of Corporate Bond | 181,837,444.44 | 181,837,444.44 |
| Interest Payable of Bank Loan | 67,400,959.72 | 49,633,820.16 |
| Total | **249,238,404.16** | **231,471,264.60** |

**29. Other Payables**

(1) Listed as per Account Aging

| Items | Balance at the end of year | |
|---|---|---|
| | Amount | Proportion (%) |
| Within 1 year | 44,537,266.34 | 6.49 |
| 1-2 years | 344,371,699.71 | 50.20 |
| 2-3 years | 104,395,711.05 | 15.22 |
| Over 3 years | 192,700,380.60 | 28.09 |
| **Total** | **686,005,057.70** | **100.00** |

Continued

| Items | Balance at the beginning of year | |
|---|---|---|
| | Amount | Proportion (%) |
| Within 1 year | 484,869,932.71 | 64.45 |
| 1-2 years | 71,845,345.94 | 9.55 |
| 2-3 years | 11,535,212.35 | 1.53 |
| Over 3 years | 184,089,517.33 | 24.47 |
| **Total** | **752,340,008.33** | **100.00** |

(2) The top 5 units of other payables amounts are as follows as of December 31, 2013.

| Entity Name | Description | Closing balance | Proportion Accounting for Total Other Payables (%) |
|---|---|---|---|
| Land Development Merchants Company in Tianjin Port Free Trade Zone | Operation Funds | 222,739,279.33 | 32.47 |
| Tianjin Juchuan Investment Group Co., Ltd. | Operation Funds | 100,000,000.00 | 14.58 |
| Financial Settlement Center of Enterprises in Tianjin Airport Logistics Processing Zone | Operation Funds | 33,481,377.00 | 4.88 |
| Shanghai Shenglong Investment Group Co., Ltd. | Operation Funds | 32,238,541.67 | 4.70 |
| Finance Bureau of Tianjin Port Free Trade Zone | Operation Funds | 31,344,093.40 | 4.57 |
| **Total** | | **419,803,291.40** | 61.20 |

(3) No other payables from shareholders who hold more that 5%(5% included) voting right at the end of current report period.

**30. Non-current Liabilities Due within 1 Year**

(1) Borrowing Classification

| Items | Closing balance | Opening balance |
|---|---|---|
| The Long-term guaranteed loans due within 1 year | 677,610,000.00 | 232,000,000.00 |
| The Long-term credit loans due within 1 year | | 2,219,400,000.00 |
| **Total** | **677,610,000.00** | **2,451,400,000.00** |

(2) Details of Borrowings

| Borrowings | Term | Due Date | Amount | Interest Rate | Requirement | Purpose |
|---|---|---|---|---|---|---|
| Huaxia Bank .Tianjin Branch | 3-years | 2014/6/20 | 50,000,000.00 | 6.15% | Guarantee | Finance Leasing Project |
| Huaxia Bank .Tianjin Branch | 3-years | 2014/12/20 | 50,000,000.00 | 6.15% | Guarantee | Finance Leasing |

| Borrowings | Term | Due Date | Amount | Interest Rate | Requirem ent | Purpose |
|---|---|---|---|---|---|---|
| | | | | | | Project |
| Zheshang Bank .Tianjin Branch | 5-years | 2014/2/28 | 30,000,000.00 | 7.04% | Guarantee + Collateral | Finance Leasing Project |
| Zheshang Bank. Tianjin Branch | 5-years | 2014/8/30 | 30,000,000.00 | 7.04% | Guarantee + Collateral | Finance Leasing Project |
| Northern International Trust Co., Ltd. | 2-years | 2014/2/26 | 80,000,000.00 | 6.77% | Guarantee | Finance Leasing Project |
| Northern International Trust Co., Ltd. | 2-years | 2014/8/26 | 10,000.00 | 6.77% | Guarantee | Finance Leasing Project |
| Northern International Trust Co., Ltd. | 2-years | 2014/5/8 | 270,000,000.00 | 8.5% | Guarantee | Finance Leasing Project |
| Weihai Bank .Tianjin Branch | 5-years | 2014/6/28 | 40,000,000.00 | 6.98% | Guarantee | Finance Leasing Project |
| Binhai Branch of Tianjin Rual Commercial Bank | 9-years | 2014/6/15 | 10,000,000.00 | 6.55% | Guarantee | Finance Leasing Project |
| Binhai Branch of Tianjin Rual Commercial Bank | 9-years | 2014/12/15 | 10,000,000.00 | 6.55% | Guarantee | Finance Leasing Project |
| Bank of China .Free Trade Zone Branch | 5-years | 2014/3/28 | 46,000,000.00 | 6.72% | Guarantee + Collateral | Finance Leasing Project |
| Bank of Communications .Tianjin Branch | 5-years | 2014/6/20 | 8,500,000.00 | 6.40% | Guarantee + Collateral | Finance Leasing Project |
| Bank of Communications. | 5-years | 2014/9/19 | 8,400,000.00 | 6.40% | Guarantee | Finance |

| Borrowings | Term | Due Date | Amount | Interest Rate | Requirement | Purpose |
|---|---|---|---|---|---|---|
| Tianjin Branch | | | | | + Collateral | Leasing Project |
| Bank of Communications. Tianjin Branch | 5-years | 2014/12/19 | 8,200,000.00 | 6.40% | Guarantee + Collateral | Finance Leasing Project |
| Bank of Communications. Tianjin Branch | 5-years | 2014/12/20 | 28,000,000.00 | 7.315% | Guarantee + Collateral | Finance Leasing Project |
| Total | | | 677,610,000.00 | | | |

## 31. Other Current Liabilities

| Items | Balance at the end of year | Balance at the beginning of year |
|---|---|---|
| Withholding Land VAT | 46,770,763.63 | 19,371,579.15 |
| Deferred Income | 144,668,472.64 | 499,041,166.40 |
| Tianjin Lingang Industrial Zone Committee | 69,467,939.17 | 73,097,694.79 |
| Land Bureau of Tianjin Port Free Trade Zone | 15,549,950.13 | 24,490,248.25 |
| Tianjin Municipal Finance Bureau | 1,940,238.21 | 2,000,000.00 |
| Tianjin Binhai New District Finance Bureau | 509,761.94 | 527,142.87 |
| Corporate Income Tax | 14,800,000.00 | 18,400,000 |
| **Total** | **293,707,125.72** | **636,927,831.46** |

## 32. Long-term Borrowing

(1) Borrowing Classification

| Items | Balance at the end of year | Balance at the beginning of year |
|---|---|---|
| Credit Loan | 8,139,500,000.00 | 3,162,989,090.00 |

| | | |
|---|---|---|
| Mortgage Loan | 2,235,000,000.00 | 10,127,300,000.00 |
| Guaranteed Loan | 4,918,780,000.00 | 1,176,500,000.00 |
| Pledge Loan | 1,380,000,000.00 | |
| Total | **16,673,280,000.00** | **14,466,789,090.00** |

(2) Details of Borrowings

| Borrowings | Term | Due Date | Amount | Interest Rate | Requirement | Purpose |
|---|---|---|---|---|---|---|
| Industry and Commercial Bank of China. Free Trade Zone Sub-branch | 5 | 2014/6/30 | 1,000,000.00 | 5.346% | Guarantee | White-collar Apartment |
| Industry and Commercial Bank of China. Free Trade Zone Sub-branch | 5 | 2014/12/10 | 21,000,000.00 | 5.346% | Guarantee | White-collar Apartment |
| Industry and Commercial Bank of China. Free Trade Zone Sub-branch | 6 | 2015/6/30 | 1,000,000.00 | 5.346% | Guarantee | White-collar Apartment |
| Industry and Commercial Bank of China. Free Trade Zone Sub-branch | 6 | 2015/12/10 | 21,000,000.00 | 5.346% | Guarantee | White-collar Apartment |
| Industry and Commercial Bank of China. Free Trade Zone Sub-branch | 7 | 2016/6/30 | 1,000,000.00 | 5.346% | Guarantee | White-collar Apartment |
| Industry and Commercial Bank of China. Free Trade Zone Sub-branch | 7 | 2016/12/9 | 21,000,000.00 | 5.346% | Guarantee | White-collar Apartment |
| Industry and Commercial Bank of China. Free Trade Zone Sub-branch | 8 | 2017/6/30 | 1,000,000.00 | 5.346% | Guarantee | White-collar Apartment |
| Industry and Commercial Bank of China. Free Trade Zone Sub-branch | 8 | 2017/12/08 | 21,000,000.00 | 5.346% | Guarantee | White-collar Apartment |
| Industry and | 9 | 2018/6/29 | 1,000,000.00 | 5.346% | Guarantee | White-collar |

| | | | | | | |
|---|---|---|---|---|---|---|
| Commercial Bank of China. Free Trade Zone Sub-branch | | | | | | Apartment |
| Industry and Commercial Bank of China. Free Trade Zone Sub-branch | 9 | 2018/12/10 | 21,000,000.00 | 5.346% | Guarantee | White-collar Apartment |
| Industry and Commercial Bank of China. Free Trade Zone Sub-branch | 10 | 2019/06/28 | 16,000,000.00 | 5.346% | Guarantee | White-collar Apartment |
| Industry and Commercial Bank of China. Free Trade Zone Sub-branch | 10 | 2019/06/28 | 16,000,000.00 | 5.346% | Guarantee | White-collar Apartment |
| Bank of Tianjin. Hedong Sub-branch | 4 | 2017/7/25 | 1,000,000,000.00 | 7.04% | Guarantee | Heat Source Plant |
| Bahia Bank .Bandai New District Branch | 5 | 2017/8/16 | 14,880,000.00 | 7.04% | Guaranteed Loan | Thermoelectricity Phase II Project |
| Bahia Bank .Bandai New District Branch | 4 | 2017/8/16 | 9,920,000.00 | 7.04% | Guaranteed Loan | Thermoelectricity Phase II Project |
| Tianjin Bandai Taiyuan Property Development Co., Ltd. | 3 | 2016/6/2 | 200,000,000.00 | 6.4575% | Collateral | |
| Tianjin Dongle Sub-branch of Agricultural Development Bank of China | 4 | 2017/6/26 | 1,100,000,000.00 | 6.40% | Pledge + Guarantee | Land Consolidation Project of 12.76 Square Kilometers of Bandai Aviation Industrial Area |
| Harbin Bank. Binhai Sub-branch | 3 | 2015/6/27 | 65,000,000.00 | 7.04% | Guarantee | Current Capital |
| Industrial Trust Bank Co., Ltd. | 2 | 2014/6/25 | 700,000,000.00 | 8.00% | Credit | Infrastructure |
| Tianjin Rural Commercial Bank .Hexi Subbranch | 2 | 2015/2/28 | 44,000,000.00 | 6.15% | Credit | Current Capital |
| Industry and Commercial Bank of China. Tianjin Airport Finance Street Sub-branch | 5-years | 2014/4/26 | 300,000,000.00 | Floating Interest Rate | Credit | Project |
| Agricultural Bank of China. Free Trade Zone Business Department | 10-years | 2016/7/21 | 37,500,000.00 | Floating Interest Rate | Credit | Project |
| Agricultural Bank of China. Free Trade Zone Business Department | 10-years | 2016/9/8 | 225,000,000.00 | Floating Interest Rate | Credit | Project |
| Agricultural Bank of China. Free Trade Zone Business Department | 10-years | 2016/12/21 | 150,000,000.00 | Floating Interest Rate | Credit | Project |

| | | | | | | |
|---|---|---|---|---|---|---|
| Agricultural Bank of China. Free Trade Zone Business Department | 3-years | 2016/10/13 | 200,000,000.00 | Floating Interest Rate | Credit | Project |
| Agricultural Bank of China. Free Trade Zone Business Department | 3-years | 2016/12/25 | 100,000,000.00 | 6.46% | Credit | Project |
| Bank of China .Free Trade Zone Branch | 15-years | 2018/6/30 | 470,000,000.00 | 5.18% | Credit | Project |
| Bank of China .Free Trade Zone Branch | 15-years | 2018/8/30 | 560,000,000.00 | 5.18% | Credit | Project |
| Bank of China .Free Trade Zone Branch | 10-years | 2018/7/25 | 330,000,000.00 | Floating Interest Rate | Credit | Project |
| Bank of China .Free Trade Zone Branch | 10-years | 2018/5/31 | 320,000,000.00 | Floating Interest Rate | Credit | Project |
| Bank of China .Free Trade Zone Branch | 12-years | 2021/7/14 | 1,670,000,000.00 | Floating Interest Rate | Credit | Project |
| China Construction Bank .Heeding Sub-branch | 10-years | 2017/10/31 | 500,000,000.00 | Floating Interest Rate | Credit | Project |
| China Construction Bank .Hedong Sub-branch | 10-years | 2018/4/21 | 200,000,000.00 | Floating Interest Rate | Credit | Project |
| China Construction Bank .Hedong Sub-branch | 10-years | 2018/8/19 | 360,000,000.00 | Floating Interest Rate | Credit | Project |
| China Construction Bank .Hedong Sub-branch | 10-years | 2018/8/19 | 300,000,000.00 | Floating Interest Rate | Credit | Project |
| China Merchants Bank .Tianjin Branch Business Department | 5-years | 2014/5/26 | 875,000,000.00 | Floating Interest Rate | Credit | Project |
| China Minsheng Bank .Binhai Sub-branch | 10-years | 2017/8/27 | 750,000,000.00 | 6.80% | Credit | Project |
| Huaxia Bank. Binhai New District Sub-branch | 9-years | 2017/8/7 | 48,000,000.00 | Floating Interest Rate | Credit | Project |
| China Everbright Bank .Tianjin Branch | 3-years | 2014/5/25 | 213,000,000.00 | Floating Interest Rate | Credit | Project |
| Shanghai Pudong Development Bank.Puji Sub-branch | 5-years | 2015/11/23 | 550,000,000.00 | 5.66% | Collateral | Project |
| Shanghai Pudong Development Bank.Puyue Sub-branch | 3-years | 2015/11/23 | 200,000,000.00 | Floating Interest Rate | Collateral | Project |
| Bank of China .Binhai Branch | 10-years | 2023/12/30 | 600,000,000.00 | 7.27% | Collateral | Project |
| China Construction Bank .Hedong Sub-branch | 10-years | 2018/8/18 | 740,000,000.00 | Floating Interest Rate | Guarantee | Project |
| Bank of Communications. | 7-years | 2015/10/25 | 85,000,000.00 | Floating Interest Rate | Guarantee | Project |

| | | | | | | |
|---|---|---|---|---|---|---|
| Binhai Sub-branch | | | | | | |
| Bank of Communications . Binhai Sub-branch | 7-years | 2015/10/25 | 100,000,000.00 | Floating Interest Rate | Guarantee | Project |
| Shanghai Pudong Development Bank.Puji Sub-branch | 8-years | 2021/7/31 | 200,000,000.00 | Floating Interest Rate | Guarantee | Project |
| Shenzhen Development Bank .Free Trade Sub-branch | 3-years | 2016/5/31 | 300,000,000.00 | Floating Interest Rate | Guarantee | Project |
| Huaxia Bank. Binhai New District Sub-branch | 10-years | 2017/8/8 | 102,000,000.00 | 6.64% | Guarantee | Project |
| Huaxia Bank .Binhai New District Sub-branch | 9-years | 2017/8/7 | 225,000,000.00 | 7.05% | Guarantee | Project |
| Bohai Bank Business Office | 10-years | 2018/5/28 | 200,000,000.00 | Floating Interest Rate | Guarantee | Project |
| Bank of Communications. Tianjin Branch | 5-years | 2017/3/28 | 28,000,000.00 | 7.315% | Guarantee + Collateral | Finance Leasing Project |
| Bank of Communications. Tianjin Branch | 5-years | 2017/10/26 | 80,000,000.00 | 6.40% | Guarantee + Collateral | Finance Leasing Project |
| China Construction Bank .Tianjin Branch | 2-years | 2015/6/18 | 100,000,000.00 | 6.46% | Guarantee + Collateral | Finance Leasing Project |
| China Construction Bank .Tianjin Branch | 3-years | 2016/6/21 | 180,000,000.00 | 6.46% | Guarantee + Pledge | Finance Leasing Project |
| Huaxia Bank .Tianjin Branch | 3-years | 2015/12/24 | 100,000,000.00 | 6.15% | Guarantee | Finance Leasing Project |
| Zheshang Bank. Tianjin Branch | 5-years | 2017/8/30 | 180,000,000.00 | 7.04% | Guarantee + Collateral | Finance Leasing Project |
| Northern International Trust Co., Ltd. | 2-years | 2015/2/26 | 919,980,000.00 | 6.77% | Guarantee | Finance Leasing Project |
| Weihai Bank .Tianjin Branch | 5-years | 2017/6/28 | 120,000,000.00 | 6.98% | Guarantee | Finance Leasing Project |
| Tianjin Rural Commercial Bank .Binhai Branch | 9-years | 2022/3/21 | 595,000,000.00 | 6.55% | Guarantee | Finance Leasing Project |
| Bank of China .Free Trade Zone Branch | 5-years | 2018/3/28 | 184,000,000.00 | 6.72% | Guarantee + Collateral | Finance Leasing Project |
| **Total** | | | **16,673,280,000.00** | | | |

Note 1: There are no the long-term borrowings are due but unpaid by the Company in the accounting period.

Note 2: The guaranteed loans are RMB 4,918,780,000.00 at the end of current period, the guaranteed unit is Tianjin Port FTZ Investment Co., Ltd., Tianjin Free Trade Zone Investment Holding Group Co., Ltd. and Tianjin Port Free Trade Zone Management Committee.

Note 3: The mortgage loans are RMB 2,235,000,000.00 at the end of current period, and the mortgages are the part of projects under construction and other development costs of Jinhai'an D06, D07 and D01 projects, the sole office building of No.8 in Airport Business Area, the gold-collar apartment, and the technology mansion.

Note 4: The pledge borrowings are RMB 1,380,000,000.00 at the end of current period, and the pledges are the development cost of corresponding land consolidation place and profit right, and the earnings right of other finance leasing. Meanwhile, the joint liability assurance shall be offered by Tianjin Free Trade Zone Investment Holding Group Co., Ltd.

**33. Bonds Payable**

| Bond Name | Book Value | Issuing Date | Bond Term | Interest Rate (%) | Interest Payable at the beginning of year | Interest Accrued in Current Year | Interest Paid in Current Year | Interest Accrued at the end of year | Balance at the end of year |
|---|---|---|---|---|---|---|---|---|---|
| Medium Term Note Phase I | 2,000,000,000.00 | 2011/3/8 | 2015/3/8 | 5.15 | 82,885,000.00 | 103,000,000.00 | 103,000,000.00 | 82,885,000.00 | 2,082,885,000.00 |
| Medium Term Note Phase II | 2,000,000,000.00 | 2012/5/12 | 2016/5/12 | 5.67 | 73,395,000.00 | 113,400,000.00 | 113,400,000.00 | 73,395,000.00 | 2,073,395,000.00 |
| Privately Raised Bonds Phase I in 2012 | 3,000,000,000.00 | 2012/6/29 | 2015/6/29 | 5.98 | 90,928,767.12 | 178,416,986.30 | 179,400,000.00 | 89,945,753.42 | 3,089,945,753.42 |
| Privately Raised Bonds Phase II in 2012 | 3,000,000,000.00 | 2012/8/23 | 2015/8/23 | 5.88 | 62,827,397.26 | 175,433,424.66 | 174,000,000.00 | 64,260,821.92 | 3,064,260,821.92 |
| Privately Raised Bonds Phase I in 2013 | 1,000,000,000.00 | 2013/5/24 | 2016/5/24 | 5.5 | | 33,301,369.86 | | 33,301,369.86 | 1,033,301,369.86 |
| Privately Raised Bonds Phase II in 2013 | 2,000,000,000.00 | 2013/5/24 | 2016/5/24 | 5.5 | | 66,602,739.73 | | 66,602,739.73 | 2,066,602,739.73 |
| Privately Raised Bonds Phase III in 2013 | 2,000,000,000.00 | 2013/6/7 | 2016/6/7 | 5.45 | | 61,517,808.22 | | 61,517,808.22 | 2,061,517,808.22 |
| Short-finance Phase I | 3,000,000,000.00 | 2013/8/2 | 2014/8/2 | 5.5 | | 68,260,273.97 | | 68,260,273.97 | 3,068,260,273.97 |
| Short-finance Phase II | 1,650,000,000.00 | 2013/8/2 | 2014/8/2 | 5.5 | | 37,543,150.68 | | 37,543,150.68 | 1,687,543,150.68 |
| Small Debts | 999,000,000.00 | 2013/3/7 | 2016/3/3 | 5.1 | | | | | 999,000,000.00 |
| 07 Tianbao Investment Bonds | 1,200,000,000.00 | 2007/6/19 | 1900/1/10 | | | | | | 1,200,000,000.00 |
| 08 Tianbao Investment Bonds | 2,800,000,000.00 | 2008/9/15 | 1900/1/7 | | | | | | 2,800,000,000.00 |
| 10 Tianbao Investment Bonds | 2,000,000,000.00 | 2010/3/15 | 1900/1/10 | | | | | | 2,000,000,000.00 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 11 Tianbao Investment Bonds | 2,000,000,000.00 | 2011/6/8 | 1900/1/7 | | | | | | 2,000,000,000.00 |
| Total | **28,649,000,000.00** | | | | **310,036,164.38** | **837,475,753.42** | **569,800,000.00** | **577,711,917.80** | **29,226,711,917.80** |

Notes: The interest rate withdrawn at the end of Tianbao investment bond year shall be calculated in the accrual interest payable.

### 34. Long-term Payables

| Entity Name | Balance at the end of year | Balance at the beginning of year |
|---|---|---|
| Finance Bureau of Tianjin Port Free Trade Zone | 37,918,987.44 | 39,482,647.44 |
| CIT Finance Leasing Co., Ltd. | 18,699.50 | 18,659.74 |
| Total | **37,937,686.94** | **39,501,307.18** |

### 35. Special Account Payable

| Entity Name | Item Description | Amount at the end of |
|---|---|---|
| Finance Bureau of Tianjin Port Free Trade Zone | Capital Construction | 116,376,131.95 |
| Finance Bureau of Tianjin Port Free Trade Zone | Change | 6,302,683.60 |
| Finance Bureau of Tianjin Port Free Trade Zone | Overhaul | 8,659,640.40 |
| Finance Bureau of Tianjin Port Free Trade Zone | Special | 10,138,286.50 |
| Finance Bureau of Tianjin Port Free Trade Zone | Capital Construction Handover | 19,470,907.85 |
| Finance Bureau of Tianjin Port Free Trade Zone | Change Handover | 679,562.41 |
| Finance Bureau of Tianjin Port Free Trade Zone | Allocated Depreciation Payment | -59,340,542.25 |
| Finance Bureau of Tianjin Port Free Trade Zone | Special Payment | 1,728,464.38 |
| Finance Bureau of Tianjin Port Free Trade Zone | Construction Overhaul | 175,608.36 |
| Finance Bureau of Tianjin Port Free Trade Zone | Special Construction | 19,793.25 |
| Tianjin T&B Communal Facility Co., Ltd. | Public Allocation | 526,102.24 |
| Tianjin Municipal Finance Bureau | Special Municipal Finance | 7,500,000.00 |
| Tianjin Municipal Science and Technology Commission | Special Science and Technology | 15,806.56 |
| Finance Bureau in Tianjin Airport Economic Zone | | 4,800,000.00 |

| | | |
|---|---|---|
| Tianjin Municipal Drainage Management Institute | Discharging tube reformation of sewage pumping station | 2,868,188.00 |
| Finance Bureau of Tianjin Port Free Trade Zone | Nanyang Wall | 690,000.00 |
| Heat Restructuring Turn-in | Allocation Change | 1,822,991.00 |
| Tianjin T&B Holdings Co., Ltd. | Capital Construction Allocation | 5,021,988.00 |
| Finance Bureau of Tianjin Port Free Trade Zone Management Committee | Capital Construction Allocation | 8,598,500.00 |
| Information Office of Tianjin Municipal People’s Government | Special Allocation | 100,000.00 |
| Tianjin Environmental Protection Bureau | Special Allocation | 2,070,000.00 |
| Finance Bureau of Tianjin Port Free Trade Zone Management Committee | Special Allocation | 44,627,741.41 |
| Tianjin Municipal Heating Office | Special Allocation | 63,336,519.70 |
| Tianjin Municipal Finance Bureau | Special Allocation | 1,550,000.00 |
| Finance Bureau of Tianjin Binhai New District New District | Special Allocation | 500,000.00 |
| Tianjin T&B Holdings Co., Ltd. | Other Allocation | 16,519,452.20 |
| Tianjin T&B International Logistics Group Co., Ltd. | Other Allocation | 47,824.00 |
| Tianjin T&B Technology Development Co., Ltd. | Other Allocation | 64,000.00 |
| Tianjin T&B Construction Development Co., Ltd. | Other Allocation | 123,600.00 |
| Tianjin Port FTZ Investment Co., Ltd. | Other Allocation | 38,307,380.16 |
| Tianjin Aviation Industrial Development Co., Ltd. | Other Allocation | 1,214,275.00 |
| Tianjin Kongchang Automobile Trading Co., Ltd. | Other Allocation | 1,819,637.30 |
| Baideli (Tianjin) International Trade Co., Ltd. | Other Allocation | 1,936,389.00 |
| Tianfang Holdings Co., Ltd. | Other Allocation | 139,665.25 |
| Yuanyi Precision Instrument Co., Ltd. | Other Allocation | 23,178.75 |
| China Mobile Communication Tianjin Co., Ltd. | Other Allocation | 9,751,480.70 |
| Shimano | Other Allocation | 1,264,202.00 |
| Tianjin Shengxinlong Fine Chemical Co., Ltd. | Other Allocation | 197,061.00 |
| Tianjin Minglang Real Estate Investment Co., Ltd. | Other Allocation | 351,703.00 |
| Tianjin Special Packaging Machinery Co., Ltd. | Other Allocation | 92,104.00 |
| Sinopharm Tianjin Logistics Co., Ltd. | Other Allocation | 739,516.00 |
| Tianjin Seagull Industrial Park Co., Ltd. | Other Allocation | 2,055,762.25 |

| | | |
|---|---|---|
| China Aerospace Science and Industry Group 8357 Institute | Other Allocation | 3,053,969.00 |
| Tianjin Reducer Co., Ltd. | Other Allocation | 367,249.50 |
| Tianjin Vanke Airport Real Estate Co., Ltd. | Other Allocation | 19,030,543.28 |
| Tianjin Yinbo Science Development Co., Ltd. | Other Allocation | 757,498.00 |
| Tianjin Free Trade Zone Management Committee | Other Allocation | 751,785.75 |
| Tianjin Airport Automobile Park Development Co., Ltd. | Other Allocation | 2,000,000.00 |
| Tianjin Chuangjian Industrial Development Co., Ltd. | Other Allocation | 6,539,880.10 |
| Becker (China) Mining Equipment Co., Ltd. | Other Allocation | 354,455.00 |
| Tianjin Haijin Real Estate Investment Co., Ltd. | Other Allocation | 160,000.00 |
| Wenqi International Trade Co., Ltd. in Tianjin Port Free Trade Zone | Other Allocation | 10,512.00 |
| Tianjin T&B Property | Other Allocation | 15,549,661.48 |
| Tianjin Shengyi Plastic Co., Ltd. | Other Allocation | 179,840.25 |
| PPG Aviation Materials (Tianjin) Co., Ltd. | Other Allocation | 65,887.25 |
| Toyota Tsusho (Tianjin) Co., Ltd. | Other Allocation | 15,123.50 |
| Special Force of Tianjin Public Security Bureau | Other Allocation | 5,248,349.00 |
| Sinotrans (Tianjin) Storage and Transportation Co., Ltd. | Other Allocation | 40,000.00 |
| Zhongji Subaru (Tianjin) Automobile Sales Co., Ltd. | Other Allocation | 40,000.00 |
| China Automobile Trading Co., Ltd. | Other Allocation | 250,808.00 |
| Tianjin Hengcheng Industrial Wool Fabric Co., Ltd. | Other Allocation | 80,000.00 |
| Dongfang Tianhong (Tianjin) Industry Co., Ltd. | Other Allocation | 776,131.00 |
| China Grain and Grease Reserves (Tianjin) Co., Ltd. | Other Allocation | 440,000.00 |
| Catic Helicopter Co., Ltd. | Other Allocation | 18,501,677.05 |
| Tianjin Liugong Machinery Co., Ltd. | Other Allocation | 3,325,310.00 |
| Focus Estate | Other Allocation | 4,615,306.00 |
| Tianjin Honggang Investment Co., Ltd. | Other Allocation | 1,344,000.00 |
| Tianjin Shengang Real Estate Development Co., Ltd. | Other Allocation | 39,667,628.98 |
| Tianjin Lianming Plastic Packaging Materials Co., Ltd. | Other Allocation | 320,000.00 |

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|---|---|---|
| Ansteel International Trade Co., Ltd. | Other Allocation | 3,492,043.10 |
| Tianjin Wanhua Real Estate Co., Ltd. | Other Allocation | 17,894,801.60 |
| Tianjin Northern Huatai Real Estate Investment Co., Ltd. | Other Allocation | 13,773,438.29 |
| Tianjin Bohai Suning Appliance Co., Ltd. | Other Allocation | 437,102.80 |
| Kedun (Tianjin) Electronic Medical Instrument Co., Ltd. | Other Allocation | 456,928.20 |
| China Merchants Group Logistics (Tianjin) Co., Ltd. | Other Allocation | 136,749.25 |
| Tianjin Zhongtian Dadi Science and Technology Co., Ltd. | Other Allocation | 152,607.75 |
| Vanguard Machine Tool Sales Co., Ltd. in Tianjin Port Free Trade Zone | Other Allocation | 9,198.00 |
| Tianjin Cable Space Structure Technology and Engineering Co., Ltd. | Other Allocation | 29,962.00 |
| Tianjin Patriot Industrial Park Construction Development Co., Ltd. | Other Allocation | 1,026,917.12 |
| Tianjin Tianfang High-tech Logistics Co., Ltd. | Other Allocation | 59,066.50 |
| Tianjin Tianhai High Pressure Container Co., Ltd. | Other Allocation | 120,000.00 |
| Tianjian Chuangjian Industrial Development Co., Ltd. | Other Allocation | 131,675.70 |
| Tianjin Port Free Trade Zone International Trade Service Co., Ltd. | Other Allocation | 776,991.50 |
| Tianjin Zhenming Liguang Co., Ltd. | Other Allocation | 262,846.00 |
| Tianjin Jieguan Medical Technology Co., Ltd. | Other Allocation | 182,875.50 |
| Tianjin Longwei Grain and Oil Industry Co., Ltd. | Other Allocation | 67,394.75 |
| Tianjin Southeast Steel Structure Co., Ltd. | Other Allocation | 110,235.75 |
| Tianjin Metallurgy Group Tiancai Technology Development Co., Ltd. | Other Allocation | 1,390,409.50 |
| Tianjin Gaode Automobile Trading Co., Ltd. | Other Allocation | 111,361.90 |
| Tianjin Binhai International Automobile Town Co., Ltd. | Other Allocation | 556,782.00 |
| Tianjin Bioroc Pharmaceutical & Biotech Co., Ltd. | Other Allocation | 2,076,890.50 |
| Nanyang Cable (Tianjin) Co., Ltd. | Other Allocation | 388,891.50 |

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|---|---|---|
| Magna Automotive Power Train (Tianjin) Co., Ltd. | Other Allocation | 944,722.50 |
| Toray Power Supply Company of Tianjin Electric Power Corporation | Other Allocation | 2,862,476.50 |
| Finance Bureau of Tianjin Port Free Trade Zone | Other Allocation | 6,783,021.00 |
| Tianjin Huitong Luhua Automobile Sales Co., Ltd. | Other Allocation | 1,890,564.00 |
| Tianjin Xiangpiaopiao Food Industry Co., Ltd. | Other Allocation | 320,000.00 |
| Bystronic (Tianjin) Laser Technology Co., Ltd. | Other Allocation | 1,040,357.25 |
| Caterpillar (Tianjin) Co., Ltd. | Other Allocation | 5,142,017.50 |
| Unilever (Tianjin) Co., Ltd. | Other Allocation | 872,881.00 |
| Convergent (Tianjin) Co., Ltd. | Other Allocation | 2,813,055.75 |
| Tianjin Tianyuan Weiye International Trade Co., Ltd. | Other Allocation | 390,112.00 |
| Tianjin Biochemical Pharmaceutical Co., Ltd. | Other Allocation | 980,275.00 |
| Tianjin Dansheng Packaging Co., Ltd. | Other Allocation | 480,000.00 |
| Jiuyi Global (Tianjin) Equipment Manufacturing Co., Ltd. | Other Allocation | 3,135,566.75 |
| Linamar (Tianjin) Co., Ltd. | Other Allocation | 464,285.50 |
| Tianjin Port Commercial Free Trade Warehouse Co., Ltd. | Other Allocation | 11,725.00 |
| Tianjin Airport Second-hand Car Trading Market Co., Ltd. | Other Allocation | 1,858,798.40 |
| Tianjin Northern Wanfeng Environmental Protection Technology Co., Ltd. | Other Allocation | 178,834.00 |
| Tianjin Yihong Printing Development Co., Ltd. | Other Allocation | 953,739.75 |
| Tianjin Songjiang Co., Ltd. | Other Allocation | 12,008,086.40 |
| Tianjin Jinfa New Materials Co., Ltd. | Other Allocation | 194,705.25 |
| Total (Tianjin) Industry Co., Ltd. | Other Allocation | 77,016.00 |
| Tianjin Boruite Sightseeing Train Co., Ltd. | Other Allocation | 202,650.00 |
| Tianjin Aviation Electromechanical Co., Ltd. | Other Allocation | 969,608.50 |
| Tianjin Purui Biotechnology Co., Ltd. | Other Allocation | 800,000.00 |
| Tianjin Binhai International Automobile Town Co., Ltd. | Other Allocation | 1,126,980.80 |
| The 53nd Research Institute of China Electronics | Other Allocation | 3,288,000.00 |

| | | |
|---|---|---|
| Technology Group Company (CETC) | | |
| Sinofn (Tianjin) Pharm-Tech Co., Ltd. | Other Allocation | 40,000.00 |
| Tianjin Jinlong Kaiyuan Co., Ltd. | Other Allocation | 12,800,379.20 |
| Tianjin Kuwu Logistics Development Co., Ltd. | Other Allocation | 137,132.25 |
| Tianjin Bohai Supply Chain Management Co., Ltd. | Other Allocation | 3,104,842.00 |
| Toyota Synthesis (Tianjin) Precision Products Co., Ltd. | Other Allocation | 90,400.00 |
| Kangxin Logistics (Tianjin) Co., Ltd. | Other Allocation | 15,425.00 |
| Tianjin Zhenhua International Logistics Transportation Co., Ltd. | Other Allocation | 80,000.00 |
| Xifei International Aviation Manufacturing (Tianjin) Co., Ltd. | Other Allocation | 111,142.50 |
| Ai'enkai Energy Lubricant (Tianjin) Co., Ltd. | Other Allocation | 240,000.00 |
| Tianjin Municipal Heating Office | Other Allocation | 32,679,694.85 |
| Tianjin Hedong District Real Estate Bureau Heating Company | Other Allocation | 2,098,000.00 |
| Finance Bureau of Management Committee in Tianjin Port Free Trade Zone | Other Allocation | -676,200.29 |
| Tianjin Municipal Finance Bureau | The key equipment and supporting devices of pilot line in process of completion, and independent design and development of key raw materials | 7,000,000.00 |
| Tianjin Municipal Finance Bureau | The production technology and research of Sifuvirtide, with volume of 0.5KG | 10,000,000.00 |
| Tianjin Municipal Finance Bureau | The sewage treatment in the textile industrial park | 600,000.00 |
| Tianjin Municipal Finance Bureau | The subsidy funds plan of tourism resource development in 2010 | 100,000.00 |
| Finance Bureau of Free Trade Zone | The project of reconstruction and | 137,900,000.00 |

| | | |
|---|---|---|
| | construction of supporting pipe network in the sewage treatment plant | |
| Finance Bureau of Tianjin Binhai New District | The airbus project and industrial tourism | 8,800,000.00 |
| Tianjin Municipal Finance Bureau | The incubation transforming carrier project of the national digital publishing industry | 16,200,000.00 |
| Total | | **771,126,682.68** |

**36. Deferred Income Tax Liabilities**

| Items | Closing balance | Opening balance |
|---|---|---|
| The changes in fair value of financial assets available for sale that included into the capital reserve | 43,752,488.24 | 2,012,825.11 |
| The long-term receivables and the unrealized financing income | | 10,334,455.12 |
| **Total** | **43,752,488.24** | **12,347,280.23** |

**37. Other Non-current Liabilities**

| Items | Balance at the beginning of year | Increase in current year | Decrease in current year | Balance at the end of year |
|---|---|---|---|---|
| The special guidance fund of service business | 1,700,000.00 | | 1,700,000.00 | |
| Total | **1,700,000.00** | | **1,700,000.00** | |

**38. Paid-in Capital**

| Items | Balance at the beginning of year | | Increase in current period | Decrease in current period | Balance at the end of year | |
|---|---|---|---|---|---|---|
| | Amount | Proportion (%) | | | Amount | Proportion (%) |
| Tianjin Port Free Trade Zone State-owned Asset Supervision and Administration Commission | 13,750,000,000.00 | 100.00 | 2,301,000,000.00 | | 16,051,000,000.00 | 100.00 |
| **Total** | **13,750,000,000.00** | **100.00** | **2,301,000,000.00** | | **16,051,000,000.00** | **100.00** |

Notes: The new registered capital has been inspected by Tianjin Zhengde Jinlin Accounting Firm Co., Ltd. in current year, and issued JinZhengDeJinLinYanZi [2013] No.163 capital verification report for the validation.

**39. Capital Reserve**

| Items | Balance at the beginning of year | Increase in current period | Decrease in current period | Balance at the end of year |
|---|---|---|---|---|
| The fixed assets transferred in or out without compensation | 722,163,694.03 | 3,917,810.38 | | 726,081,504.41 |
| Other capital reserves | 10,323,559,466.33 | | 700,355,262.50 | 9,623,204,203.83 |
| **Total** | **11,045,723,160.36** | **3,917,810.38** | **700,355,262.50** | **10,349,285,708.24** |

Notes: On December 31, 2013, the State-owned Assets Management Bureau in Tianjin Free Trade Zone has freely allocated RMB 7 million on project under construction that originally transferred to the Company, to Tianjin T&B Holdings Co., Ltd. according to JinBaoGuoZiPi [2013] No.24 file.

**40. Surplus Reserves**

| Items | Balance at the beginning of year | Increase in current year | Decrease in current year | Balance at the end of year | Change Reason and Basis |
|---|---|---|---|---|---|
| The statutory surplus reserves | 77,777,777.78 | 100,000,000.00 | | 177,777,777.78 | |
| Total | **77,777,777.78** | **100,000,000.00** | | **177,777,777.78** | |

**41. Undistributed Profit**

| Items | Balance at the end of year | Balance at the beginning of year |
|---|---|---|
| The undistributed profit at the beginning of year | 759,552,069.24 | 798,945,943.47 |
| The adjustments of undistributed profits at the beginning of year (increase +, decrease -) | 134,294,239.32 | 22,174,693.21 |
| Plus: the net profit of the current period | 718,350,895.94 | 716,209,210.34 |
| Less: the withdrawal of legal surplus reserves | 100,000,000.00 | 77,777,777.78 |
| The withdrawal of other surplus reserves | | |

| | | |
|---|---|---|
| The withdrawal of general risk provision | | |
| The common stock dividends payable | 900,000,000.00 | 700,000,000.00 |
| The common stock dividends of the capital stock transferred in | | |
| The withdrawal of the chairman reward fund | | |
| **The undistributed profit at the end of period** | **612,197,204.50** | **759,552,069.24** |

**42. Operating Income and Operating Cost**

(1) The Operating incomes and costs as follows

| Items | Amount in the current year | Amount in the last year |
|---|---|---|
| 1. Main Operating income | 7,602,483,851.55 | 6,546,644,882.95 |
| 2. Other Operating incomes | 163,908,540.85 | 691,168,952.69 |
| 3. Interest Income | 122,302,801.35 | 71,859,346.43 |
| 4. Handling Charge and Commission Income | 10,371,568.38 | 4,861,899.97 |
| **Subtotal** | **7,899,066,762.13** | **7,314,535,082.04** |
| 1. Main Operating Cost | 6,447,874,839.26 | 5,498,691,489.97 |
| 2. Other Operating Costs | 38,956,585.29 | 222,790,513.40 |
| 3. Interest Expense | 237,722,791.91 | |
| 4. Handling Charge and Commission Income | 234,818.84 | 7,498.65 |
| **Subtotal** | **6,724,789,035.30** | **5,721,489,502.02** |

(2) All the income details as follows

| Items | Amount in the current year | | Amount in the last year | |
|---|---|---|---|---|
| | Income | Cost | Income | Cost |
| The main business | | | | |
| Where: the sales of housing property | 1,508,603,440.82 | 1,068,844,342.66 | 2,008,100,032.14 | 1,551,129,542.31 |
| The product sales | 5,135,254,531.87 | 4,969,811,909.54 | 3,528,360,831.80 | 3,429,968,438.81 |
| The property | 20,512.82 | | 6,344,032.46 | 7,206,515.07 |

| | | | | |
|---|---|---|---|---|
| management | | | | |
| The logistics service | 62,257,463.50 | 60,308,599.30 | 247,978,124.70 | 116,422,686.20 |
| The hotel service | 0.00 | | 15,576,106.46 | 4,758,683.65 |
| The aviation service | 465,546,031.98 | 185,744,308.82 | 383,783,160.38 | 216,633,509.29 |
| The finance leasing | 82,884,808.59 | 163,165,678.94 | 108,967,850.04 | |
| The house rent income | | | 17,492,696.60 | 7,344,776.01 |
| The service income | | | 870,233.97 | |
| The lease revenue | | | 8,762,099.65 | 10,686,244.43 |
| The engineering | 45,042,094.06 | | 3,430,355.90 | 3,210,269.92 |
| Others | 302,874,967.91 | | 216,979,358.85 | 151,330,824.28 |
| Subtotal | **7,602,483,851.55** | **6,447,874,839.26** | **6,546,644,882.95** | **5,498,691,489.97** |
| Other businesses | | | | |
| Where: the lease revenue | 10,343,148.50 | 3,136,938.20 | 12,947,871.46 | 5,172,362.13 |
| Other incomes | 101,767,451.07 | 2,675,887.86 | 615,931,981.95 | 159,212,734.29 |
| The engineering income | 17,606,195.66 | 16,076,517.25 | 59,925,236.48 | 35,243,879.29 |
| The service income | 18,973,015.11 | 458,987.75 | 1,749,663.74 | 17,046,846.33 |
| The self-supported project income | 15,068,668.96 | 16,372,958.73 | 372,423.00 | 5,990,419.20 |
| The sales revenue | 150,061.55 | 235,295.50 | 241,776.06 | 124,272.16 |
| Subtotal | **163,908,540.85** | **38,956,585.29** | **691,168,952.69** | **222,790,513.40** |

## 43. Business Taxes and Surcharges

| Items | Amount in the current year | Amount in the last year |
|---|---|---|
| The business tax | 138,374,952.56 | 168,225,855.76 |
| The urban maintenance and construction tax | 12,354,752.29 | 14,112,521.85 |
| The resource tax | 67,031.90 | 65,793.49 |
| The educational surtax | 5,659,990.17 | 9,694,252.17 |
| The land VAT | 38,438,517.65 | 18,675,375.91 |
| The investment real estate property tax | 6,449,763.22 | 5,696,816.79 |
| The investment real estate land use tax | 209,706.06 | 209,706.06 |
| The local education surcharges | 2,503,453.67 | 0.00 |

| | | |
|---|---|---|
| Total | **204,058,167.52** | **216,680,322.03** |

**44. Business Expenses**

| Items | Amount in the current year | Amount in the last year |
|---|---|---|
| The wages and allowances | 38,467,831.74 | 40,791,527.15 |
| The welfare expenses | 1,849,247.15 | 3,474,175.11 |
| The depreciation costs | 17,115,651.91 | 17,395,806.10 |
| The maintenance costs | 4,886,784.94 | 4,433,702.08 |
| The (Machine) material consumption | 1,995,764.56 | 2,550,695.92 |
| The office expense | 2,517,375.95 | 2,790,419.38 |
| The business entertainment | 2,546,207.74 | 3,216,546.06 |
| The travel transportation expense | 3,308,498.97 | 3,513,683.75 |
| The labor protection costs | 502,287.05 | 600,478.56 |
| The transport charge | 11,010,708.14 | 18,007,919.86 |
| The sales service charge | 13,825,208.50 | 30,818,340.48 |
| The insurance expenses | 2,485,311.39 | 1,943,248.18 |
| The lease fee | 4,155,545.68 | 2,793,997.44 |
| The charges in water, electricity and gas | 5,317,182.04 | 2,965,437.25 |
| The property management fee | 15,963,913.38 | 14,674,899.93 |
| The advertising and promotion expenses | 19,749,305.19 | 20,896,497.03 |
| The amortization of low value consumable articles | 356,182.90 | 883,568.08 |
| The handling charges | 10,066,339.73 | 12,622,877.04 |
| The housing maintenance fund | | 15,760,926.86 |
| Others | 33,708,253.68 | 11,285,965.29 |
| Total | **189,827,600.64** | **211,420,711.55** |

**45. Administration Expense**

| Items | Amount in the current period | Amount in the last period |
|---|---|---|
| The staff salary | 128,812,461.09 | 162,027,743.42 |
| The labour insurances | 29,235,555.04 | 2,839,764.26 |
| The depreciation cost | 68,825,801.14 | 68,434,421.93 |

| Items | Amount in the current period | Amount in the last period |
|---|---|---|
| The office expense | 11,010,641.99 | 23,442,722.33 |
| The business entertainment | 4,826,384.98 | 9,232,161.68 |
| The travel transportation expense | 4,251,700.99 | 3,280,519.08 |
| The maintenance costs | 3,933,779.58 | 6,346,106.46 |
| The advertising and promotion expenses | 5,829,042.21 | 2,087,388.75 |
| The vehicle use fee | 5,045,234.39 | 6,191,481.89 |
| The amortization of intangible assets | 7,216,605.29 | 4,961,148.44 |
| The charges in water, electricity and gas | 3,692,028.45 | 12,392,989.12 |
| The property management fee | 5,048,086.18 | 5,261,260.82 |
| The labor protection costs | 2,783,497.13 | 1,170,056.38 |
| The intermediary employed fee | 12,825,209.80 | 11,318,344.73 |
| The amortization of low value consumable articles | 640,215.66 | 5,299,311.74 |
| The conference expense | 993,969.99 | 402,074.35 |
| The taxes | 47,704,658.70 | 53,778,515.24 |
| The lease fee | 4,531,770.00 | 2,643,432.21 |
| The environmental expenditure | 625,790.00 | 831,154.81 |
| Others | 26,002,615.92 | 23641497.86 |
| **Total** | **373,835,048.53** | **405,582,095.50** |

## 46. Financial Expense

| Items | Amount in the current year | Amount in the last year |
|---|---|---|
| The interest income | -118,235,611.41 | -91,208,719.64 |
| The interest expense | 1,123,846,138.11 | 1,626,254,388.60 |
| The exchange loss | 5,511,480.73 | -9,281,377.13 |

| | | |
|---|---|---|
| The bank charges | 65,913,832.25 | 3,890,117.49 |
| Others | | 54,906,925.52 |
| Total | **1,077,035,839.68** | **1,584,561,334.84** |

## 47. Assets Impairment Loss

| Items | Amount in the current year | Amount in the last year |
|---|---|---|
| The bad-debt loss | -24,546,304.97 | 22,458,721.09 |
| The long-term equity investment loss | | 1,397,822.23 |
| The loan impairment loss | 51,380,171.60 | 11,869,300.00 |
| Total | **26,833,866.63** | **35,725,843.32** |

## 48. Investment Income

| Items | Amount in the current year | Amount in the last year |
|---|---|---|
| The long-term equity investment income | 778,362,734.35 | 599,186,245.91 |
| The equity transfer income | -240,267,654.27 | 213,422,888.78 |
| The investment income acquired in the period of the held-to-maturity investment | 104,849,565.22 | 27,168,996.19 |
| The investment income acquired in the period of the held tradable financial assets | 1,850,749.41 | 3,181,616.12 |
| The investment income acquired in the period of the treatment of the held-to-maturity investment | 1,433,055.56 | 3,571,590.69 |
| The investment income acquired in the period of the treatment of the tradable financial assets | | 1,725,818.76 |
| **Total** | **646,228,450.27** | **848,257,156.45** |

## 49. Non-Operating income

| Items | Amount in the current year | Amount in the last year |
|---|---|---|
| The subsidy income | 1,273,808,810.56 | 1,183,524,796.51 |
| The net income on disposal of the fixed assets | 1,524,835.30 | 931,026.49 |

| | | |
|---|---|---|
| The Penalty Income | 2,186,780.26 | 4,828.60 |
| The tax returns | 13,046.53 | |
| Others | 29,804,949.85 | 6,884,906.99 |
| **Total** | **1,307,338,422.50** | **1,191,345,558.59** |

All subsidy details:

| Entity Name | Payment Purpose | Subsidy Amount | Document relevant to allocation | When | Remark |
|---|---|---|---|---|---|
| Finance Bureau of Tianjin Port Free Trade Zone | The operation and maintenance fee | 35,337,717.36 | | | |
| Finance Bureau of Tianjin Port Free Trade Zone | Depreciation Allowance | 8,686,443.81 | | | |
| Finance Bureau of Tianjin Port Free Trade Zone | Enterprise Development Fund | 502,670,000.00 | JinBaoCaiPi [2013] No.7 | 2013 | |
| Finance Bureau of Tianjin Port Free Trade Zone | Interest Subsidy | 4,880,000.00 | | 2010 | |
| Finance Bureau of Tianjin Port Free Trade Zone | Other | 748,288.00 | | 2011 | |
| Finance Bureau of Tianjin Port Free Trade Zone | Other | 500,000.00 | | 2013 | |
| Finance Bureau of Tianjin Port Free Trade Zone | Other | 300,000.00 | | 2013 | |
| Binhai Commerce Commission | | 500,000.00 | | | |
| E-Commerce Department | | 4,800,000.00 | | | |
| Finance Bureau of Tianjin Port Free Trade Zone | | 300,000.00 | | | |
| Tianjin Port Free Trade Zone Management Committee | | 6,677,000.00 | | | |
| Finance Bureau of Tianjin Port Free Trade Zone | Finance Discount | 81,418,290.06 | | In 2013 | |
| Finance Bureau of Tianjin | Depreciation | 4,925,166.10 | | In 2013 | |

| | | | | | |
|---|---|---|---|---|---|
| Port Free Trade Zone | Subsidy | | | | |
| Tianjin Binhai New District Finance Bureau | Energy Conservation and Environmental Protection Subsidies | 1,041,000.00 | | | |
| Tianjin Port Free Trade Zone Management Committee | Blue-collar Apartment Business Subsidies | 9,270,000.00 | Comment on Financial Subsidies Allocated to Holding Company | | |
| Tianjin Housing Security Management Office | The Central Public Rental Housing Subsidy Funds | 2,500,000.00 | Letter on Allocation of Central Subsidy Funds of Public Rental Housing | | |
| | Enterprise Development Fund | 26,130,000.00 | Letter on Enterprise Development Fund Support Offered by Tianjin T&B Construction Co., Ltd. | | |
| Binhai New District Government | Production safety Fund | 500,000.00 | Special safety capital granted to the precaution and decrease of production safety accidents | | |
| Tianjin Binhai New District Finance Bureau | Special fund leaded by Binhai New District | 17,142.84 | Measures on Special Fund Management of | In 2010 | |

| | | | | | |
|---|---|---|---|---|---|
| | Development and Reform Commission (NDRC) Services | | Economic Development Promotion in Binhai New District" (JinBinZhengFa [2010] No.90) | | |
| Tianjin Municipal Finance Bureau | Construction Investment | 59,999.88 | "Notice on Investment Plan of Central Budget of Investment Subsidy Project on the adjustment of economic and trade of the National Development and Reform" (FaGai Investment 【2010】 No.2506) | In 2010 | |
| Tianjin Binhai New District Finance Bureau | Support the Development of Medium and Small Enterprises | 2,060,000.00 | Tianjin Port Free Trade Zone Management Committee with Jinbao Holding Report 【2013】 No.26 | In 2013 | |
| Business Commission | Subsidy of Business Commission | 50,000.00 | | In 2013 | |
| Tianjin Municipal Finance Bureau | Government Subsidy | 200,000.00 | | In 2013 | |
| Tianjin Binhai New | Special Capital | 20,000.00 | | In 2013 | |

| | | | | | |
|---|---|---|---|---|---|
| District Finance Bureau | Cultivated by High-tech Cultivation | | | | |
| Tianjin Municipal Finance Bureau | Finance Leasing Capitals | 108,854.00 | | In 2012 | |
| Tianjin Municipal Finance Bureau | Short Export Credit Insurance Subsidy | 29,598.00 | | In 2012 | |
| Tianjin Municipal Finance Bureau | Short Export Credit Insurance Subsidy | 34,570.00 | | In 2013 | |
| | Subsidy of Business Commission | 80,133.00 | | | |
| | Subsidy Payments on Credit Insurance | 46,280.00 | | | |
| Tianjin Municipal Finance Bureau | | 30,219.00 | | | |
| Tianjin Municipal Finance Bureau | Short Export Credit Insurance Subsidy | 98,102.00 | | | |
| Tianjin Municipal Finance Bureau | Finance Subsidized Capital | 15,941.00 | | | |
| Tianjin Municipal Finance Bureau | Special Fund for Foreign Trade Development | 21,695.00 | | | |
| Tianjin Lingang Industrial Zone Commission | Lingang Logistics Park Project | 6,313,374.72 | | | |
| Land Bureau of Tianjin Port Free Trade Zone | Settlement fees Compensation | 3,959,010.50 | | | |
| Tianjin Binhai New District Finance Bureau | Special fund leaded by Binhai New District | 4,350,000.00 | | | |

| | | | | | |
|---|---|---|---|---|---|
| | Development and Reform Commission (NDRC) Services | | | | |
| Management Committee of Free Trade Zone and Finance Bureau of Tianjin Port Free Trade Zone | The operation and maintenance fee on the construction of land development, the road construction and relevant supporting facilities that are not handed over. | 50,999,985.29 | The "Agreement on Handover and Reimbursement of Tianjin Airport Logistics Processing Area (Phase I) Infrastructure Construction Project" | 2013 | |
| Tianjin Municipal Finance Bureau | Financial Reward Capital | 600,000.00 | The Announcement on Allocation of Annual Financial Reward Capital from Financial Service of Small Enterprise of Financing Institutions in 2012 | 2013 | |
| Tianjin Municipal Finance Bureau | Financial reward capital | 300,000.00 | JinCaiYuZhi [2013] No.1472 | In 2013 | |
| Finance Bureau of Tianjin Port Free Trade Zone | The operation and maintenance fee | 272,910,000.00 | JinBaoCaiPi [2013] No.7 | 2013 | |
| Finance Bureau of Tianjin Port Free Trade Zone | Interest Subsidy | 240,320,000.00 | JinBaoCaiPi [2013] No.7 | 2013 | |
| **Total** | | **1,273,808,810.56** | | | |

**50. Non-business Expenditure**

| Items | Amount in the current year | Amount in the last year |
|---|---|---|
| The disposal loss on assets | 3,391,157.03 | 67,171,360.29 |
| The amercement outlay | 17,884.62 | 70,000.00 |

| | | |
|---|---|---|
| The donation outlay | 1,925,000.00 | 6,030,000.00 |
| The overdue fine | 16,153.91 | |
| Others | 31,996,609.85 | 2,421,629.17 |
| **Total** | **37,346,805.41** | **75,692,989.46** |

## 51. Income Tax Expense

| Items | Amount in the current year | Amount in the last year |
|---|---|---|
| The current income tax expense | 296,489,162.47 | 213,400,483.54 |
| The deferred income tax expense | -21,886,156.37 | 32,332,314.17 |
| Others | 23,467.84 | |
| **Total** | **274,626,473.94** | **245,732,797.71** |

## 52. Lease

(1) The original price, accumulative depreciation amount and accumulative amount of impairment provision at the beginning and end of year from all kinds of the leased fixed assets

| Leased Item | Opening balance | Increase in the current period | Depreciation in the current period | Closing balance | Lease Type |
|---|---|---|---|---|---|
| The science and technology building | 280,646,130.05 | | 15,580,121.28 | 265,066,008.77 | Fixed Asset |
| The aviation town No.1 bridge, planning road II | 302,820,000.00 | | | 302,820,000.00 | Project under constructi on |
| 8#, Building B in Airport Commercial Park | 372,420,000.00 | | | 372,420,000.00 | Develop ment Product |
| 1-5-6-9# Individual Office Building in Airport Commercial Eastern Park | 1,016,680,000.00 | | | 1,016,680,000.00 | Develop ment Product |
| The large transportation jig of airbus A320 | 159,035,600.00 | | | 159,035,600.00 | Project under |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | construction |
| CIT office device | 20,991.11 | | 4,052.52 | 16,938.59 | Fixed Asset |
| No.34 infrastructure | | 720,613,900.00 | | 720,613,900.00 | Project under construction |
| No.19 infrastructure | | 849,938,900.00 | | 849,938,900.00 | Project under construction |
| Total | 2,131,622,721.16 | 1,570,552,800.00 | 15,584,173.80 | 3,686,591,347.36 | |

(2) The key items in the sale and leaseback transaction and contract are as follows.

① The Science and Technology Building

On May 17, 2012, the Company and Tianjin T&B Leasing Co., Ltd. ("Tianbao Lease") have signed the transfer contract, and transferred the houses and buildings with the original book value of the fixed assets of RMB202.03 million and the book value of the fixed assets of RMB178.84 million, to Tianbao Lease, with the total transfer payment of RMB280.07 million. On the same day, the Company and Tianbao Lease have signed the leasing agreement on the houses and buildings, with the lease term from May 17, 2012 to May 16, 2017 and a total of 60 months. The actual rent amount shall be calculated on the basis of leasing cost and leasing interest rate, and the initial leasing costs are RMB289.69 million, with 10% of leasing interest rate. According to the asset transfer contract and the leasing agreement, the equipment under the contract shall be purchased by lessee with the symbolic price of RMB1.00 if there is no any default during the expiration of lease term. In March, 2013, the supplement agreement has been signed, where the leasing interest rate is adjusted to 9%, the lease term is extended to March 28, 2018, and the rent is paid in March per year.

② The Aviation Town No.1 Bridge, Planning Road II

On May 22, 2012, the Company and Tianjin T&B Leasing Co., Ltd. ("Tianbao Lease") have signed the transfer contract, and transferred the buildings with the original book value of the project under construction of

RMB312.53 million (Aviation Town No.1 Bridge, Planning Road II), to Tianbao Lease, with the total transfer payment of RMB302.82 million. On the same day, the Company and Tianbao Lease have signed the leasing agreement on the project under construction, with the lease term from May 22, 2012 to May 21, 2017 and a total of 60 months. The actual rent amount shall be calculated on the basis of leasing cost and leasing interest rate, and the initial leasing costs are RMB302.82 million, with 10% of leasing interest rate. According to the asset transfer contract and the leasing agreement, the equipment under the contract shall be purchased by lessee with the symbolic price of RMB1.00 if there is no any default during the expiration of lease term.

③ 8#, Building B in Airport Commercial Park

On August 30, 2012, the Company and Tianjin T&B Leasing Co., Ltd. ("Tianbao Lease") have signed the transfer contract, and transferred the buildings with the original book value of the project under construction of RMB217.51 million (8#, Building B in Airport Commercial Park), to Tianbao Lease, with the total transfer payment of RMB311.44 million. On the same day, the Company and Tianbao Lease have signed the leasing agreement on the project under construction, with the lease term from August 30, 2012 to August 29, 2017 and a total of 60 months. The actual rent amount shall be calculated on the basis of leasing cost and leasing interest rate, and the initial leasing costs are RMB3702.42 million, with 10% of leasing interest rate. According to the asset transfer contract and the leasing agreement, the equipment under the contract shall be purchased by lessee with the symbolic price of RMB1.00 if there is no any default during the expiration of lease term.

④ 1-5-6-9# Individual Office Building in Airport Commercial Eastern Park

On September 18, 2012, the Company and Tianjin T&B Leasing Co., Ltd. ("Tianbao Lease") have signed the transfer contract, and transferred the buildings with the original book value of the project under construction of RMB737.89 million (1-5-6-9# Individual Office Building in Airport Commercial Eastern Park), to Tianbao Lease, with the total transfer payment of RMB1016.00 million. On the same day, the Company and Tianbao Lease have signed the leasing agreement on the project under construction, with the lease term from September 25, 2012 to September 25, 2013 and a total of 12 months. The actual rent amount shall be calculated on the basis of leasing cost and leasing interest rate, and the initial leasing costs are RMB1016.68 million, with 10% of leasing interest rate. According to the asset transfer contract and the leasing agreement, the equipment under the contract shall be purchased by lessee with the symbolic price of RMB1.00 if there is no any default during the expiration of lease term.

⑤ The Large Transportation Jig of Airbus A320

On September 14, 2012, the Company and Tianjin T&B Leasing Co., Ltd. ("Tianbao Lease") have signed the transfer contract, and transferred the equipment with the original book value of the project under construction of RMB190.23 million (Large Transportation Jig of Airbus A320), to Tianbao Lease, with the total transfer payment of RMB158.58 million. On the same day, the Company and Tianbao Lease have signed the leasing agreement on the equipment, with the lease term from September 14, 2012 to September 13, 2017 and a total of 60 months. The actual rent amount shall be calculated on the basis of leasing cost and leasing interest rate, and the initial leasing costs are RMB159.0356 million, with 10% of leasing interest rate. According to the asset transfer contract and the leasing agreement, the equipment under the contract shall be purchased by lessee with the symbolic price of RMB1.00 if there is no any default during the expiration of lease term.

⑥ Tianjin Airport Economic Zone No.34 Infrastructure

On February 27, 2013, the Company and Tianjin T&B Leasing Co., Ltd. ("Tianbao Lease") have signed the transfer contract, and transferred the infrastructure with the original book value of the project under construction of RMB741.26 million (Tianjin Airport Economic Zone No.34 Infrastructure), to Tianbao Lease, with the total transfer payment of RMB720.6139 million. On the same day, the Company and Tianbao Lease have signed the leasing agreement on the equipment, with the lease term from February 27, 2013 to February 23, 2015 and a total of 24 months. The actual rent amount shall be calculated on the basis of leasing cost and leasing interest rate, and the initial leasing costs are RMB720.6139 million, with 9% of leasing interest rate. According to the asset transfer contract and the leasing agreement, the equipment under the contract shall be purchased by lessee with the symbolic price of RMB1.00 if there is no any default during the expiration of lease term. On August 22, 2013, the supplement agreement has been signed by two parties, which stipulates that the original rent standard and payment mode shall not be implemented. However, two parties shall make further negotiation of the leasing interest rate and rent according to the specific capital market.

⑦ Tianjin Airport Economic Zone No.19 Infrastructure

On March 22, 2013, the Company and Tianjin T&B Leasing Co., Ltd. ("Tianbao Lease") have signed the transfer contract, and transferred the infrastructure with the original book value of the project under construction of RMB865.0994 million (Tianjin Airport Economic Zone No.19 Infrastructure), to Tianbao

Lease, with the total transfer payment of RMB849.9389 million. On the same day, the Company and Tianbao Lease have signed the leasing agreement on the equipment, with the lease term from March 22, 2013 to March 18, 2022 and a total of 9 years. The actual rent amount shall be calculated on the basis of leasing cost and leasing interest rate, and the initial leasing costs are RMB849.9389 million, with 9% of leasing interest rate. According to the asset transfer contract and the leasing agreement, the equipment under the contract shall be purchased by lessee with the symbolic price of RMB1.00 if there is no any default during the expiration of lease term.

**53. Additional Information of Cash Flow Statement**

(1) The Additional Information of Cash Flow Statement

| Items | Amount in the current year | Amount in the last year |
|---|---|---|
| The net profit | 944,280,797.25 | 857,252,200.65 |
| Plus: the assets impairment provision | 26,833,866.63 | 35,725,843.32 |
| The fixed assets depreciation, the oil and gas assets depletion and the productive biological assets depreciation | 250,391,617.59 | 305,329,523.82 |
| The intangible assets amortization | 7,732,184.25 | 11,086,135.32 |
| The long-term unamortized expenses | 13,249,594.54 | 2,797,860.64 |
| The disposal of losses on fixed assets, intangible assets and other long-term assets ("-" filled for the earnings) | 2,485,437.85 | 40,793,096.42 |
| The fixed assets scrap losses ("-" filled for the earnings) | -732,663.59 | 66,240,333.80 |
| The fair value change losses ("-" filled for the earnings) | | |
| The financial expense ("-" filled for the earnings) | 1,129,357,618.84 | 1,070,189,273.76 |
| The investment losses ("-" filled for the earnings) | -646,228,450.27 | 1,593,842,711.97 |
| The deferred income tax assets decrease ("-" filled for the increase) | -41,666,819.47 | -848,257,156.45 |
| The deferred income tax liabilities increase ("-" filled for the decrease) | 19,780,663.09 | 13,204,543.30 |
| The inventory decrease ("-" filled for the increase) | -232,723,095.20 | 10,172,905.16 |
| The decrease of business receivables ("-" filled for the increase) | -5,054,515,697.81 | -4,337,031,128.43 |
| The increase of business receivables ("-" filled for the decrease) | 859,187,912.13 | -4,450,282,431.32 |
| Others | -284,214,914.79 | 4,445,995,021.87 |

| | | |
|---|---|---|
| **The net cash flow from business activities** | **-3,006,781,948.96** | **-1,182,941,266.17** |
| The major investment and financing activities on the cash deposit and withdrawal uninvolved | | |
| The conversion of debt into capital | | |
| The convertible bonds matured within 1 year | | |
| The fixed assets under financial leasing | | |
| The net change of cash and cash equivalents: | | |
| The closing balance of cash | 9,224,531,117.84 | 10,117,359,953.47 |
| Minus: the opening balance of cash | 10,117,359,953.47 | 7,042,151,651.60 |
| Plus: the closing balance of cash equivalents | | |
| Less : the opening balance of cash equivalents | | 200,000,000.00 |
| **The net increase amount of cash and cash equivalents** | **-892,828,835.63** | **2,875,208,301.87** |

## VI. The Affiliated Party and the Related Transaction

1. Investor of the Enterprise

| Investor Name | Shareholding Proportion of Investor (%) | Voting Right Proportion of Investor (%) |
|---|---|---|
| The State Assets State Management Bureau of Tianjin Port Free Trade Zone | 100.00 | 100.00 |

### 2. Other Affiliated Parties of the Enterprise

| Other Affiliated Parties | The Relationship between Other Affiliated Parties and the Company |
|---|---|
| Tianjin T&B Holdings Co., Ltd. | The Wholly-owned Subsidiary |
| Tianjin Port FTZ Investment Co., Ltd. | The Wholly-owned Subsidiary |
| Tianjin T&B Jiaye Investment Co., Ltd. | The Wholly-owned Subsidiary |
| Tianjin T&B Jiayuan Investment Co., Ltd. | The Wholly-owned Subsidiary |
| Tianjin T&B Jiahui Investment Co., Ltd. | The Wholly-owned Subsidiary |
| Tianjin T&B Jiashun Investment Co., Ltd. | The Wholly-owned Subsidiary |
| Tianjin T&B Leasing Co., Ltd. | The Wholly-owned Subsidiary |
| Tianjin T&B Micro-Credit Co., Ltd. | The Wholly-owned Subsidiary |

### 3. The Related Transaction

(1) The Pricing Policy of the Related Transactions

The related transaction price shall be recognized on the basis of the following principles: (1) The government makes the guiding price or the industry association recommends the price. (2) If no the guiding price or the recommended price, or the guiding price or the recommended price is higher than the corresponding market price, the market price in the similar transaction shall be considered, and the market requirement shall be recognized as per the fair and reasonable principle. (3) If there is no the corresponding market price, both sides should make negotiation and determination as per the specific situation after the relevant costs are considered by the provider according to the principle of the fair and reasonable profits.

(2) The Related Transaction

The Entrust Loans:

| The Affiliated Party | The Related Transaction | Amount in the current year |
|---|---|---|
| Tianjin Port Free Trade Zone T&B Transportation Co., Ltd. | Entrust Loan | 3,000,000.00 |
| Tianjin Port Free Trade Zone Investment Holding Group Co., Ltd. | Entrust Loan Interest | 47,605,250.00 |
| Tianjin T&B Municipal Co., Ltd. | Entrust Loan Interest | 548,342.08 |
| Tianjin Port Free Trade Zone T&B Transportation Co., Ltd. | Entrust Loan Interest | 852,560.11 |
| Tianjin Airport International Logistics Co., Ltd. | Entrust Loan Interest | 7,794,000.00 |
| Tianjin T&B Asset Management Co., Ltd. | Entrust Loan Interest | 11,280.00 |
| Tianjin T&B Construction Co., Ltd. | Entrust Loan Interest | 2,195,274.51 |
| Tianjin Port Free Trade Zone Investment Holding Group Co., Ltd. | Entrust Loan Interest | 16,437,750.00 |
| Tianjin T&B Thermoelectricity Co., Ltd. | Loan Interest Income | 38,898,355.55 |
| Tianjin T&B International Logistics Group Co., Ltd. | Loan Interest Income | 13,675,077.78 |
| Tianjin T&B Century Trade Development Co., Ltd. | Loan Interest Income | 421,958.33 |
| Tianjin T&B Construction Development Co., Ltd. | Loan Interest Income | 480,000.00 |
| Tianjin Airport Automobile Park Development Co., Ltd. | Loan Interest Income | 2,666,282.67 |
| Tianjin T&B Micro-Credit Co., Ltd. | Loan Interest Income | 9,556,444.45 |
| Tianjin T&B Jiayuan Investment Co., Ltd. | Loan Interest Income | 3,640,800.00 |
| Tianjin T&B Jiashun Investment Co., Ltd. | Loan Interest Income | 2,621,950.00 |

| | | |
|---|---|---|
| Tianjin T&B Leasing Co., Ltd. | Loan Interest Income | 40,112,722.22 |
| Tianjin Port FTZ Investment Co., Ltd. | Loan Interest Income | 19,153,333.33 |
| Tianjin T&B Property Co., Ltd. | Loan Interest Income | 26,945,833.33 |
| Tianjin T&B Investment Holdings Co., Ltd. | Interest Expense | 5,984,622.90 |
| Tianjin T&B Holdings Co., Ltd. | Interest Expense | 897,804.68 |
| Household Target (Tianjin) Logistics Base Co., Ltd. | Interest Expense | 368.45 |
| Tianjin T&B Thermoelectricity Co., Ltd. | Interest Expense | 98,598.79 |
| Tianjin T&B Power Co., Ltd. | Interest Expense | 98,455.81 |
| Tianjin Airport International Logistics Co., Ltd. | Interest Expense | 5,403.05 |
| Tianjin T&B International Logistics Group Co., Ltd. | Interest Expense | 3,876.84 |
| Tianjin T&B Century Trade Development Co., Ltd. | Interest Expense | 1,654.37 |
| Tianjin Port Free Trade Zone T&B Imported Automobile Detection Co., Ltd. | Interest Expense | 89.59 |
| Tianjin T&B Technology Development Co., Ltd. | Interest Expense | 292.19 |
| Tianjin T&B Construction Development Co., Ltd. | Interest Expense | 670.52 |
| Tianjin Airport Automobile Park Development Co., Ltd. | Interest Expense | 44.08 |
| Tianjin T&B Harbour Investment Development Co., Ltd. | Interest Expense | 268.68 |
| Tianjin T&B Lingang Estate Development Co., Ltd. | Interest Expense | 1,203.70 |
| Tianjin T&B Micro-Credit Co., Ltd. | Interest Expense | 1,521.20 |
| Tianjin T&B Jiayuan Investment Co., Ltd. | Interest Expense | 132.84 |
| Tianjin T&B Jiashun Investment Co., Ltd. | Interest Expense | 111.22 |
| Tianjin T&B Leasing Co., Ltd. | Interest Expense | 13,454.75 |
| Tianjin Port FTZ Investment Co., Ltd. | Interest Expense | 287,188.09 |
| Tianjin T&B Property Co., Ltd. | Interest Expense | 6,205.46 |
| Tianjin T&B Financial Management Co., Ltd. | Service Charge Spending | 2,100,000.00 |
| Tianjin Baili Construction Engineering Co., Ltd. | House Rent Charge | 751,425.50 |
| Total | | 246,870,607.07 |

Bank Lending Capital and Interest Payment

| The Related Party | The Related Transaction | Amount in the current year | Amount in the last year |
|---|---|---|---|
| Tianjin T&B Leasing Co., Ltd. | Finance Leasing Payment | | 240,000,000.00 |
| Tianjin T&B Leasing Co., Ltd. | Leasing Interest | | 11,865,378.79 |
| Tianjin Free Trade Zone Investment Holding Group Co., Ltd. | Short-term Borrowing | | 300,000,000.00 |
| Tianjin T&B Finance Co., Ltd. | Entrust Loan | 300,000,000.00 | 500,000,000.00 |
| Tianjin T&B Finance Co., Ltd. | Short-term Borrowing Interest | 27,495,833.33 | 2,875,000.00 |
| Total | | 327,495,833.33 | 1,054,740,378.79 |

Borrowing

| The Related Party | The Related Transaction | Amount in the current year | Amount in the last year |
|---|---|---|---|
| Tianjin T&B Finance Co., Ltd. | Borrowing | 580,000,000.00 | 480,000,000.00 |
| Tianjin T&B Finance Co., Ltd. | Interest | 19,191,931.06 | 6,168,197.26 |
| Total | | 599,191,931.06 | 486,168,197.26 |

Other Related Transactions

| The Related Party | The Related Transaction | Amount in the current year | Amount in the last year |
|---|---|---|---|
| Tianjin T&B Holdings Co., Ltd. | Construction and Management Charge Income | | 2,341,176.00 |
| Tianjin Port FTZ Investment Co., Ltd. | Agency Income | 3,650,000.00 | 5,531,700.00 |
| Tianjin Port FTZ Investment Co., Ltd. | Opening Protection Project Payment | 59,787.00 | |
| Tianjin Port FTZ Investment Co., Ltd. | Construction and Management Charge Income | 6,491,400.00 | 4,939,190.00 |

| | | | |
|---|---|---|---|
| Tianjin T&B Holdings Co., Ltd. | Entrust Borrowing Capital | 17,952,300.00 | |
| Tianjin T&B Finance Co., Ltd. | Short-term Borrowing Capital | 10,000,000.00 | |
| Tianjin T&B Finance Co., Ltd. | Short-term Borrowing Interest | 480,000.00 | |
| Tianjin T&B Financial Management Co., Ltd. | Consultation Service | 2,100,000.00 | |
| Total | | 40,733,487.00 | 12,812,066.00 |

Purchasing Commodity and Receiving Labor Service

| Entity Name | Amount in the current year | Amount in the last year |
|---|---|---|
| Tianjin T&B Thermoelectricity Co., Ltd. | 3,491,863.18 | 3,240,674.55 |
| Tianjin Airport Economic Zone Water Co., Ltd. | 3,334,111.99 | 3,670,972.07 |
| Tianjin T&B Technology Development Co., Ltd. | | 184,442.61 |
| Tianjin Port Free Trade Zone T&B Transportation Co., Ltd. | 246,808.00 | 334,855.00 |
| Tianjin Port Free Trade Zone T&B Tourism Co., Ltd. | 479,580.00 | 496,566.00 |
| Total | 7,552,363.17 | 7,927,510.23 |

Commodity Sales and Labor Service Offering

| Entity Name | Amount in the current year | Amount in the last year |
|---|---|---|
| Tianjin T&B Micro-Credit Co., Ltd. | 6,481,310.00 | |

Providing Rental Service

| Entity Name | Amount in the current year | Amount in the last year |
|---|---|---|
| Tianjin T&B Finance Co., Ltd. | 1,288,157.88 | 751,425.51 |
| Tianjin T&B Financial Management Co., Ltd. | 954,132.66 | |
| Total | 2,242,290.54 | 751,425.51 |

Finance Leasing

| The Related Party | The Related Transaction | Amount in the current year | Amount in the last year |
|---|---|---|---|
| Tianjin Port FTZ Investment Co., Ltd. | Finance Leasing Income | 215,867,607.22 | 76,979,917.26 |
| Tianjin T&B Thermoelectricity Co., Ltd. | Finance Leasing Income | 18,595,172.09 | 12,921,413.85 |
| Total | | 234,462,779.31 | 89,901,331.11 |

Note 1: The taxes are excluded for above amounts.

Note 2: The market prices are performed for above related transactions.

**(3) The Operation Balance of the Affiliated Party**

| Items | Amount in the current year | Amount in the last year |
|---|---|---|
| Tianjin T&B Holdings Co., Ltd. – Other Receivables | 2,873,424,541.93 | 3,048,204,541.93 |
| Tianjin T&B Holdings Co., Ltd. – Dividends Receivable | 106,052,178.89 | 6,052,178.89 |
| Tianjin Port FTZ Investment Co., Ltd. – Other Receivables | 1,409,551,031.34 | 650,000,000.00 |
| Tianjin Port FTZ Investment Co., Ltd. – Dividends Receivable | 1,300,923,944.38 | 556,097,901.31 |
| Tianjin T&B Jiaye Investment Co., Ltd. – Other Receivables | | 111,207,894.33 |
| Tianjin T&B Micro-Credit Co., Ltd. – Dividends Receivable | 30,289,094.49 | |
| Tianjin T&B Leasing Co., Ltd. – Dividends Receivable | 25,542,839.31 | |
| Tianjin T&B Construction Development Co., Ltd. – Other Receivables | 1,177,332.96 | 1,177,332.96 |
| Tianbao Property Service Co., Ltd. – Accounts Payable | | 77,810.00 |
| Tianjin T&B Construction Development Co., Ltd. – Accounts Payable | 5,859,950.79 | 45,714.50 |
| Tianjin T&B Power Co., Ltd. – Accounts Payable | 17,616.00 | |
| Tianjin T&B Holdings Co., Ltd. – Other Payables | | 300,020,000.00 |
| Tianjin T&B Asset Management Co., Ltd. – Accounts Payable | 3,625,342.37 | |
| Tianjin T&B Commercial Factoring Co., Ltd. – Other Receivables | 20,000.00 | |

| | | |
|---|---|---|
| Tianjin Port Free Trade Zone Investment Guarantee Center – Other Payables | 11,538,968.66 | |
| Tianjin T&B Thermoelectricity Co., Ltd. – Accounts Payable | | 292,945.39 |
| Tianjin T&B Jiashun Investment Co., Ltd. – Other Receivables | 29,000,000.00 | 29,000,000.00 |
| Tianjin Port FTZ Investment Co., Ltd. – Other Payables | | 571,778,968.66 |
| Tianjin T&B Property Co., Ltd. – Other Payables | | 11,538,968.66 |
| Total | 5,797,022,841.12 | 5,285,494,256.63 |

## VII. The Guarantees

In RMB'0000

| Guaranteed Entity | Lending Bank | Amount Guaranteed | Due Date |
|---|---|---|---|
| Tianjin Airport Economic Zone Water Co., Ltd. | Tianjin Tanggu Branch of Agricultural Bank of China | 2,500.00 | 2016.11.20 |
| Tianjin Airport Economic Zone Water Co., Ltd. | Tianjin Airport Sub-branch of Zheshang Bank | 5,000.00 | 2016.08.14 |
| Tianjin Airport Economic Zone Water Co., Ltd. | Huasheng Sub-branch of Bank of Communications | 6,000.00 | 2021.11.07 |
| Tianjin Airport Economic Zone Water Co., Ltd. | Tianbao Micro-Credit Co., Ltd. | 750.00 | 2014.03.04 |
| Tianjin Airport Economic Zone Water Co., Ltd. | Free Trade Zone Sub-branch of Bohai Bank | 2,500.00 | 2014.09.29 |
| Tianjin T&B International Logistics Group Co., Ltd. | Tianjin Branch of China Minsheng Bank | 10,000.00 | 2014/01/24 |
| Tianjin T&B International Logistics Group Co., Ltd. | Tianjin Branch of Huaxia Bank | 10,000.00 | 2014/02/27 |
| Tianjin T&B International Logistics Group Co., Ltd. | Heixi Sub-branch of Tianjin Rural Commercial Bank | 5,950.00 | 2014/04/18 |
| Tianjin T&B International Logistics Group Co., Ltd. | Binhai Branch of China Merchants Bank | 6,400.00 | 2014/05/05 |

| | | | |
|---|---|---|---|
| Tianjin T&B International Logistics Group Co., Ltd. | Binhai New District Branch of CITIC Bank | 5,000.00 | 2014/05/13 |
| Tianjin T&B International Logistics Group Co., Ltd. | Tianjin Binhai Rural Commercial Bank | 10,000.00 | 2014/05/15 |
| Tianjin T&B International Logistics Group Co., Ltd. | Tianjin Branch of China Everbright Bank | 7,000.00 | 2014/10/16 |
| Tianjin T&B International Logistics Group Co., Ltd. | Tianjin Branch of Shanghai Pudong Development Bank (SPDB) | 3,650.00 | |
| Tianjin T&B Thermoelectricity Co., Ltd. | Binhai New District Branch of Bohai Bank | 1,488.00 | |
| Tianjin T&B Thermoelectricity Co., Ltd. | Binhai New District Branch of Bohai Bank | 992.00 | |
| Tianjin T&B Thermoelectricity Co., Ltd. | Tianjin Branch of Ping'an Bank | 6,000.00 | |
| Tianjin T&B Thermoelectricity Co., Ltd. | Binhai New District Sub-branch of Huaxia Bank | 10,000.00 | |
| Tianjin T&B Thermoelectricity Co., Ltd. | Binhai Rural Commercial Bank | 10,000.00 | |
| Tianjin T&B Thermoelectricity Co., Ltd. | Binhai Rural Commercial Bank | 10,000.00 | |
| Tianjin T&B Thermoelectricity Co., Ltd. | Binhai Rural Commercial Bank | 10,000.00 | |
| Tianjin Airport Jinguang Automobile Sales Service Co., Ltd. | Tianjin Hedong Sub-branch of Beijing Bank Co., Ltd. | 2,000.00 | 2014-7-10 |
| Tianjin T&B Property Co., Ltd. | Shangdong International Trust Co., Ltd. | 50,000.00 | 2-years from the expiration date of the main contract |
| Tianjin T&B Leasing Co., Ltd. | Tianjin Branch of Huaxia Bank Co., Ltd. | 30,000.00 | 2017/8/29 |
| Tianjin T&B Leasing Co., Ltd. | Northern International Trust Co., Ltd. | 100,000.00 | 2015/2/26 |
| Tianjin T&B Leasing Co., Ltd. | Tianjin Free Trade Zone Branch of Bank of China | 23,000.00 | 2018/3/26 |
| Tianjin T&B Leasing Co., Ltd. | Binhai Branch Business Office of Tianjin Rural Commercial Bank | 63,500.00 | 2022/3/21 |

| | | | |
|---|---|---|---|
| Tianjin T&B Thermoelectricity Co., Ltd. | Tianjin Rural Commercial Bank Co., Ltd. | 30,000.00 | 2014/2/24 |
| Tianjin T&B Property Co., Ltd. | Tianjin Dongli Sub-branch of Agricultural Development Bank of China | 450,000.00 | 2017/6/26 |
| Tianjin T&B Holdings Co., Ltd. | Northern International Trust Co., Ltd. | 100,000.00 | 2017/7/25 |
| Tianjin T&B Holdings Co., Ltd. | Binhai New District Branch of Bohai Bank | 100,000.00 | 2-years from the expiration date of the main contract |
| Tianjin T&B Leasing Co., Ltd. | Tianjin Branch of Bank of Communications | 15,000.00 | 2018/1/29 |
| Tianjin Port FTZ Investment Co., Ltd. | Tianjin Branch of Shanghai Pudong Development Bank (SPDB) | 30,000.00 | 2021/7/31 |
| Tianjin T&B Thermoelectricity Co., Ltd. | Tianjin Branch of Ping'an Bank Co., Ltd. | 6,000.00 | 2014/4/16 |
| Tianjin T&B Micro-Credit Co., Ltd. | Tianjin Free Trade Zone Branch of Bank of China | 25,000.00 | 2014/4/23 |
| Tianjin T&B Leasing Co., Ltd. | Tianjin Branch of China Construction Bank | 38,000.00 | 2014/8/7 |
| Tianjin Port FTZ Investment Co., Ltd. | Binhai Branch of Bank of China | 113,500.00 | 2023/12/30 |
| Tianjin T&B Holdings Co., Ltd. | Tianjin Binhai New District Branch of Bohai Bank | 50,000.00 | |
| Tianjin T&B Holdings Co., Ltd. | Free Trade Zone Agricultural Bank of China | 15,000.00 | 2014/3/19 |
| Tianjin T&B Holdings Co., Ltd. | Tianjin Branch of Bank of Communications | 30,000.00 | 2014/4/18 |
| Tianjin T&B Holdings Co., Ltd. | Heixi Sub-branch of Tianjin Rural Commercial Bank | 20,000.00 | 2014/9/24 |
| **Total** | | **1,414,230.00** | |

**VIII. The Contingencies**

There exist the contract dispute cases among Tianjin T&B International Logistics Group Co., Ltd. that the holding subsidiary of the Company, Tianjin Jinpeng Century Industrial Co., Ltd. and Tianjin Zhengbei Investment Co., Ltd. (hereinafter referred to as Zhengbei Company), and the book amount of the obligation receivable is RMB112,656,107.46 up to December 31, 2012.

① Tianjin High People's Court has issued (2008) JinGaoMin'erChuZi No.0011 Civil Judgment on December 16, 2009. Jinpeng Company shall make cash payment on account of USD 27,837,779.94 to the Company in ten days after the judgment becomes effective, pay the relevant interest according to the provisions of loan interest rate in the same period from People's Bank of China, and make double payment of debt interest due to the delay in performance according to the provisions of "Civil Procedure Law of the People's Republic of China" in Article 229 from the due date of letter of credit (LC) agreed in the case. Tianjin Zhengbei Investment Co., Ltd. shall bear the joint liability of satisfaction for above debts, and then all parties can make appeal. The Supreme People's Court of The People's Republic of China has issued (2010) Min'erZhongZi No.79 Civil Judgment on December 6, 2010 after the trial made, which shall be the final judgment, and the (2008) JinGaoMin'erChuZi No.11 Civil Judgment issued by Tianjin High People's Court shall be maintained.

② Tianjin No.2 Intermediate People's Court has issued (2008) ErZhongBaoMinChuZi No.91 Civil Judgment on January 12, 2010. Jinpeng Company shall make cash payment on account of USD 4,280,458.20 to the Company in ten days after the judgment becomes effective, pay the relevant interest according to the provisions of loan interest rate in the same period from People's Bank of China, and make double payment of debt interest due to the delay in performance according to the provisions of "Civil Procedure Law of the People's Republic of China" in Article 229 from the due date of letter of credit (LC) agreed in the case.

After the delivery of the first trial, the Company shall make appeal to Tianjin High People's Court. Tianjin High People's Court has issued (2010) JinGaoMin'erZhongZi No.0014 Civil Judgment on December 29, 2010 after the trial made, which shall be the final judgment, the last appeal shall be rejected and the original judgment shall be maintained.

③ Tianjin No.2 Intermediate People's Court has issued (2008) ErZhongBaoMinChuZi No.92 Civil Judgment on January 12, 2010. Zhengbei Company shall make cash payment on account of USD 5,487,486.76 to the

Company in ten days after the judgment becomes effective, pay the relevant interest according to the provisions of loan interest rate in the same period from People's Bank of China, and make double payment of debt interest due to the delay in performance according to the provisions of "Civil Procedure Law of the People's Republic of China" in Article 229 from the due date of letter of credit (LC) agreed in the case.

After the delivery of the first trial, the Company shall make appeal to Tianjin High People's Court. Tianjin High People's Court has issued (2010) JinGaoMin'erZhongZi No.0015 Civil Judgment on December 29, 2010 after the trial made, which shall be the final judgment, the last appeal shall be rejected and the original judgment shall be maintained.

Security Situation:

The Company has made the application for pre-trial property preservation to Tianjin High People's Court and Tianjin No.2 Intermediate People's Court on August 25, 2008, and respectively closed down the assets of Jinpeng Company and Zhengbei Company. The specific situation is as follows.

① Yuantian Building of Jinpeng Company is located at intersection of Xinhua Road and Changchun Street, Heping District, Tianjin City, with the construction area of 12750 square meters. Of which, 2000 square meters are the underground area.

② Airport Automobile Accessory Town of Jinpeng Company (unsold area) is located at No.77 Zhonghuan West Road, Airport Economic Zone, Tianjin City, with the closedown area of 34448.47 square meters including commercial and office spaces. The asset has been made other closedown and mortgage before the closedown of this case.

③ 32 houses of Jundong Building of Zhengbei Company is located at No.6 Avenue Community, Hedong District, Tianjin City, with 28 commercial houses with a total of 544.85 square meters and 4 apartments with a total of 763.22 square meters.

Implementation Process:

In term of above 3 cases, the Company has made the application of compulsory execution to Tianjin High People's Court. Tianjin High People's Court has respectively issued the notice of assistance in enforcement for the assets closed down like Yuantian Building and Airport Automobile Accessory Town on August 17 and 27, 2011. Up to the reported date of the financial statement, Yuantian Building has been auctioned, and partial payment has been repaid.

There exist other legal priority rights for claim for Airport Automobile Accessory Town. Due to the case for a long time, the principal penalty interest of other legal priority rights for claim is difficult to measure, and there is still uncertainty for full withdrawal of capitals owed by Jinpeng Company even if the auction procedure is implemented.

The enforcement is in process up to the reported date of the financial statement.

**IX. The Commitments**

1. Foreign Investment Contracts and the Relevant Fiscal Charges Signed but Unimplemented or Unimplemented Fully

(1) Tianbao Gold Coast D05-2 Cooperative Development

On December 26, 2012, Tianjin Binhai Kaiyuan Real Estate Development Co., Ltd. that the subsidiary of the Company, and Tianjin Zhuocheng Investment Development Co., Ltd. have signed the cooperative development agreement to make joint development and construction of Tianbao Gold Coast D05-2 place by the way of the joint cooperation, which has been examined and approved in the 12nd Meeting of the 5$^{th}$ Board of Directors of the Company. The project land is located in intersection of No.2 Street and Taihu Road in the development zone, is for commercial services, and has the floor area about 10600 square meters and the plot ratio of 3.4, which is planned to the construction of office building and commercial building, with the land service life from February 1, 2001 to January 31, 2041. The project is expected to have total investment amount of RMB450 million. Up to December 31, 2013, the project has not yet started formally.

(2) On May 13, 2013, Tianjin Binhai Kaiyuan Real Estate Development Co., Ltd. that the subsidiary of the Company, and HongKong Fusi Investment Co., Ltd. have signed the letter of intent, HongKong Fusi Investment Co., Ltd. has made payment of RMB5 million in advance for the intent, and both parties has officially signed the commercial housing purchase agreement in terms of planning design and housing purchase. On December 5, 2013, HongKong Fusi Investment Co., Ltd. has replied to agree the design program of Binhai Kaiyuan. Both parties have signed the complementary agreement on December 31, 2013, and officially signed the commercial housing purchase agreement before July 31, 2014. If the agreement is not been signed officially, Binhai Kaiyuan shall return the intent payment to HongKong Fusi Investment Co., Ltd. without the interest.

In addition to the above commitments, the Company has no other major commitments up to December 31, 2013.

**X. The Accountancy after Balance Sheet Date**

Tianjin T&B Construction Co., Ltd., the holding subsidiary of the Company, has held the 23nd Meeting of the

5th Board of Directors on November 29, 2013, examined and approved to transfer 100% equity of Tianjin Tiancai Real Estate Development Co., Ltd., a wholly-owned subsidiary. Above assets have openly listed in Tianjin Property Rights Exchange Center on December 12, 2013, with the start price for listing of the recorded asset evaluation value of RMB79.2333 million. On January 9, 2014, 100% equity of Tianjin Tiancai Real Estate Development Co., Ltd. is expired during the listed announcement term in Tianjin Property Rights Exchange Center. On January 10, 2014, the Company has received the "Notices" of Tianjin Property Rights Exchange Center, where the Company has been informed that no any intent transferees are collected during the listing announcement on the transfer of 100% equity of Tianjin Tiancai Real Estate Development Co., Ltd. On January 14, 2014, the Company has held the 14th Meeting of the 5th Board of Directors according to the previous listing situation and with reference to the relevant requirements of the "Management Interim Procedures of Enterprises' State-owned Property Right Transfer", to review the listing transfer on 100% equity of Tianjin Tiancai Real Estate Development Co., Ltd., a wholly-owned subsidiary, with the adjustment of listing start price of RMB71.31 million and other invariant listing requirements on the transfer object. At the listing expiration on February 19, 2014, Inner Mongolia Zhongjia Production Materials Co., Ltd. is recognized as the delisting party, and the 2nd listing start price of RMB71.31 million is recognized as the delisting price. Up to the reported date of the financial statement, both parties have been handling the property transfer procedures.

**XI. Other Important Matters**

Tianjin T&B Construction Co., Ltd., the holding subsidiary of the Company, has held the 14th Meeting of the 5th Board of Directors on February 3, 2013, examined and approved Tianjin T&B Real Estate Development Co., Ltd. (hereinafter referred to as "Tianbao Real Estate"), the whole-owned subsidiary, to acquire Huaqi Information Production Research and Development Base Project located in Airport Economic Zone owned by Tianjin Patriot Industrial Park Construction Development Co., Ltd. (hereinafter referred to as "Patriot", that is the land use right and the project in construction of JinKongJia (Gua) 2009-30 place. The original position of the project is not enough clear. Thus, the Company has made repositioning for the project and renamed as Tianbao Zhigu – Huiying Industrial Park after the completion of the acquisition.

At present, the project has initially met the requirement of completion. However, the land was for the industrial purpose stipulated in the original land transfer contract, where the industry categories allowed to access are communication device, computer and other electronic equipment manufacturing industry (mainly used for the production of computer storage, digital products and the relevant supporting products), and the allowed industry categories are unable to meet the sales requirements and the requirements for the land use, and the sales procedure can't be handled. According to the official reply of "Comments of Change in Land Transfer

Contract on Tianbao Zhigu – Huiying Industrial Park Project" from Tianjin Airport Economic Zone Management Committee. In order to ensure the normal operation after the completion of the project, Land Ministry of Tianjin Airport Economic Zone intends to complete the change in the land use requirements by the way of retransfer after the withdrawal with compensation, and the land use requirements are adjusted as the industrial research and development (or plant with industrial standard). Meanwhile, Land Ministry of Tianjin Airport Economic Zone shall adopt the way of listing transfer with buildings on land to make relisting transfer, and Tianbao Real Estate shall continue to participate in the auction of the retrieved land. If other bidders get the land, the bidders shall sign the compensation agreement of buildings on land with Tianbao Real Estate according to the amount of buildings on land calculated by Tianjin Xinye Engineering Cost Consulting Co., Ltd. On January 14, 2014, the $24^{th}$ Meeting of the $5^{th}$ Board of Directors of the Company has approved Tianbao Real Estate and Land Ministry of Tianjin Airport Economic Zone to sign the "Termination Contract of Tianjin State-owned Construction Land Use Right Transfer Contract No. AF-09045", and agreed Tianbao Real Estate to participate the auction of the retrieved land.

Operation of Leased Assets

| The Leased Assets Operation Category | Amount at the end of year | Amount at the beginning of year |
|---|---|---|
| The Investment Property - Building | 464,803,985.64 | 426,729,527.31 |

**XII. Further Information**

1. Extraordinary Profit and Loss List in Current Period

According to the "Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public – Extraordinary Profit and Loss" (Announcement on China Securities Regulatory Commission [2008] No.43) of China Securities Regulatory Commission, the extraordinary profits and losses of the Company are as follows.

| No. | Items | In 2013 | Description |
|---|---|---|---|
| 1 | The disposal of profits and losses on non-current assets, including the offset parts of the withdrawn assets impairment provision | -240,700,920.44 | |
| 2 | The unauthorized examination and approval, or no any formal approval document, or accidental tax return and exemption | | |
| 3 | The government subsidies that are recorded into the current profits and losses, with the exception of the government subsidies continually shared according to certain standard quota or quantification, met the national policy provisions and is closely related to the normal operation business of the Company | 1,273,808,810.56 | |

| | | | |
|---|---|---|---|
| 4 | The fund possession cost charged from non-financial enterprise that included into the current profits and losses | | |
| 5 | The incomes acquired by enterprise when the investment cost of subsidiaries, joint venture and cooperative enterprise is less than the sharable fair value of net identifiable assets of the invested units when the investment is acquired | | |
| 6 | The transaction profits and losses of non-monetary assets | | |
| 7 | The profits and losses after entrust others to make investment or management of the assets | | |
| 8 | Due to the force majeure factors, such as, all kinds of the withdrawn assets impairment provision due to suffering from natural disasters | | |
| 9 | The debt reorganization profits and losses | | |
| 10 | The enterprise restructuring charges, such as staffing costs, integration costs, etc. | | |
| 11 | The profits and losses of the parts that unfair transaction prices beyond the fair value | | |
| 12 | The current net profits and losses from the opening period to the combining date of the subsidiaries produced by the business merger under common control | | |
| 13 | The profits and losses produced by the matters not related with the ordinary operation business of the Company or the contingencies | | |
| 14 | The investment incomes that acquired by holding the tradable financial assets, the change profits and losses of fair value produced by the tradable financial liabilities, the disposal of the tradable financial assets, the tradable financial liabilities and the financial assets available for sale, except for the effective hedging value business related to the normal operation businesses | 1,850,749.41 | |
| 15 | The turn back of accounts receivable impairment provision of individual impairment test | | |
| 16 | The profits and loses acquired from the foreign entrust loans | 104,849,565.22 | |
| 17 | The profits and losses produced from the change in the fair value of investment property subsequently measured by the fair value mode | | |
| 18 | The impact of once adjustment of the current profits and losses on the current profits and losses according to the laws and regulations of tax and accounting | | |
| 19 | The income from custody fee acquired from entrust operation | | |
| 20 | Other non-operating incomes and expenditure besides above contents | -1,950,871.74 | |
| 21 | Other profits and losses projects that meet extraordinary profits and losses definition | | |
| **22** | **Subtotal of extraordinary profits and losses** | 1,137,857,333.01 | |

| | | | |
|---|---|---|---|
| 23 | Less: The influence amount of income tax | 284,464,333.25 | |
| 24 | Less: The influence amount of minority shareholders profits and losses | | |
| **25** | **Total extraordinary profits and losses belong to the shareholders of the parent company** | 853,392,999.76 | |

## XIII. The Notes on Main Financial Statements of the Parent Company

### 1. Other Receivables

(1) The Disclosure of Other Receivables as per Types

| Type | Balance at the end of year | | | |
|---|---|---|---|---|
| | Book balance | | Bad-debt Provision | |
| | Amount | Proportion (%) | Amount | Proportion (%) |
| Other receivables with significant single amount and single withdrawal of the bad-debt provision | 5,381,514,198.27 | 99.98 | | |
| Other receivables of the bad-debt provision withdrawn as per the combination | | | | |
| The aging combination | | | | |
| The riskless portfolio | | | | |
| **Subtotal Portfolio** | | | | |
| Other receivables with insignificant single amount and single withdrawal of the bad-debt provision | 1,197,332.96 | 0.02 | | |
| **Total** | **5,382,711,531.23** | **100.00** | | |

Continued

| Type | Balance at the beginning of year | | | |
|---|---|---|---|---|
| | Book balance | | Bad-debt Provision | |
| | Amount | Proportion (%) | Amount | Proportion (%) |
| Other receivables with significant single amount and single | | 99.97 | | |

| | | | | |
|---|---|---|---|---|
| withdrawal of the bad-debt provision | 4,414,721,061.26 | | | |
| Other receivables of the bad-debt provision withdrawn as per the combination | | | | |
| The aging combination | | | | |
| The riskless portfolio | | | | |
| **Subtotal Portfolio** | | | | |
| Other receivables with insignificant single amount and single withdrawal of the bad-debt provision | 1,221,692.96 | 0.03 | | |
| **Total** | **4,415,942,754.22** | **100.00** | | |

(2) The accounts receivable are listed as follows as per the aging analysis.

| Account Aging | Balance at the end of year | | |
|---|---|---|---|
| | Amount | Proportion (%) | Bad-debt Provision |
| Within 1 year | 4,826,402,906.23 | 89.66 | |
| 1-2 years | 271,780,000.00 | 5.05 | |
| 2-3 years | 284,528,625.00 | 5.29 | |
| Over 3 years | | | |
| **Total** | **5,382,711,531.23** | **100.00** | |

Continued

| Account Aging | Balance at the beginning of year | | |
|---|---|---|---|
| | Amount | Proportion (%) | Bad-debt Provision |
| Within 1 year | 2,935,783,330.89 | 66.48 | |
| 1-2 years | 1,480,159,423.33 | 33.52 | |
| 2-3 years | | | |
| Over 3 years | | | |
| **Total** | **4,415,942,754.22** | **100.00** | |

(3) Up to December 31, 2013, larger amounts of the receivables are as the following details.

| Entity Name | Payme nt Descri | The relation ship | Amount | Account Aging | Proportion Accounting |
|---|---|---|---|---|---|

| | ption | with the Company | | | for Total Other Receivables (%) |
|---|---|---|---|---|---|
| Tianjin Port FTZ Investment Co., Ltd. | Operation Funds | Related Party | 1,409,551,031.34 | Within 1 year | 26.19 |
| Finance Bureau of Tianjin Port Free Trade Zone | Subsidy Payments | Customer | 1,069,538,625.00 | Within 1 year | 19.87 |
| Tianjin T&B Holdings Co., Ltd. | Operation Funds | Related Party | 2,873,424,541.93 | Within 1 year | 53.38 |
| Tianjin T&B Jiashun Investment Co., Ltd. | Operation Funds | Related Party | 29,000,000.00 | Within 1 year | 5.39 |
| Tianjin T&B Construction Development Co., Ltd. | Operation Funds | Related Party | 1,177,332.96 | Within 1 year | 0.02 |

(4) The shareholders without holding more than 5% (5% included) voting right shares of the company in other receivables shall have debts at the end of current report period.

(5) The increase more than 20% in current subject compared to the beginning of the year: the government subsidies increase.

**2. Held-to-maturity Investment**

The held-to-maturity investments of the Company up to December 31, 2013, include four investments of entrusted loans, trust products, finance products and long-term bonds, with the balance of RMB 6,522,809,980.12. Where:

(1) The Entrusted Loans

| Items | Balance at the end of year | Balance at the beginning of year |
|---|---|---|
| Tianjin T&B Holdings Co., Ltd. | 290,000,000.00 | |
| Tianjin T&B Jiaye Investment Co., Ltd. | | |
| Tianjin T&B Jiayuan Investment Co., Ltd. | 686,000,000.00 | |
| Tianjin T&B Jiashun Investment Co., Ltd. | 646,299,200.00 | |
| Tianjin Port FTZ Investment Co., Ltd. | 4,300,000,000.00 | |
| Tianjin T&B Real Estate Co., Ltd. | | |
| Land Development Merchant in Tianjin Port Free Trade Zone | 1,210,000,000.00 | |

| | | |
|---|---|---|
| Tianjin T&B International Logistics Group Co., Ltd. | 50,000,000.00 | |
| Tianjin Port Free Trade Zone International Trading Development Co., Ltd. | 8,000,000.00 | |
| Tianjin T&B Leasing Co., Ltd. | 500,000,000.00 | |
| Tianjin T&B Asset Management Co., Ltd. | 48,000,000.00 | |
| Minsheng Bank .Small Debt | 902,847,000.00 | |
| Tianjin T&B Power Co., Ltd. | 7,000,000.00 | |
| Total | **8,648,146,200.00** | |

Where, the details of entrust loans for the holding system:

| Items | Balance at the end of year | Balance at the beginning of year |
|---|---|---|
| Tianjin T&B Holdings Co., Ltd. | 290,000,000.00 | 1,110,000,000.00 |
| Tianjin T&B Power Co., Ltd. | 7,000,000.00 | |
| Tianjin T&B Jiaye Investment Co., Ltd. | | 933,906,454.05 |
| Tianjin T&B Jiayuan Investment Co., Ltd. | 686,000,000.00 | 676,000,000.00 |
| Tianjin T&B Jiashun Investment Co., Ltd. | 646,299,200.00 | 576,299,200.00 |
| Tianjin T&B Jiahui Investment Co., Ltd. | | |
| Tianjin Port FTZ Investment Co., Ltd. | 4,300,000,000.00 | 2,500,000,000.00 |
| Tianjin T&B Property Co., Ltd. | | 300,000,000.00 |
| Tianjin T&B International Logistics Group Co., Ltd. | 50,000,000.00 | |

| | | |
|---|---|---|
| Tianjin Port Free Trade Zone International Trading Development Co., Ltd. | 8,000,000.00 | |
| Tianjin T&B Leasing Co., Ltd. | 500,000,000.00 | |
| Tianjin T&B Asset Management Co., Ltd. | 48,000,000.00 | |
| **Total** | **6,535,299,200.00** | **6,096,205,654.05** |

(2) The details of long-term bond investments are as follows.

| Detail of Invested Entity | Term | Interest Rate | Amount | Remark |
|---|---|---|---|---|
| BOC International (China) Limited | 2009.11.20-2014.11.20 | 5.40% | 99,900,000.00 | Different Interest Rate in Different Period |
| BOC International (China) Limited | 2014.11.20-2019.11.20 | 8.40% | 99,900,000.00 | |
| Total | | | **99,900,000.00** | |

(3) Financial Products

| Detail of Invested Entity | Term | Expected Return Rate | Amount | Remark |
|---|---|---|---|---|
| Bank of China | 1 month | 4.30% | 550,000,000.00 | |
| Agricultural Bank of China. Free Trade Branch | 1 month | 5.60% | 350,000,000.00 | |
| Bank of Communications .Airport Sub-branch | 1 month | 5.10% | 350,000,000.00 | |
| Zheshang Bank .Tianjin Branch | 1 month | 5.80% | 80,000,000.00 | |
| Ping'an Bank .Tianjin Airport Sub-branch | 3 months | 4.80% | 100,000,000.00 | |

| | | | | |
|---|---|---|---|---|
| China CITIC Bank. Free Trade Zone Sub-branch | 3 months | 4.50% | 400,000,000.00 | |
| Total | | | **1,830,000,000.00** | |

(4) Entrusted Products

| Detail of Invested Entity | Term | Expected Return Rate | Amount | Remark |
|---|---|---|---|---|
| Tianjin Trust Co., Ltd. | 2013/12/19-2014/06/19 | 8.00% | 200,000,000.00 | |
| Tianjin Trust Co., Ltd. | 2013/08/16-2014/08/16 | 9.00% | 100,000,000.00 | |
| Total | | | **300,000,000.00** | |

**3. Long-term Equity Investment**

(1) The Project Details of Long-term Equity Investment

| Category | Balance at the beginning of year | Increase in the current period | Decrease in the current period | Balance at the end of year |
|---|---|---|---|---|
| Investment of Subsidiary | 27,539,327,794.75 | 1,491,818,306.37 | 184,818,306.37 | 28,846,327,794.75 |
| Investment in Joint Venture | | | | |
| Investment in Associated Enterprise | | | | |
| Other Equity Investment | 123,184,122.05 | 171,695,454.55 | | 294,879,576.60 |
| Subtotal | **27,662,511,916.80** | **1,663,513,760.92** | **184,818,306.37** | **29,141,207,371.35** |
| Less: Depreciation Reserves of Long-term Equity Investment | | | | |
| Total | **27,662,511,916.80** | **1,663,513,760.92** | **184,818,306.37** | **29,141,207,371.35** |

(2) The Book Value

| Items | Balance at the end of year | | |
|---|---|---|---|
| | Balance of Long-term Equity Investment | Depreciation Reserves | Net Book Value |
| Cost Method | 29,141,207,371.35 | | 29,141,207,371.35 |
| Equity Method | | | |
| **Total** | **29,141,207,371.35** | | **29,141,207,371.35** |

Continued:

| Items | Balance at the beginning of year | | |
|---|---|---|---|
| | Balance of Long-term Equity Investment | Depreciation Reserves | Net Book Value |
| Cost Method | 27,662,511,916.80 | | 27,662,511,916.80 |
| Equity Method | | | |
| **Total** | | | |
| Cost Method | **27,662,511,916.80** | | **27,662,511,916.80** |

(3) The Long-term Equity Investment Calculated by Equity Method: N/A

(4) The Long-term Equity Investment Calculated by Cost Method:

| Invested Entity Name | Shareholding Proportion at the end of year (%) | Investment Cost | Balance at the beginning of year | Increase and Decrease Change | Balance at the end of year | Cash Dividend in Current Period |
|---|---|---|---|---|---|---|
| Tianjin Port FTZ Investment Co., Ltd. | 100.00 | 19,091,989,998.62 | 18,891,989,998.62 | 200,000,000.00 | 19,091,989,998.62 | 744,826,043.07 |
| Tianjin T&B Holdings Co., Ltd. | 100.00 | 4,474,554,660.13 | 4,473,554,660.13 | 1,000,000.00 | 4,474,554,660.13 | 400,000,000.00 |
| Tianjin T&B Jiashun Investment Co., Ltd. | 100.00 | 1,113,783,136.00 | 1,113,783,136.00 | | 1,113,783,136.00 | |
| Tianjin T&B | 100.00 | 1,116,000,000.00 | 30,000,000.00 | 1,086,000,000.00 | 1,116,000,000.00 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Jiaye Investment Co., Ltd. | | | | | | |
| Tianjin T&B Jiayuan Investment Co., Ltd. | 100.00 | 30,000,000.00 | 30,000,000.00 | | 30,000,000.00 | |
| Tianjin T&B Leasing Co., Ltd. | 100.00 | 1,000,000,000.00 | 1,000,000,000.00 | | 1,000,000,000.00 | 25,871,493.32 |
| Tianjin T&B Micro-Credit Co., Ltd. | 100.00 | 1,000,000,000.00 | 1,000,000,000.00 | | 1,000,000,000.00 | 30,289,094.49 |
| Tianjin Tiancheng Tunnel Equipment Manufacturing Co., Ltd. | 12.50 | 5,000,000.00 | 5,000,000.00 | | 5,000,000.00 | |
| Tianjin T&B Finance Co., Ltd. | 100.00 | 1,000,000,000.00 | 1,000,000,000.00 | | 1,000,000,000.00 | |
| Financing Equity Investment (Tianjin) Partnership Enterprise (Limited Partnership) | 4.55 | 39,879,576.60 | 18,184,122.05 | 21,695,454.55 | 39,879,576.60 | 368,425.90 |
| Tianjin Jinjulian Joint Guaranty Investment Partnership | 25.00 | 200,000,000.00 | 100,000,000.00 | 100,000,000.00 | 200,000,000.00 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Business | | | | | | |
| Tianjin T&B Financial Management Co., Ltd. | 100.00 | 20,000,000.00 | | 20,000,000.00 | 20,000,000.00 | |
| Tianjin T&B Commercial Factoring Co., Ltd. | 100.00 | 50,000,000.00 | | 50,000,000.00 | 50,000,000.00 | |
| **Total** | | **29,141,207,371.35** | **27,662,511,916.80** | **1,478,695,454.55** | **29,141,207,371.35** | **1,201,355,056.78** |

Notes: In the cash dividend of the current period, the received dividend is RMB 300,368,425.90, and the rest is the dividend that announced but undistributed yet.

(5) The Depreciation Reserves of Long-term Equity Investment: N/A

(6) The Investment in Joint Venture and Associated Enterprise: N/A

4. **Fixed Assets**

(1) The fixed assets and accumulative depreciation details and the increase and decrease changes are as follows.

| Items Name | Balance at the beginning of year | Increase in current period | Decrease in current period | Balance at the end of year |
|---|---|---|---|---|
| **Fixed assets** | | | | |
| Where: Buildings | 162,685,263.98 | | | 162,685,263.98 |
| Machinery Equipment | 3,914,900.00 | | | 3,914,900.00 |
| Transportation Equipment | | | | |
| Office Equipment | | | | |
| Other Equipment | | | | |
| **Total** | **166,600,163.98** | | | **166,600,163.98** |
| **Less: Accumulated Depreciation** | | | | |
| Where: Buildings | 3,863,775.02 | 7,727,550.00 | | 11,591,325.02 |
| Machinery Equipment | 185,957.75 | 371,915.52 | | 557,873.27 |

| | | | | |
|---|---|---|---|---|
| Transportation Equipment | | | | |
| Office Equipment | | | | |
| Other Equipment | | | | |
| **Total** | **4,049,732.77** | **8,099,465.52** | | **12,149,198.29** |
| **Depreciation Reserves** | | | | |
| Where: Buildings | | | | |
| Machinery Equipment | | | | |
| Transportation Equipment | | | | |
| Office Equipment | | | | |
| Other Equipment | | | | |
| **Total** | | | | |
| **Net Value of Fixed Assets** | | | | |
| Where: Buildings | 158,821,488.96 | | | 151,093,938.96 |
| Machinery Equipment | 3,728,942.25 | | | 3,357,026.73 |
| Transportation Equipment | | | | |
| Office Equipment | | | | |
| Other Equipment | | | | |
| **Total** | **162,550,431.21** | | | **154,450,965.69** |

Notes 1: The company has no unsecured fixed assets at the end of year.

Notes 2: The company has no fixed assets held for sale in the current report period.

Notes 3: The company has no idle fixed assets in the current report period.

Notes 4: The fixed assets are withdrawn made depreciation as RMB 8,099,465.52 in 2013.

**5. Business Income and Business Cost**

(1) The business incomes and costs as follows

| Items | Amount in the current year | Amount in the last year |
|---|---|---|
| 1. Main Business Income | | 822,287.45 |
| 2. Other Business Incomes | 532,880,886.81 | 332,660,247.22 |
| **Subtotal** | **532,880,886.81** | **333,482,534.67** |
| 3. Main Business | 9,406,096.89 | 7,233,364.24 |

| | | |
|---|---|---|
| Income | | |
| 4. Other Business Incomes | | |
| **Subtotal** | **9,406,096.89** | **7,233,364.24** |

(2) All the income details as follows

| Items | Amount in the current year | | Amount in the last year | |
|---|---|---|---|---|
| | Income | Cost | Income | Cost |
| The main business | | | | |
| Where: other incomes | | 9,406,096.89 | 822,287.45 | 7,233,364.24 |
| Subtotal | | **9,406,096.89** | **822,287.45** | **7,233,364.24** |
| Other Businesses | | | | |
| Where: other incomes | 532,880,886.81 | | 332,660,247.22 | |
| Subtotal | **532,880,886.81** | | **332,660,247.22** | |
| Total | **532,880,886.81** | **9,406,096.89** | **333,482,534.67** | **7,233,364.24** |

**27. Investment Income**

(1) The Details of Investment Income

| Items | Amount in the current year | Amount in the last year |
|---|---|---|
| The long-term equity investment income calculated by the cost method | 1,201,026,402.77 | 556,556,425.45 |
| The investment income in the disposal of the long-term equity investment | | -68,732,000.00 |
| The investment income acquired in the period of the held-to-maturity investment | 32,951,780.83 | 18,473,474.88 |
| Others | | |
| **Total** | **1,233,978,183.60** | **506,297,900.33** |

(2) The Long-term equity Investment Income Calculated by the Equity Method: N/A

(3) The Long-term Equity Investment Income Calculated by the Equity Method:

| Invested Entity | Amount in the current year | Amount in the last year |
|---|---|---|
| Tianjin Port FTZ Investment Co., Ltd. | 744,826,043.07 | 556,097,901.31 |
| Tianjin T&B Holdings Co., Ltd. | 400,000,000.00 | |
| Tianjin T&B Leasing Co., Ltd. | 25,542,839.31 | 328,654.01 |

| | | |
|---|---|---|
| Tianjin T&B Micro-Credit Co., Ltd. | 30,289,094.49 | |
| Financing Equity Investment (Tianjin) Partnership Enterprise (Limited Partnership) | 368,425.90 | 129,870.13 |
| **Total** | **1,201,026,402.77** | **556,556,425.45** |

## 28. Non-business Income

| Items | Amount in the current year | Amount in the last year |
|---|---|---|
| The subsidy income | 513,230,000.00 | 348,443,110.00 |
| Others | 61,440.28 | |
| **Total** | **513,291,440.28** | **348,443,110.00** |

All subsidy details:

| Entity Name | Payment Purpose | Subsidy Amount | Document relevant to allocation | When | Remark |
|---|---|---|---|---|---|
| Finance Bureau of Tianjin Port Free Trade Zone | The operation and maintenance fee | 272,910,000.00 | JinBaoCaiPi [2013] No.7 | 2013 | |
| Finance Bureau of Tianjin Port Free Trade Zone | Interest Subsidy | 240,320,000.00 | JinBaoCaiPi [2013] No.7 | 2013 | |
| Total | | 513,230,000.00 | | | |

Tianjin Free Trade Zone Investment Holding Group Co., Ltd.

April 27, 2014

Crowe Horwath™

國富浩華(香港)會計師事務所有限公司
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**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF HONGKONG BAORONG DEVELOPMENT LIMITED**
(Incorporated in Hong Kong with limited liability)

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We have audited the financial statements of Hongkong Baorong Development Limited ("the Company") set out on pages 5 to 15, which comprise the statement of financial position as at 30 September 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period from 30 April 2015 (date of incorporation) to 30 September 2015, and a summary of significant accounting policies and other explanatory information.

**Directors' responsibility for the financial statements**

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF HONGKONG BAORONG DEVELOPMENT LIMITED
(Incorporated in Hong Kong with limited liability)

(Continued)

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 30 September 2015, and of its result and cash flows for the period then ended in accordance with International Financial Reporting Standards.

**Other matters**

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Crowe Horwath (HK) CPA Limited

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 24 November 2015

Betty P.C. Tse
Practising Certificate Number P03024

HCH1177-2015

**HONGKONG BAORONG DEVELOPMENT LIMITED**
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**FOR THE PERIOD FROM 30 APRIL 2015**
**(DATE OF INCORPORATION) TO 30 SEPTEMBER 2015**
(Expressed in United States dollars)

| | Note | 30/4/2015 to 30/9/2015 US$ |
|---|---|---|
| **TURNOVER** | 3 | - |
| **ADMINISTRATIVE EXPENSES** | | (7,755) |
| **LOSS BEFORE TAXATION** | 4 | (7,755) |
| **INCOME TAX** | 5 | - |
| **LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD** | | (7,755) |
| **ATTRIBUTABLE TO: OWNER OF THE COMPANY** | | (7,755) |

The accompanying notes form part of these financial statements.

**HONGKONG BAORONG DEVELOPMENT LIMITED**
**STATEMENT OF FINANCIAL POSITION**
**AT 30 SEPTEMBER 2015**
(Expressed in United States dollars)

| | Note | 2015<br>US$ |
|---|---|---|
| **CURRENT ASSETS** | | |
| Amount due from the immediate holding company | 7 | 50,000,000 |
| **CURRENT LIABILITIES** | | |
| Accrual | | (2,581) |
| Amount due to an intermediate holding company | 11(b) | (5,174) |
| | | (7,755) |
| **NET ASSETS** | | 49,992,245 |
| **CAPITAL AND RESERVES** | | |
| Share capital | 8 | 50,000,000 |
| Accumulated loss | | (7,755) |
| **TOTAL EQUITY ATTRIBUTABLE TO OWNER OF THE COMPANY** | | 49,992,245 |

Approved and authorised for issue by the board of directors on 24 November 2015.

Director

Director

The accompanying notes form part of these financial statements.

**HONGKONG BAORONG DEVELOPMENT LIMITED**
**STATEMENT OF CHANGES IN EQUITY**
**FOR THE PERIOD FROM 30 APRIL 2015**
**(DATE OF INCORPORATION) TO 30 SEPTEMBER 2015**
(Expressed in United States dollars)

| | Share capital US$ | Accumulated losses US$ | Total equity US$ |
|---|---|---|---|
| Issue of ordinary shares | 50,000,000 | - | 50,000,000 |
| Total comprehensive loss for the period | - | (7,755) | (7,755) |
| At 30 September 2015 | 50,000,000 | (7,755) | 49,992,245 |

The accompanying notes form part of these financial statements.

**HONGKONG BAORONG DEVELOPMENT LIMITED**
**STATEMENT OF CASH FLOWS**
**FOR THE PERIOD FROM 30 APRIL 2015**
**(DATE OF INCORPORATION) TO 30 SEPTEMBER 2015**
(Expressed in United States dollars)

| | 30/4/2015 to 30/9/2015 US$ |
|---|---|
| **Operating activities** | |
| Loss before taxation | (7,755) |
| **Operating loss before changes in working capital** | (7,755) |
| Increase in amount due to an intermediate holding company | 5,174 |
| Increase in accrual | 2,581 |
| **Net cash generated from operating activities** | - |
| **Net increase in cash and cash equivalents** | - |
| **Cash and cash equivalents at date of incorporation** | - |
| **Cash and cash equivalents at 30 September 2015** | - |

The accompanying notes form part of these financial statements.

## 1. GENERAL INFORMATION

Hongkong Baorong Development Limited, (the "Company") is a limited liability company incorporated and domiciled in Hong Kong. The address of its registered office and principal place of business is Suite 3304, 33/F., Block 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong.

The Company was inactive during the period.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a) Statement of compliance

These financial statements which cover the period from 30 April 2015 (date of incorporation) to 30 September 2015 are not the Company's statutory annual financial statements. The financial year of the Company ends on 31 December of each year. Further information relating to the statutory annual financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company will deliver its statutory annual financial statements to the Registrar of Companies in due course as required by section 622(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has yet to report on the statutory annual financial statements.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB"), and the International Accounting Standards and Standing Interpretations Committee Interpretations approved by the International Accounting Standards Committee that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the Company is set out below.

The company has not applied any new IFRSs that is not yet effective for the current accounting period.

### b) Basis of preparation of the financial statements

Items included in the financial statements of the company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity. These financial statements are presented in United States dollars ("US$") which is the company's functional and presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### b) Basis of preparation of the financial statements (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period are discussed in note 10.

### c) Receivables

Receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts.

### d) Payables

Payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

### e) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### f) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in other comprehensive income, in which case they are recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### f) Income tax (Continued)

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary difference, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

### g) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### h) Related parties

a) A person, or a close member of that person's family, is related to the Company if that person:

   i) has control or joint control over the Company;

   ii) has significant influence over the Company; or

   iii) is a member of the key management personnel of the Company or the Company's parent.

b) An entity is related to the Company if any of the following conditions applies:

   i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

   iii) Both entities are joint ventures of the same third party.

   iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

   v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.

   vi) The entity is controlled or jointly controlled by a person identified in note (a).

   vii) A person identified in note (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

## 3. TURNOVER

The Company did not derive turnover during the period.

## 4. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

| | 30/4/2015 to 30/9/2015 US$ |
|---|---|
| Auditor's remuneration | 2,581 |
| Staff cost | - |

## 5. INCOME TAX IN THE STATEMENT OF PROFIT OR LOSS

a) Income tax in the statement of profit or loss represents:

No Hong Kong profits tax has been provided for in the financial statements as the company has no assessable profits for the financial period.

b) Reconciliation between tax expense and accounting loss at applicable tax rate:

| | 30/4/2015 to 30/9/2015 US$ |
|---|---|
| Loss before taxation | (7,755) |
| Notional tax on loss before taxation, calculated at the rate applicable to loss before taxation at 16.5% | (1,280) |
| Non-deductible expenses | 1,280 |
| Tax expenses | - |

c) No provision for deferred taxation has been made for the period as the effect of all temporary differences is insignificant.

## 6. DIRECTORS' REMUNERATION

Directors' remuneration is nil.

## 7. SHARE CAPITAL

| | 2015 | |
|---|---|---|
| | No. of shares | US$ |
| **Ordinary shares, issued on incorporation and at the end of the reporting period:** | | |
| Unpaid: 50,000,000 ordinary shares (note) | 50,000,000 | 50,000,000 |

Note: On incorporation, 50,000,000 ordinary shares were issued for US$50,000,000 and were paid up after the end of the reporting period on 18 November 2015.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the Company's residual assets.

### Capital management

The Company's objectives when managing capital are to safeguard the Company's ability as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Company will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt as it sees fit and appropriate.

## 8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES

The Company's major financial instruments are amount due from the immediate holding company and amount due to an intermediate holding company. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, currency risk and interest rate risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

### a) Credit risk

At 30 September 2015, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. The directors consider that the credit risk is insignificant.

## 8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES (Continued)

### b) Liquidity risk

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient amount of cash to meet its liquidity requirements in the short and longer term. The directors consider that the liquidity risk is insignificant.

### c) Interest rate risk

As the Company has no significant interest bearing liabilities, the directors consider the Company's exposure to market risk for changes in interest rates is insignificant.

### d) Currency risk

The Company's functional currency is United States dollars as substantially all the transaction are in United States dollars. The Company's transactional foreign exchange exposure was insignificant.

### e) Fair values

The fair values of financial instruments are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments.

## 9. ACCOUNTING ESTIMATES AND JUDGEMENTS

### Critical accounting judgement in applying the company's accounting policies

In determining the carrying amount of some assets and liabilities, the Company makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of the reporting period. These estimate involve assumptions about such items as cash flows and discount rates used. The Company's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimates of future events, judgements are also made during the process of applying the Company's accounting policies.

## 10. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Company has entered into the following material related party transactions during the period:

**a) Transactions with key management personnel**

All members of key management personnel are the directors of the Company, and the remuneration for them is disclosed in note 6.

**b) Amounts due from the immediate holding company/ due to an intermediate holding company**

The amounts are unsecured, interest-free and repayable on demand.

## 11. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the period ended 30 September 2015 and which have not been adopted in these financial statements.

The Company is in the process of making an assessment of what the impact of these amendment is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Company's results of operations and financial position.

## 12. PARENT AND ULTIMATE HOLDING COMPANY

At 30 September 2015, the directors consider the immediate parent and ultimate holding company of the Company to be T&B Holdings Hong Kong Co. Limited, a company incorporated in Hong Kong, and Tianjin Free Trade Zone Investment Holding Group Co., Ltd.# (天津保稅區投資控股集團有限公司) ("Tianjin FTZ"), a company incorporated in Mainland China, respectively. These entities do not produce financial statements available for public use. Tianjin FTZ is a state-owned enterprise and is wholly owned by Tianjin Port Free Trade Zone State-owned Asset Supervision and Administration Commission (天津港保稅區國有資產管理局).

\# denotes English translation of the name of a Chinese company and is provided for identification purposes only.

## 13. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On incorporation, 50,000,000 ordinary shares were issued for US$50,000,000 and were paid up after the end of the reporting period on 18 November 2015.

**ISSUER**

**Hongkong Baorong Development Limited**

Suite 3304, 33/F Blk 2 Nina Tower
8 Yeung Uk Road
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**PARENT COMPANY**

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