

# Zhongrong International Trust Co., Ltd.

## 2015 Annual Report Summary

### 1. Importance Notice

The Board of Directors and the directors of the company warrant that the information in this report contains no false record, misleading statement or material omission, and jointly and severally accept full responsibility for the information herein. This annual report summary is extracted from the full-text annual report. Customers and stakeholders who want to know about the details may refer to the full text.

The independent directors of the company warrant that the information in this report contains no false record, misleading statement or material omission, and jointly and severally accept full responsibility for the information herein.

Mr. Fan Tao, Chairman of the Board of Directors, and Mr. Lian Jinhua, Chief Financial Officer, hereby guarantee that the financial report contained here is authentic and complete.

### 2. Company Profile

#### 2.1 Brief Introduction

(1) Legal name in Chinese: 中融国际信托有限公司 (“中融信托”, “the company” below)

(2) Legal name in English: ZHONGRONG INTERNATIONAL TRUST CO., LTD. (“ZRT”)

(3) Legal representative: Fan Tao

(4) Registered address: No. 33 Songshan Road, Nangang District, Harbin, Heilongjiang Province

Postal code: 150090

(5) Global website: [www.zritc.com](http://www.zritc.com)

(6) E-mail address: [zritc@zritc.com](mailto:zritc@zritc.com)

(7) Person responsible for the company’s information disclosure: Huang Wei

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(8) Designated newspaper for information disclosure: *Financial News, Shanghai Securities News*

(9) Location of annual report preparation: F/25, Hatou Tower, No.277 Chuangxin Road II, Sci-tech Innovation Town, Songbei District, Harbin, Heilongjiang Province and F/9,

Taikang International Tower, No. 2 Wudinghou Street, Jin Rong Jie, Xicheng District, Beijing

(10) Accounting firm engaged by the company: Baker Tilly China Certified Public Accountants

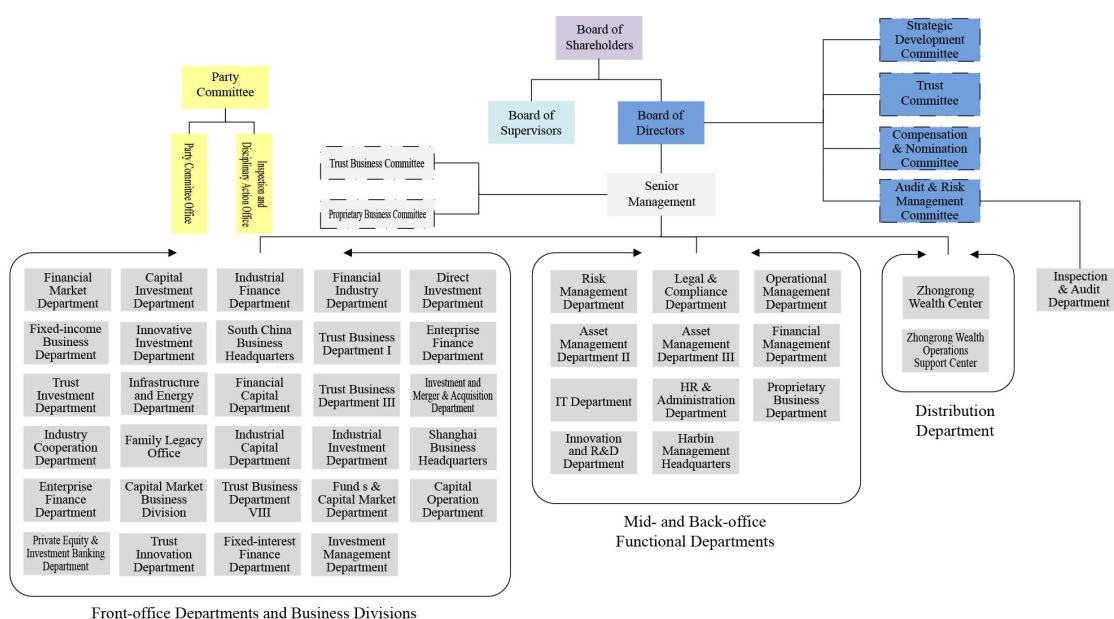
Domicile: Building 12, Foreign Cultural and Creative Garden, No.19 Chegongzhuang West Road, Haidian District, Beijing

(11) Law firm engaged by the company: Zhong Lun Law Firm (Shanghai)

Domicile: Building 10-11, Shanghai International Financial Center II, No.8 Shiji Avenue, Pudong New District, Shanghai

## 2.1 Organizational Structure

Figure 2.2 Organizational Structure of the company



## 3. Corporate Governance Structure

### 3.1 Shareholders

#### 3.1.1 Information of shareholders

As of the end of the reporting period, the company received joint contributions from four shareholders, with Jingwei Textile Machinery Company Limited as the actual controller. The shareholders contributing 10% or more are listed as follows:

Table 3.1.1 (shareholders)

Shareholder	Shareholding Proportion	Legal Representative
Jingwei Textile Machinery Company Limited	37.47%	Ye Maoxin

Zhongzhi Enterprise Group Co., Ltd.	32.99%	Liu Xiukun
Harbin Investment Group Company Limited	21.54%	Zhi Dayong

### 3.1.2 Equity holding information of the first majority shareholder

The company's first majority shareholder is Jingwei Textile Machinery Company Limited, whose majority equity holder is shown as follows:

Table 3.1.2 (the first majority shareholder)

Shareholder	Shareholding Proportion	Legal Representative
China Textile Machinery (Group) Co., Ltd.	31.13%	Liu Hong

### 3.2 Directors

Table 3.2-1 (Chairman and Deputy Chairman of the Board of Directors, the directors)

Name	Position	Gender	Age	Date of Appointment	Recommending Shareholder	Shareholding Proportion of the Recommending Shareholder (%)
Fan Tao	Chairman of the Board of Directors	Male	47	2015-5	Jingwei Textile Machinery Company Limited	37.47%
Yao Yuming	Deputy Chairman of the Board of Directors	Male	54	2010-7	Jingwei Textile Machinery Company Limited	37.47%
Zhang Xiangu	Deputy Chairman of the Board of Directors	Female	38	2015-12	Jingwei Textile Machinery Company Limited	37.47%

	Directors					
Zhang Dong	Director	Male	43	2015-5	Jingwei Textile Machinery Company Limited	37.47%
Zhang Xianjun	Director	Male	41	2015-1	Harbin Investment Group Company Limited	21.54%

Table 3.2-1 (Continued) (Chairman and Deputy Chairman of the Board of Directors, the directors)

<b>Brief Background of the Directors</b>	
Fan Tao	Fan Tao has been working in the capacity of the company's Chairman of the Board of Directors since May 2015. He formerly worked at the Department of Public Offering Supervision and the Department of Intermediary Supervision of the Harbin Commissioner's Office of the China Securities Regulatory Commission.
Yao Yuming	Yao Yuming has been Deputy Chairman of the Board of Directors since July 2010, and is currently working in the capacity of General Manager of Jingwei Textile Machinery Company Limited and Party Committee Member of China Hi-Tech Group Corporation. He formerly served as Assistant Manager and Director of the Financial Office of Jingwei Textile Machinery Plant, Board Chairman of China Textile Machinery (Group) Co., Ltd., Board Chairman of Inner Mongolia Rixin Securities Limited Liability Company and Executive Deputy General Manager of Jingwei Textile Machinery Company Limited.
Zhang Xianghui	Zhang Xianghui has been Deputy Chairman of the Board of Directors of the company since December 2015. She formerly worked at Industrial Bank Co., Ltd., as Deputy Director of the Interbank Business Department of Shanghai Branch, Deputy Chief of the Wealth Management Division of Funds Operation Center, Chief of the Underwriting Division of the Investment Banking Department and Deputy General Manager of the Investment Banking Department.
Zhang Dong	Zhang Dong has been working in the capacity of Director of the company since May 2015. He was formerly engineer at the Harbin Railway Administration, General Manager of the IT Department of Tianyuan Securities Brokerage Co., Ltd., Deputy General Manager of the IT Department of Jianghai Securities Brokerage Co., Ltd., General Manager of the IT Department of the company, General Manager of the Human Resources Department (concurrently General Manager of the Administrative Department), Chief Administrative Officer and Vice President of the company.
Zhang Xianjun	Zhang Xianjun has been acting in the capacity of Director in the company since January 2015, and is working in the capacity of Director of the Financial Business Department of Harbin Investment Group Company Limited. He used to work as Chief of the Long-term Development Planning Division, Office Secretary, Deputy Office Chief, department-level Office Member and Chief of the Board Office in Harbin Investment Group Company Limited.

Table 3.2-2 (the independent directors)

<b>Name</b>	<b>Company and Position</b>	<b>Gender</b>	<b>Age</b>	<b>Date of Appointment</b>	<b>Recommending shareholder</b>	<b>Shareholding Proportion of the</b>
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						<b>Recommending Shareholder (%)</b>
Li Hui	General Manager of Beijing Yingdong Investment Co., Ltd.	Male	44	2010-7	-	-
Li Huajie	Managerial Partner of Beijing Yongqin Certified Public Accountants Co., Ltd.	Male	51	2015-8	-	-

Table 3.2-2 (Continued) (the independent directors)

<b>Brief Background of the Independent Directors</b>	
Li Hui	Li Hui has been serving the company as Independent Director since July 2010, and is currently working in the capacity of General Manager of Beijing Yingdong Investment Co., Ltd. He formerly worked in the capacity of Senior Manager of the Investment Banking Department of United Securities, Deputy General Manager of the Investment Banking Department of Hantang Securities, Business Director of the Investment Banking Department of China Galaxy Securities, Business Director of the Investment Banking Department of Essence Securities and Executive Director of the Enterprise Financing Department of Credit Suisse Founder Securities Limited.
Li Huajie	Li Huajie has been serving the company as Independent Director since August 2015, and is currently acting in the capacity of managerial partner of Beijing Yongqin Certified Public Accountants Co., Ltd. He used to work as Financial Chief of Harbin Valve Plant, department manager of Heilongjiang Certified Public Accountants, department manager of Heilongjiang Xingye Certified Public Accountants, Deputy Chief of Reanda-Xinlong Certified Public Accountants and Deputy Chief Accountant of Beijing Yongqin Certified Public Accountants Co., Ltd.

### 3.3 Supervisors

Table 3.3 (the supervisors)

<b>Name</b>	<b>Position</b>	<b>Gender</b>	<b>Age</b>	<b>Date of Appointment</b>	<b>Recommending shareholder</b>	<b>Shareholding Proportion</b>
Gao Xingshan	Chairman of the Board of Supervisors	Male	50	2009-4	Zhongzhi Enterprise Group Co., Ltd.	32.99%
Mao	Supervis	Male	46	2010-7	Jingwei Textile Machinery	37.47%

Faqing	or				Company Limited	
Liu Ligang	Supervisor or	Male	45	2010-1	Supervisory Employee	-

Table 3.3 (Continued) (the supervisors)

Brief Background of the Supervisors	
Gao Xingshan	Gao Xingshan has been Chairman of the Board of Supervisors of the company since April 2009. He was formerly Vice President of Zhongzhi Enterprise Group Co., Ltd. and Chairman of the Board of Directors of the company.
Mao Faqing	Mao Faqing has been serving the company as Supervisor since July 2010, and is currently Deputy General Manager and Chief Financial Officer of Jingwei Textile Machinery Company Limited. He formerly worked in the capacity of Chief of the Accounting Office and Director of the Financial Department in Jingwei Textile Machinery Company Limited.
Liu Ligang	Liu Ligang has been working in the capacity of Supervisor of the company since January 2010, and is currently Deputy General Manager of the Audit Department of the company. He formerly worked in the capacity of department manager of Reanda-Xinlong Certified Public Accountants, Chief Financial Officer of Heilongjiang Huayu Guaranteed Investment Corporation Limited, Deputy Director of the Financial Department of Beijing Industrial (Group) Co., Ltd. and Chief Financial Officer of Inner Mongolia Lifeng Real Estate Development Co., Ltd.

### 3.4 Senior Management Members

Table 3.4 (the senior management members)

Name	Position	Gender	Age	Date of Appointment	Years of Experience in the Financial Industry	Highest Degree	Major
Zhang Dong	President	Male	43	2015-5	17	Bachelor's degree	Welding Techniques and Apparatus
You Yu	Executive Vice President	Male	41	2013-6	18	Master's degree	Financial Management
Hu Meng	Vice President	Male	35	2015-5	8	Bachelor's degree	Finance
Zhan	Vice	Male	43	2014-10	19	Master's	Development

Weihong	President					degree	Economics
Liu Weiqi	Vice President	Male	41	2010-2	13	Bachelor's degree	Russian
He Zhiqiang	Vice President	Male	40	2011-10	10	Master's degree	Business Administration
Lian Jinhua	Chief Financial Officer	Male	56	2010-6	7	Bachelor's degree	Accounting
Huang Wei	Chief Compliance Officer	Female	41	2010-10	18	Master's degree	Accounting

Table 3.4 (Continued) (the senior management members)

<b>Brief Background of the Senior Management Members</b>	
Zhang Dong	Zhang Dong has been working in the capacity of President of the company since May 2015. He was formerly engineer at the Harbin Railway Administration, General Manager of the IT Department of Tianyuan Securities Brokerage Co., Ltd., Deputy General Manager of the IT Department of Jianghai Securities Brokerage Co., Ltd., General Manager of the IT Department of the company, General Manager of the Human Resources Department (concurrently General Manager of the Administrative Department), Chief Administrative Officer and Vice President of the company.
You Yu	You Yu has been Executive Vice President of the company since June 2013. He formerly held the position of Vice Director of the Non-Bank Financial Institutions Supervision Department of the China Banking Regulatory Commission.
Hu Meng	Hu Meng has been Vice President of the company since May 2015. He was formerly senior auditor of Deloitte, and in Sinochem Finance Co., Ltd., Chief Financial Officer, Deputy General Manager of the Corporate Risk Management Department, General Manager of the Direct Investment Department and General Manager of the Funds and Capital Market Department.
Zhan Weihong	Zhan Weihong has been Vice President of the company since October 2014. He formerly held the position of Vice Director of the Non-Bank Financial Institutions Supervision Department of the China Banking Regulatory Commission.
Liu Weiqi	Liu Weiqi has been Vice President of the company since February 2010. He was formerly Chairman of the Board of Directors of Ji'nan Faxiang Properties Company Limited, Vice President of Zhongzhi Enterprise Group Co., Ltd., Chief Accountant of Harbin Rongxing Pawnshop and Chief Financial Officer of Shanghai Zhongronghui Investment Guarantee Company.
He	He Zhiqiang has been Vice President of the company since October 2011. He was formerly

Zhiqian g	Assistant to the General Manager of the Engineering Department, Beijing Mengke Properties Company Limited, General Manager of the Financial Market Department of the company and Assistant to the President of the company.
Lian Jinhua	Liu Jianhua has been Chief Financial Officer of the company since June 2010. He was formerly Chief of the Audit Office of Jingwei Textile Machinery Plant, Chief Accountant of the Shanxi Textile Machinery Company Limited of Jingwei Machinery Group, and Director of the Strategic Management Department of Jingwei Textile Machinery Company Limited.
Huang Wei	Huang Wei was appointed as Chief Compliance Officer of the company in October 2010. She formerly held the position of Supervisory Principal in the Supervisory Cooperation Department for Banking Innovation of the China Banking Regulatory Commission.

### 3.5 Employees

Table 3.5 (Employees)

Item		2014		2015	
		Number	Proportion	Number	Proportion
Age distribution	Under 25	119	6.56%	114	5.76%
	25—29	772	42.53%	693	35%
	30—39	750	41.32%	958	48.38%
	Above 40	174	9.59%	215	10.86%
Educational distribution	Doctor	9	0.49%	10	0.51%
	Master	744	40.99%	643	32.47%
	Bachelor	908	50.03%	1112	56.16%
	Associate bachelor	131	7.22%	197	9.95%
	Other	23	1.27%	18	0.91%
Position distribution	Directors, supervisors and senior management members	20 (5 outsiders)	0.83%	17 (3 outsiders)	0.71%
	Proprietary business personnel	0	0	0	0
	Trust business personnel	1332	73.39%	1167	58.94%
	Other personnel	468	25.78%	799	40.35%

Note: Proprietary business personnel refer to employees exclusively, or at least primarily, working for businesses related to use of proprietary funds and management of fixed assets. Trust business personnel refer to employees exclusively, or primarily, working for use of trust funds and management of trust assets. Employees working in comprehensive functions such as the HR Department, the Administrative Department or other similar departments that cannot be classified into any business department are put



in the “Other personnel” group. In addition 3 out of the 17 directors, supervisors and senior management members are excluded from the 1,980 employees on the payroll. In other words, the total headcount on all positions is 1,983, employees on the payroll + outsider directors and supervisors.

#### 4. Operations and Management

##### 4.1 Operational Targets, Guidelines and Strategic Plan

To push for greater business transitioning and to achieve long-term sustainable development, the company formulated the *2015-2017 Strategic Plan* with an implementation plan summarized as “One goal, three driving forces”. The term “One goal” refers to the company’s objective of transitioning its comprehensive strategic orientation from a capital provider to a comprehensive asset manager. The term “three driving forces” refers to the three businesses that are expected to play a significant role in fueling business growth and realizing transformation: private equity investment, asset management and wealth management. The company is committed to becoming a domestic first-class comprehensive asset manager through comprehensive business optimization, significant improvement in its management, and continuous innovation in the next three to five years.

##### 4.2 Main Business Operations

###### 4.2.1 Operational profile

In 2015, the company actively promoted the development of private equity investment, asset management and wealth management as per the established strategic transformation plan, scoring sound business effects. As of the end of 2015, the company had RMB 780,33 million of consolidated assets in management, of which, RMB 18,852 million was proprietary assets, accounting for 2.42%, RMB 669,919 million was trust assets, accounting for 85.83% and RMB 91,763 million was assets held in trust of its subsidiaries, accounting for 11.76%. The company realized total business revenue of RMB 6,588 million. Its net assets amounted to RMB 11,320 million. Net capital achieved RMB 10,202 million with a net capital adequacy ratio of 162.55%; the net capital surplus was recorded RMB 3,926 million.

###### 4.2.2 Trust business

The company continued to restructure its business in accordance with strategic requirements and balance has been achieved across its various businesses.

The allocation of its trust assets invested as of the end of the reporting period is shown below:

Table 4.2.2 Allocation of Trust Assets Invested (in RMB 10,000)

<b>Assets invested</b>	<b>Amount</b>	<b>Proportion</b>	<b>Industry distribution</b>	<b>Amount</b>	<b>Proportion</b>
Monetary assets	1,790,906.66	2.67%	Basic industry	10,554,411.38	15.75%
Loans	15,340,269.24	22.90%	Real estate	4,568,297.69	6.82%

Investment in tradable financial assets	6,449,452.64	9.63%	Securities market	7,211,903.48	10.77%
Investment in financial assets available for sale	17,807,904.67	26.58%	Manufacturing	22,976,799.58	34.30%
Investment in financial assets held to maturity	-	-	Financial institutions	19,507,627.44	29.12%
Long-term equity investment	10,209,462.27	15.24%	Other	2,172,815.33	3.24%
Other	15,393,859.42	22.98%			
Total trust assets	66,991,854.90	100.00%	Total trust assets	66,991,854.90	100.00%

#### 4.2.3 Proprietary business

During the year, the company managed its proprietary funds primarily in the form of highly liquid assets. Investment was also made within a certain scope to meet the needs of value preservation and appreciation. The company's proprietary funds were primarily invested in tradable financial products and financial products available for sale.

Table 4.2.2 Allocation of Proprietary Assets Invested (in RMB 10,000)

Assets invested	Amount	Proportion	Industry distribution	Amount	Proportion
Monetary assets	773,415	41.03%	Basic industry		
Loans and receivables	37,510	1.99%	Real estate		
Investment in tradable financial assets	615,255	32.64%	Securities market	628,160	33.32%
Investment in financial assets available for sale	227,230	12.05%	Manufacturing		
Investment in financial assets held to maturity	0	0.00%	Financial institutions	158,927	8.43%
Long-term equity	164,772	8.74%	Other	1,098,094	58.25%

investment					
Other	66,999	3.55%			
Total assets	1,885,182	100.00%	Total assets	1,885,182	100.00%

### 4.3 Market Analysis

#### 4.3.1 Favorable factors

China's economic development has entered a new normal featured by slowdown in economic growth, making difficult structural adjustments, and absorbing the effects of previous economic stimulus policies. This poses new requirements for the country's industrial restructuring. At present, though the economic growth is slowing, industrial restructuring is constantly improving. Through cutting excessive industrial capacity we can weed out weak enterprises and cut back on inventory. Through bolstering weak spots we can nurture and grow strategic emerging industries and high-tech industries. In the process of industrial restructuring, both traditional industries and emerging industries will present about new markets and opportunities, where the trust industry can actively participate. Moreover, the rapid economic growth and increasing resident incomes have ushered in an unprecedented period of social wealth accumulation. The wealth market embodies huge potential for growth. Driven by the continued economic growth and the advancing financial disintermediation, the wealth management market is expected to maintain the sound development momentum, creating a broader market for the trust industry.

#### 4.3.1 Unfavorable factors

Despite the positives, the trust industry also faces certain challenges under the new normal. First, traditional businesses of the trust industry are facing problems of risk mitigation and business model sustainability: the real estate sector is trying to reduce the number of unsold homes, while the mineral and energy sector is cutting excessive production capacity, and some enterprises in these sectors are undergoing operational difficulties. To do business with these sectors, the trust industry should be more cautious.

Second, as more and more institutions emerge in the asset management industry, there are inevitably unfair competitive practices such as "regulatory arbitrage". Therefore, trust companies should strictly abide by regulatory requirements, stick to the risk floor and sharpen their competitiveness to be a trustworthy trustee for investors.

Third, transformed businesses are developing slowly, with market recognition waiting to be tested. Trust companies should screen qualified investors, and proactively perform managerial functions to win the respect of the market with professional management expertise.

### 4.4 Internal Control

#### 4.4.1 The internal control environment and internal control culture

The company attaches great importance to the establishment of its internal control infrastructure with the aim of ensuring legal and compliant operations, asset safety, the authenticity and completeness of financial reports and relevant information, increased

operational efficiency, and contributing to the realization of its development strategy. Pursuant to relevant laws, regulations and supervisory provisions, the company has, based on its internal control objectives, developed its *Internal Control Rules of Zhongrong International Trust Co., Ltd.* Within the reporting period, the company has, in strict compliance with regulatory requirements, established a risk identification-centered internal control system comprising two main components: rules and regulations and internal control evaluation. The internal control system has been made possible with information technology infrastructure.

With the establishment of the internal control system a high priority, the company has worked to improve internal control environments, and has established a reasonable organizational structure alongside specific division of duties and reporting paths. In addition, a standard corporate governance mechanism has been established with clearly specified authority and standardized operations. The roles of the Board of Directors, the Board of Supervisors, the senior management and all departments have all likewise been clearly defined in the course of the establishment and operation of the internal control system. With risk identification a key objective, all internal control requirements have been further specified on the corporate level and on the business management procedure level. This means that internal control responsibilities are assigned to specific departments and positions.

#### 4.4.2 Internal control measures

The company has gradually established a scientific and sophisticated system of internal control as well as worked continuously to refine the internal control system, to improve the corporate governance system, to build up a corporate culture and to optimize the internal control environment. In addition, the company has worked continuously to improve its business rules and operational procedures as well as internal control mechanisms for each business based on business development and operational needs. The company's internal control system comprises three levels: the *Internal Control Rules of Zhongrong International Trust Co., Ltd.* as the operating framework, specific implementation based on the *Internal Control Management Manual of Zhongrong International Trust Co., Ltd.*, and appraisal criteria as outlined in the *Internal Control Assessment Manual of Zhongrong International Trust Co., Ltd.* The company has also established a set of standards, regulations and procedures for every business operation and management support role covering the areas of administration, trust business, proprietary business, financial management, risk management, human resources, information technology and compliance audit.

Furthermore, the company has implemented and continuously refined its internal control rules and procedures concerning business management, risk management, information management and back-office management, and has realized a strict separation of front-, middle- and back-office operations alongside efficient links and close cooperation between departments. The company has likewise established mechanisms for the separation of its proprietary business from the trust business, separate management of trust accounts, and separation accounting of the two businesses. To ensure the security of customer assets, various rules have also been developed to ensure stringent fund monitoring and to provide a procedural framework for capital inflows, outflows, and the processing of various payments.

#### 4.4.3 Information exchange and feedback

During the reporting period, the company performed procedures of reporting for file or for approval significant matters including establishment of trust schemes, changes to senior management members and others in line with supervisor requirements. In response to opinions issued by the supervisor, the company timely provided in-depth feedback to report its corrective measures and the implementation of such measures to the supervisor. Internal and external business management information, reports on innovative businesses and industry research reports were regularly collected, analyzed and shared extensively through Internet platforms, meetings etc. Information except for those involving business secrets or intellectual property right was publicized on the company's intranet to inform all the staff. In terms of the construction of customer complaint channels, the company further clarified responsibilities of all departments and enhanced with professional training on customer service personnel. Through public information disclosure, the company subjected itself to public supervision, thereby enhancing information exchange and communication with its clients. In addition, through building an all-round platform for information exchange and feedback, the company has improved its business transparency and the anti-fraud mechanism. Moreover, it has established reporting and complaint mechanisms with convenient channels, publicized treatment principles, fair treatment procedure and the reporter protected, so as to prevent greater loss as a result of concealment of irregular practices and untimely rectification of internal control shortcomings.

#### 4.4.4 Monitoring assessment and rectification

To supervise and evaluate its operational management and business operations more effectively, the company has established and refined its internal supervisory assessment system. Its internal audit department enhanced efforts in system building and team building. In addition, through financial audits, internal control audits and business audits a close eye has been kept on internal control risks, operational risks, compliance risks and substantial risks in trust projects. The department has played a significant role in supervision and inspection with its investigations in possible loopholes and weaknesses in the company's operation and management. In this regard, the department has issued recommendations for management, pointed out problems discovered in audits, and supervised the rectification of such problems by means of rectification tracking and auditing. During the year, the internal audit department completed an internal control evaluation, oversaw reasonability and effectiveness of its internal control, and pressed for improvement in the internal control system, thereby enhancing the company's business management level and risk prevention capacity.

#### 4.5.1 Risk management briefing

##### 4.5.1 Risk conditions

##### 4.5.2.1 Credit risk

(1) Concentrated areas of credit risk: According to statistics as of the end of 2015, enterprise financing trust assets accounted for 31.39% of all trust assets. There was no non-performing financing trust asset or non-performing loan according to the statistics of the five-tier classification of credit assets.

(2) Main principles of collateral identification: To minimize adverse impacts of price

changes on the secondary source of repayment, the company selected quality securities as pledges, and lands and properties at stable prices as mortgaged collaterals with a 50% LTV ratio in most cases. Secured loans in principle called for a guarantor with sound financial standing, good operating results and a credit rating of A or higher according to bank credit rating criteria.

(3) Provisioning methods of general reserves and special reserves: According to the *Administrative Measures on Trust Companies*, the company set aside 5% of its net profit, namely being, RMB 120,855,900 as a trust compensation reserve during the reporting period, bringing the closing balance to RMB 561.51 million. As required by the *Administrative Measures for Provisioning Reserves of Financial Enterprises* ([2012] No.20, Ministry of Finance), over the year the company appropriated a total of RMB 19,991,800 for general risk reserves.

#### 4.5.2.2 Market risk

Market risk primarily lay in the company's proprietary securities investment business, trust business and equity usufruct rights held in trust. As of the end of 2015, assets held in trust for securities investment made up 10.86% of all trust assets. For this type of business, the company, with the core principle of prudence, allocated assets in a reasonable manner as well as diligently and dutifully performed its duties as a trustee through structured trust arrangements and sophisticated management measures, with the security of the beneficiary's funds always on top priority. In addition, the company closely communicated with its clients through regular information disclosure and other measures, while tracking changes to the projects.

#### 4.5.1.3 Operational risk

Operational risks that the company faced primarily lay in the imperfect or ineffective corporate governance mechanism or internal procedure, inaccurate information from due diligence, inadequate post-lending inspection or untimely information disclosure as a result of supervisor carelessness or absence of a sense of responsibility, business discontinuance due to functional defects of the information systems, failure to conduct timely and adequate due diligence, continued supervision and information disclosure, failure to respond timely and properly or response in an unprofessional or irrational manner, failure to perform the diligence obligation or failure to present effective proofs of fulfillment of the diligence obligation and so on.

It is worthy of note operational risk is embodied in all business activities. Apart from objective factors, the staff's consciousness is also a key part of operational risk prevention. Thus, on the one hand, the company made continued efforts to comb through and regulate its business procedure and enhance its internal control in a bid to eradicate operational risk through institutional regulation. On the other hand, it attached importance to developing the staff's professionalism, sense of responsibility and comprehensive quality for the purpose of eliminating operational risk caused by incompetent or irresponsible employees. There were neither losses caused by operational risk nor any major operational risk events during the year.

#### 4.5.1.4 Other risks

Other risks include legal risk, compliance risk, and reputational risk. Legal risk refers to the risk of the company suffering punishments or lawsuits due to violation of laws or

regulation, breach of supervisory agreements or contractual disputes with counterparties. Compliance risk refers to the risk of the company suffering legal sanctions, regulatory punishments or major losses as a result of failure to abide by laws, rules, or norms. Reputational risk refers to the company running the risk of damaging its reputation due to a lack of reputation emergency handling capability, failure to properly handle relationship with the media and the absence of reputational risk management mechanisms. At present, the company keeps its legal risk, compliance risk and reputational risk at a low level.

#### 4.5.2 Risk management

##### 4.5.2.1 Credit risk management

Specific measures employed for credit risk management include: first, to improve the credit risk management system; second, to improve the credit risk limit management; third, to enhance industry studies and improve the access mechanism; fourth, to increase monitoring of credit risk for existing projects; and fifth, to strengthen the management of surety means of the investment business.

##### 4.5.2.2 Market risk management

The company has established Asset Management Department III for specialized management of market risk in the securities business. In day-to-day risk management, the principles of portfolio investment and risk spreading have been strictly followed, with clear investment scope and portfolios and the daily mark-to-market approach implemented to ensure real-time knowledge of risk conditions. We have also engaged experienced and outstanding investment counselors to help us better identify potential risks in market changes. Scientific and highly usable warning and loss stoppage mechanisms have been put in place to keep risks under control.

##### 4.5.2.3 Operational risk management

Major measures adopted for operational risk management include: first, to further improve operational risk management systems; second, to launch the project management system and accounting management system; and third, to consolidate the foundation for internal control and optimize the internal control measures to improve the efficiency and effectiveness of the three lines of defense.

##### 4.5.2.4 Management of other risks

(1) Legal risk: With great importance attached to legal risk management, the company has assigned its senior management to oversee legal risk control situation and to implement legal risk prevention throughout the entire project process.

(2) Compliance risk: The company has actively and steadily facilitated the construction of a compliance management system. During the year, it has formulated many compliance provisions, which have contributed to the further refinement of its compliance risk management. In addition, it has also enhanced staff training and has put forward clear requirements for employees to do businesses in a legal and compliant manner. Moreover, it has provided active assistance for the regulator to ensure the execution of supervisory policies.

(3) Reputational risk: The company has improved its reputational risk management

mechanisms and reinforced a Company-wide reputational risk management framework.

## 5. Accounting Comparisons between Current Year and Previous Year

### 5.1 Proprietary Assets

#### 5.1.1 Audit opinions of the accounting firm

The No. 6132 [2016] audit report of Baker Tilly states: “The financial statement of Zhongrong International Trust Co., Ltd., which has been prepared in line with the *Accounting Standard for Enterprises* concerning all material matters, fairly represents the financial standing of the company as of December 31, 2015 and its operating results, cash flows and consolidated operating results and consolidated cash flows in 2015”. ”

#### 5.1.2 Balance sheet

### Balance sheet

Prepared by: Zhongrong International Trust Co., Ltd. December 31, 2015 Units: RMB

Item	S/ N	Consolidated		Parent Company	
		Year closing balance	Year opening balance	Year closing balance	Year opening balance
<b>Assets:</b>	1				
Cash and cash equivalents	2	7,734,154,186.97	4,111,623,631.75	7,049,197,270.65	3,910,303,456.26
Settlement reserves	3				
Monies due from financial institutions	4				
Financial liabilities at fair value through profit or loss	5	6,152,546,921.81	6,039,319,045.43	5,439,249,734.85	5,175,923,422.67
Financial derivative assets	6				
Bills payable	7				
Accounts receivable	8	72,867,484.49	10,986,783.16	48,275,167.63	
Advances	9	3,268,431.79	399,000.00		
Interest receivable	10	45,007,209.28	67,466.67	43,119,585.83	
Dividends receivable	11	20,803,274.80		20,803,274.80	
Other receivables	12	236,423,826.64	55,440,288.91	60,104,751.44	46,417,105.51
Reverse buyback agreements	13				
Inventory	14				
Assets held for sale	15				
Loans and advances to customers	16				
Financial assets available for sale	17	2,272,304,724.64	604,920,674.97	299,190,710.18	410,738,604.97
Investment in	18				



financial assets held to maturity					
Long-term accounts receivable	19				
Long-term equity investment	20	1,647,720,018.19	53,160,938.66	3,004,282,272.06	1,198,636,696.63
Investment-purpose housing properties	21				
Net value of fixed assets	22	28,944,704.74	28,096,291.45	19,903,939.96	22,078,429.58
Construction in process	23				
Disposal of fixed assets	24				
Net value of intangible assets	25	32,914,011.88	27,122,543.07	29,676,079.90	24,072,772.39
Development expenses	26				
Goodwill	27				
Long-term deferred expenses	28	37,847,678.12	13,275,953.41	34,954,582.76	11,489,627.79
Deferred income tax assets	29	567,014,719.73	505,899,511.55	572,897,132.77	507,606,171.75
Other assets	30		750,000,000.00		750,000,000.00
	31				
	32				
<b>Total assets</b>	33	18,851,817,193.08	12,200,312,129.03	16,621,654,502.83	12,057,266,287.55
Legal Representative: Fan Tao    Head of Accounting: Lian Jinhua    Responsible Person of Accounting Units: Dai Baoxiang					

**Balance sheet (Continued)**

Prepared by: Zhongrong International Trust Co., Ltd.    December 31, 2015    Units: RMB

Item	S/N	Consolidated		Parent Company	
		Year closing balance	Year opening balance	Year closing balance	Year opening balance
<b>Liabilities:</b>	34				
Short-term borrowings	35				
Due to financial institutions	36	1,700,000,000.00		1,700,000,000.00	
Financial liabilities at fair value through profit or loss	37				
Financial derivative liabilities	38				

Bills payable	39				
Accounts payable	40	5,863,443.50	4,697,730.94		
Advances received	41	72,640,391.61	20,330,945.75	24,067,446.57	18,741,075.77
Buyback agreements	42				
Handling fees and commission payable	43				
Payroll payable	44	1,567,883,595.07	1,061,349,763.20	1,492,331,245.88	1,042,673,313.58
Taxes payable	45	498,498,749.54	412,749,497.54	451,760,798.85	407,997,586.22
Interest payable	46	9,848,205.57		6,195,555.57	
Dividends payable	47	600,000,000.00		600,000,000.00	
Other receivables	48	59,525,493.41	33,843,626.90	17,338,523.30	28,231,287.47
Liabilities held for sale	49				
Long-term borrowings	50				
Bonds payable	51	1,441,923,043.85			
Long-term accounts payable	52				
Long-term payroll payable	53	1,010,911,029.88	861,955,490.33	1,010,911,029.88	861,955,490.33
Special accounts payable	54				
Expected liabilities	55				
Deferred income tax liabilities	56	-			
Other liabilities	57				
<b>Total liabilities</b>	58	6,967,093,952.43	2,394,927,054.66	5,302,604,600.05	2,359,598,753.37
<b>Owner's equity (or shareholders' interests)</b>	59				
Paid-in capital	60	6,000,000,000.00	6,000,000,000.00	6,000,000,000.00	6,000,000,000.00
Other equity instruments	61				
Capital reserve	62	232,131,386.16	232,537,248.16	230,706,386.16	232,537,248.16
Other comprehensive revenue	63	43,779,125.99	-105,873,332.53	-132,253.73	-106,227,949.54
Of which: foreign exchange difference	64	2,255,947.67	-105,174.77		
Surplus reserve	65	1,068,059,563.20	826,347,809.72	1,068,059,563.20	826,347,809.72
General risk reserve	66	695,249,335.63	554,401,639.06	695,249,335.63	554,401,639.06
Retained Profit	67	3,431,444,594.38	2,179,483,106.17	3,325,166,871.52	2,190,608,786.78
Equity attributable to owners of parent company	68	11,470,664,005.36	9,686,896,470.58	11,319,049,902.78	9,697,667,534.18
Minority interests	69	414,059,235.29	118,488,603.79	-	-
<b>Total owner's equity</b>	70	11,884,723,240.65	9,805,385,074.37	11,319,049,902.78	9,697,667,534.18
<b>Total liabilities and owner's equity</b>	71	18,851,817,193.08	12,200,312,129.03	16,621,654,502.83	12,057,266,287.55

Legal representative: Fan Tao    Head of Accounting: Lian Jinhua    Responsible Person of Accounting Units: Dai Baoxiang

### 5.1.3 Profit statement

Prepared by: Zhongrong International Trust Co., Ltd.    Year 2015    Units: RMB

Item	S/N	Consolidated		Parent Company	
		This year	Previous year	This year	Previous year
<b>1. Total operating revenue</b>	1	6,587,819,030.25	5,531,491,710.83	5,976,694,710.85	5,409,478,036.45
Net interest income	2	123,721,285.15	428,368,448.67	118,116,237.76	423,593,115.31
Interest income	3	216,267,396.27	428,368,448.67	210,662,348.88	423,593,115.31
Interest expenses	4	92,546,111.12		92,546,111.12	
Net handling fee and commission income	5	4,617,699,794.68	4,446,971,821.26	4,424,055,218.55	4,390,316,936.81
Handling fee and commission income	6	4,617,699,794.68	4,446,971,821.26	4,424,055,218.55	4,390,316,936.81
Handling fee and commission expenses	7				
Operating revenue	8	201,771,770.58	20,398,347.16		
Investment gains/losses (Loss is represented by “-” sign)	9	792,093,532.71	210,674,836.17	576,064,868.31	205,879,708.35
Gain/loss through fair value change (Loss is represented by “-” sign)	10	-33,067,269.52	118,727,136.67	-11,181,422.03	113,102,565.85
Exchange gain/loss (Loss is represented by “-” sign)	11	901,142.69	1,294,069.16	531,601.27	45,377.30
Other business revenue	12	884,698,773.96	305,057,051.74	869,108,206.99	276,540,332.83
<b>2. Total operating expenditures</b>	13	3,310,402,691.54	2,318,130,111.14	2,936,256,026.31	2,218,313,242.74
Business tax and surcharges	14	324,089,716.19	273,459,535.74	303,876,966.78	268,983,040.64
Business and administrative fees	15	2,790,958,685.06	2,044,670,575.40	2,437,486,656.03	1,949,330,202.10
Asset impairment losses	16	194,892,403.50	-	194,892,403.50	-
Business costs	17	461,886.79	-	-	-
<b>3. Operating profit</b>	18	3,277,416,338.71	3,213,361,599.69	3,040,438,684.54	3,191,164,793.71
Add: Non-operating revenue	19	98,929,053.04	3,534,897.86	88,285,203.19	3,381,006.62

Less: Non-operating expenses	20	4,771,387.38	1,214,996.88	4,587,435.61	1,162,247.08
<b>4. Total profit</b>	21	3,371,574,004.37	3,215,681,500.67	3,124,136,452.12	3,193,383,553.25
Less: Income tax expenses	22	766,166,859.82	782,887,562.97	707,018,917.33	780,301,630.07
<b>5. Net profit</b>	23	2,605,407,144.55	2,432,793,937.70	2,417,117,534.79	2,413,081,923.18
Attributable to owners of parent company	24	2,534,520,938.26	2,430,038,423.58	2,417,117,534.79	2,413,081,923.18
Minority interests	25	70,886,206.29	2,755,514.12		
<b>6. Net other comprehensive revenue, post-tax</b>	26	145,336,883.73	27,106,581.40	106,095,695.81	26,310,203.67
Net comprehensive revenue attributable to the parent company, post-tax	27	149,652,458.52	26,664,820.68		
(1) Other comprehensive revenue that cannot be reclassified into gain/loss	28				
Of which: 1. Changes to net liabilities or net assets under redefined staff benefits scheme	29				
2. Entitled share of other comprehensive revenue that cannot be reclassified into gain/loss of the investment target under equity accounting	30				
(2) Other comprehensive revenue that will be reclassified into gain/loss	31	149,652,458.52	26,664,820.68	106,095,695.81	26,310,203.67
Other: 1. Entitled share of other comprehensive revenue that will be reclassified into gain/loss of the investment target under equity	32	-	-	-	-

accounting					
2. Financial assets available for sale at fair value through profit or loss	33	147,291,336.08	26,769,995.45	106,095,695.81	26,310,203.67
3. Gain/loss of investments held to maturity that are reclassified as financial assets available for sale	34				
4. Effective gain/loss of cash flow hedge	35				
5. Foreign exchange difference	36	2,361,122.44	-105,174.77		
Other comprehensive revenue attributable to minority shareholders, post-tax	37	-4,315,574.79	441,760.72		
<b>7. Total comprehensive revenue</b>	38	2,750,744,028.28	2,459,900,519.10	2,523,213,230.60	2,439,392,126.85
Attributable to owners of the company	39	2,684,173,396.78	2,456,703,244.26	2,523,213,230.60	2,439,392,126.85
* Attributable to minority shareholders	40	66,570,631.50	3,197,274.84		
Legal representative: Fan Tao    Head of Accounting: Lian Jinhua    Responsible Person of Accounting Units: Dai Baoxiang					

## 5.2 Trust assets

### 5.2.1 Summary of assets and liabilities under trust projects

Table 5.2.1 (Units: RMB 10,000)

Item	December 31, 2015	December 31, 2014
Trust assets:		
Cash and cash equivalents	1,790,906.66	1,717,442.50
Tradable financial assets	6,449,452.64	8,511,629.89
Reverse buyback agreements	578,194.18	426,970.54
Accounts receivable	938,067.99	559,207.57
Loans extended	15,340,269.24	19,723,511.12
Financial assets available for sale	17,807,904.67	11,795,507.75

Long-term equity investment	10,209,462.27	11,179,384.71
Long-term deferred expenses	10,916.76	7,191.10
Other assets	13,866,680.49	17,138,427.87
Total trust assets	66,991,854.90	71,059,273.05
Trust liabilities:		
Trustee compensation payable	4,852.86	49,258.22
Trustee fee payable	9,009.11	36,814.66
Beneficiary benefits payable	383,325.56	356,959.72
Sales service fee payable	1,376.86	3,258.61
Other payables	969,273.87	535,359.26
Other liabilities	-	-
Total trust liabilities	1,367,838.27	981,650.47
Trust usufruct:		
Paid-in trust	62,383,798.62	66,662,287.14
Capital reserve	2,266,626.49	2,683,628.01
Retained profit	973,591.52	731,707.43
Total trust usufructs	65,624,016.63	70,077,622.58
Total sum of trust liabilities and trust usufructs	66,991,854.90	71,059,273.05

### 5.2.2 Summary of profits and profit distribution of trust projects

Table 5.2.2 (Units: RMB 10,000)

Item	2015	2014
Operating revenue	7,067,050.46	5,760,492.59
Interest income	2,106,861.54	1,936,800.01
Returns on investment	5,160,312.74	3,424,250.66
Gain through fair value change	-217,230.99	388,761.45
Other revenues	17,107.17	10,680.47
Expenditure	1,257,124.80	991,143.72
Trustee compensation	356,064.14	377,896.83
Trustee fee	34,613.77	86,608.36
Investment management fee	118,201.43	20,960.39

Sales service fee	285,333.80	148,351.94
Transaction fee	221,865.04	72,451.62
Other fees	241,046.61	284,874.58
Net trust profit	5,809,925.66	4,769,348.87
Other comprehensive revenues	2,074,994.34	2,555,216.67
Comprehensive revenue	7,884,920.00	7,324,565.54
Add: Retained Trust profit at the year opening	731,707.43	10,340.71
Trust profit available for distribution	7,643,934.98	4,926,258.01
Less: Trust profit distributed during the year	6,670,343.46	4,194,550.58
Retained trust profit at the year closing	973,591.52	731,707.43

## 6. Annotations to Accounting Statements

### 6.1 Bases of accounting statement preparation and accounting policy.

This consolidated financial statement has been prepared with the assumptions of the company's continued operations, based on transactions that have actually taken place and in accordance with the *Accounting Standard for Enterprises* issued by the Ministry of Finance on February 15, 2006 and the eight specific standards and one basic standard released by the Ministry of Finance in 2014. The statement has likewise been drafted in compliance with key accounting policies and accounting valuation practices stated as follows.

### 6.2 Explanation on contingencies

None.

### 6.3 Explanation on transfer and sale of important assets

None.

### 6.4 Details of important items in accounting statements

#### 6.4.1 Operation of proprietary assets

##### 6.4.1.1 Year opening balance and year closing balance of credit risk assets by the five-tier credit risk classification

Table 6.4.1.1 (Units: RMB 10,000)

Five-tier credit risk	Pass	Special mention	Substandard	Doubtful	Loss	Total credit risk	Total non-perfor	NPL ratio (%)
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classification						assets	ming assets	
Year opening balance	417,852					417,852		
Year closing balance	811,252					811,252		

Note: Total non-performing assets = substandard + doubtful + loss

6.4.1.2 Year opening balance, provision during the year, write-back during the year, write-off during the year and year closing balance of each kind of assets

Table 6.4.1.2 (Units: RMB 10,000)

	Year opening balance	Provision	Write-back	Write-off	Year closing balance
Allowances for impairment loss on loans					
General reserve					
Special reserve					
Allowances for impairment loss on other assets					
Allowances for impairment loss on financial assets available for sale		19,489			19,489
Allowances for impairment loss on investments held to maturity					
Allowances for impairment loss on long-term equity investments					
Bad debt reserve	47				47

6.4.1.3 Year opening balance and year closing balance of investments in proprietary stocks, funds, bonds, and equities.

Table 6.4.1.3 (Units: RMB 10,000)

	Proprietary stocks	Funds	Bonds	Long-term
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				equity investment
Year opening balance	51,617.00	581,954.00	8,312.00	8,281.00
Year closing balance	19,699.37	635,181.33	-	164,772.00

6.4.1.4 Top 5 enterprises with proprietary long-term equity investments, proportion in the total equities of the investment target, their major operating activities and returns on investment

Table 6.4.1.4 (Units: RMB 10,000)

Name	Proportion in all equities of the investment target	Major business activities	Gain/loss on investment
China Trust Protection Fund Co., Ltd.	13.04%		6,059.87
Xin Hu Wealth Investment Management Co., Ltd.	18.46%	Investment and asset management	3,825.42
Beijing Zhidian Wuyou Media Technology Co., Ltd.	25.00%	Investment and asset management	-369.35
Shenzhen Huarong Equity Investment Fund Management Co., Ltd.	49.00%	Fund management services	-7.32
Shanghai Rong Ou Equity Investment Fund Management Co., Ltd.	40.00%	Investment and asset management	68.47

Note: Gain/loss on investment is the amount identified as gain/loss on equity investment and recorded into the annual profit statement disclosed according to the Accounting Standard for Enterprises

6.4.1.5 Top 5 enterprises with proprietary loans, proportion in total loans and repayments

There were no outstanding loans as of the end of the year.

6.4.1.6 Year opening balance and year-closing balance of the off-balance-statement business by agency business, guarantee business and others

Table 6.4.1.6

Off-balance-sheet business	Year opening balance	Year closing balance
Guarantee business	0	0
Agency business (on a commission basis)	0	0
Other	0	0
Total	0	0

Note: Agency business includes historical business on a commission basis that should

have been regulated but were not regulated due to objective reasons, including entrusted loans and entrusted investments.

#### 6.4.1.7 Annual income composition

Table 6.4.1.7 (Units: RMB 10,000)

Income composition	Amount	Percentage
Handling fee and commission income	461,770	69.06%
Of which: Trust fee income	442,317	66.15%
Investment banking income		0.00%
Net interest income	12,372	1.85%
Other business revenue	88,470	13.23%
Of which: Those recorded into trust business income		
Operating revenue	20,177	3.02%
Returns on investment	75,903	11.35%
Of which: returns on equity investment	9,577	1.43%
Gain through fair value change	-3,307	-0.49%
Return on other investments	69,633	10.41%
Exchange gain/loss	90.11	0.01%
Non-operating revenue	9,892.91	1.48%
Total income	668,675	100.00%

Note: Handling fee and commission income, interest income, other business revenue, returns on investment and non-operating revenue are tier-1 items on the balance sheet, among which, handling fee and commission income, interest income and non-operating revenue are cumulative incomes actually realized during the year without according expenses deducted. Total reporting year trust business income includes trust business income confirmed in the form of handling fee and commission income, trust business income confirmed in the form of performance-related pay and others confirmed in other ways.

#### 6.4.2 Disclosure of trust asset management

##### 6.4.2.1 Year opening balance and year closing balance of trust assets

Table 6.4.2.1 (Units: RMB 10,000)

Trust assets	Year opening balance	Year closing balance
Collective	37,103,376.37	38,869,737.39
Single	22,771,831.32	19,282,920.60
Property right	11,184,065.36	8,839,196.91
Total	71,059,273.05	66,991,854.90

##### 6.4.2.1.1 Year opening balance and year closing balance of trust assets in active management

Table 6.4.2.1.1 (Units: RMB 10,000)

Trust assets in active management	Year opening balance	Year closing balance
Securities investment	7,095,983.24	3,777,089.67
Equity investment	6,478,640.42	5,732,412.56
Other investments	10,235,320.40	18,162,880.24
Financing	11,843,618.47	13,013,276.44
Affairs management	5,725,152.97	5,164,720.82
Total	41,378,715.49	45,850,379.73

#### 6.4.2.1.2 Year opening balance and year closing balance of trust assets in passive management

Table 6.4.2.1.2 (Units: RMB 10,000)

Trust assets in passive management	Year opening balance	Year closing balance
Securities investment	2,111,585.87	3,500,476.51
Equity investment	2,287,901.00	1,198,087.34
Other investments	4,148,091.79	4,749,672.80
Financing	15,674,066.51	8,018,762.42
Affairs management	5,458,912.40	3,674,476.09
Total	29,680,557.56	21,141,475.17

#### 6.4.2.2 Trust projects completed and settled during the year

##### 6.4.2.2.1 Trust projects settled during the year

Table 6.4.2.2.1

Trust projects completed and settled	Number	Total amount (in RMB 10,000)	Weighted average actual annualized RoR
Collective	361	10,612,305.17	5.82%
Single	233	9,162,416.10	7.53%
Asset management	116	2,765,209.70	8.07%

Note: Weighted average actual annualized RoR = (actual annualized RoR of Trust Project 1 × total assets under Trust Project 1 + actual annualized RoR of Trust Project 2 × total assets under Trust Project 2 ... actual annualized RoR of Trust Project n × total assets under Trust Project n) / (total assets under Trust Project 1 + total assets under Trust Project 2 + ... total assets under Trust Project n) × 100%

##### 6.4.2.2.2 Trust projects in active management completed and settled during the year

Table 6.4.2.2.2

Trust projects completed and settled	Number	Total amount (in RMB 10,000)	Trust revenue	Weighted average actual annualized RoR
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			ratio	
Securities investment	201	4,722,139.15	0.73%	0.85%
Equity investment	47	2,196,562.00	2.41%	10.11%
Other investments	38	1,128,518.67	0.79%	6.71%
Financing	160	6,400,185.00	1.82%	9.08%
Affairs management	99	1,223,840.50	1.23%	8.79%

#### 6.4.2.2.3 Trust projects in passive management completed and settled during the year

Table 6.4.2.2.3

Trust projects completed and settled	Number	Total amount (in RMB 10,000)	Trust revenue ratio	Weighted average actual annualized RoR
Securities investment	3	8,970.05	0.13%	-4.52%
Equity investment	4	250,000.00	0.62%	8.84%
Other investments	21	745,489.00	0.38%	7.26%
Financing	120	4,322,857.40	0.37%	8.04%
Affairs management	17	1,541,369.20	0.16%	7.40%

#### 6.4.2.3 Newly added trust projects during the year

Table 6.4.2.3

New trust projects	Number	Total amount (in RMB 10,000)
Collective	328	6,645,299.50
Single	126	4,049,655.82
Asset management	53	2,023,091.66
Total new projects	507	12,718,046.98
Of which: those in active management	388	7,840,180.89
Those in passive management	119	4,877,866.09

#### 6.4.2.4 Achievements in trust business innovation and featured business

With an adjusted business strategy, the company has increased efforts in developing innovative products and building an R&D team. It has also closely followed the market so as to tap into potential opportunities for innovative products. Focusing on designing new products with innovative models, controllable risks and high investor recognition, the company has elevated product innovation to a new strategic height and entrenched the brand in the wealth management field.

#### 6.4.2.5 The company's performance of trustee duties and losses on trust assets for reasons on the company's side

None.

## 6.5 Disclosure of Relations with Related Parties and Transactions Therewith

### 6.5.1 Quantity of related parties, total amount of related-party transactions and pricing policy for related-party transactions

Table 6.5.1 (Units: RMB 10,000)

	Number of related parties	Amount of related-party transactions	Pricing policy
Total	3	834,948.21	All of the company's related-party transactions in 2015 were concluded on general trade terms and priced in a market-oriented manner.

### 6.5.2 Basic information of related parties

Information of related parties involved in related-party transactions during the reporting period is listed as follows:

Nature of relationship	Name of related party	Legal representative	Registered address	Registered capital	Main businesses
Merged subsidiary	Zhongrong Fund Management Co., Ltd.	Wang Yao	Room 201, Building A, No.1 Qianwan No.1 Road, Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Shenzhen	RMB 750 million	Fundraising, fund distribution, asset management for specific customers, asset management and other businesses allowed by the CSRC
Merged subsidiary	Zhongrong (Beijing) Asset Management Co., Ltd.	Wang Yao	Floor 1 Building No.3, No.20 Yong'an Road, Shilong Economic Development Zone,	RMB 300 million	Asset management for specific customers and other businesses allowed by the CSRC

			Mentougou District, Beijing		
Jointly-operated enterprise	China Trust Protection Fund Co., Ltd.	Xu Zhichao	201 Floor 2, Building No.1, No.9 Naoshikou Avenue, Xicheng District, Beijing	RMB 11.5 billion	Management of trust protection fund and other business activities approved by relevant authorities

### 6.5.3 Matters related to major transactions between the company and related parties

#### 6.5.3.1 Proprietary property and related-party transactions

Table 6.5.3.1 (Units: RMB 10,000)

Proprietary property and related-party transactions				
	Year opening balance	Debits incurred	Credits incurred	Year closing balance
Loans				
Investments	495,000	431,338	391,959	608,461
Leasing				
Guarantees				
Accounts receivable				
Other			170,000	170,000
Total	495,000	431,338	561,959	778,461

#### 6.5.3.2 Trust property and related-party transactions

Table 6.5.3.2 (Units: RMB 10,000)

Trust property and related-party transactions				
	Year opening balance	Debits incurred	Credits incurred	Year closing balance
Loans	4,870.00	0	0	4,870.00
Investments	0	0	0	0
Leasing				
Guarantees				

Accounts receivable				
Other				
Total	4,870.00	0	0	4,870.00

### 6.5.3.3 Mutual trading between proprietary property and trust property

Table 6.5.3.3 (Units: RMB 10,000)

Mutual trading between proprietary property and trust property			
	Year opening balance	Amount incurred during the period	Year closing balance
Total	0	170,000	0

### 6.5.3.4 Mutual trading between trust projects

Table 6.5.3.4 (Units: RMB 10,000)

Mutual trading between trust asset and trust property			
	Year opening balance	Amount incurred during the period	Year closing balance
Total	40,530.00	11,087.21	51,617.21

### 6.5.4 Related party defaulted repayment to the company and advances that have been or are to be made by the company to provide guarantee for related parties

None.

## 6.6 Accounting Disclosures

The company follows the *Accounting Standard for Enterprises* issued by the Ministry of Financial of the People's Republic of China on February 15, 2006, as well as eight specific standards and one basic set of standards released by the Ministry of Finance in 2014.

## 7. Statement of Financial Standing

### 7.1 Profit Realization and Distribution

In 2015, the company realized total profit of RMB 3,371.57 million and net profit of RMB 2,605.41 million, and as appropriated surplus reserve of RMB 241.71 million, trust compensation reserve of RMB 120.86 million and general risk reserve of RMB 19.99 million.

### 7.2 Main Financial Indicators

Table 7.2

Indicator	Value
ROE	23.78%

Net profit per capita	RMB 1,431,600
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Notes: ROE = net profit/average balance of owner's equity ×100%

Net profit per capita = net profit / yearly average headcount

Average value is calculated by employing the moving average method on year opening balance and closing balances of the four quarters.

The calculation formula is:  $a(\text{average}) = (a_0/2 + a_1 + a_2 + a_3 + a_4/2) / 4$

### 7.3 Other Matters with Significant Impacts on the company's Financial Standing and Operating Results

The fourth interim shareholder meeting in 2015 approved the injection of RMB 277.2 million as part of a capital replenishment program with Harbin Rural Commercial Bank, in the form of subscribing 19.8 billion shares at the issuing price of RMB 1.4 per share. After the injection, the company now holds 9.9% of the total shares of Harbin Rural Commercial Bank.

## 8. Disclosure of Special Matters

### 8.1 Changes to Top 5 Shareholders in the Reporting Period and Reasons for Such Changes

None.

### 8.2 Changes to Director, Supervisor and Senior Management Appointments, and Reasons for Such Changes

#### 8.2.1 Changes to director appointments and reasons for such changes

Three directors left office during the reporting period with details as follows:

Table 8.2.1

Table of Directors Who Have Left Office			
Name	Previous position	Time of departure	Reason and internal resolution
Liu Yang	Chairman of the Board of Directors	2015-4	Work changes; approved at the 2014 General Shareholder Meeting
He Zhiqian	Director	2015-11	Work changes; approved at the seventh interim shareholder meeting in 2015
Qiu Zhizhong	Independent director	2015-7	Work changes; approved at the second interim shareholder meeting in 2015



### 8.2.1 Changes to supervisor appointments and reasons for such changes

None.

### 8.2.3 Changes to senior management appointments and reasons for such changes

Two senior management members left office during the reporting period with details as follows:

Table 8.2.3

Table of Senior Management Members Who Left Office			
Name	Previous position	Time of departure	Reason and internal resolution
Wang Hai	Vice President	2015-1	Work changes, approved at the 12 <sup>th</sup> Meeting of the Fourth Board of Directors
Yang Wei	Vice President	2015-8	Work changes, approved at the 20 <sup>th</sup> Meeting of the Fourth Board of Directors

### 8.2 Matters Related to Changes in Registered Capital

None.

### 8.4 Major Lawsuits Involving the company

None.

### 8.5 Punishments Imposed on the company and its Directors, Supervisors or Senior Management Members

None.

### 8.6 Opinions on Rectification Proposed by the CBRC and its Delegated Unit Following Inspections on the company, and Rectifications Made by the Company

After imposing a special inspection on the company aimed at “strengthening internal control and cracking down on irregular operations and crimes”, the CBRC Heilongjiang Branch issued opinions on the field inspection in March 2015. The work group holds that the company is equipped with a sophisticated organizational structure, where the Board of Directors, the Board of Supervisors and the senior management can duly play their roles. The company’s refined internal control system can satisfy its management demands; compliance and audits constitute an integral part of the business, accounting and human resources management systems; the front, middle and back offices check and balance each other while performing respective duties. Through the construction of a product marketing management center, the company has effectively expanded the business and explored sources of capital, resulting in an enlargement of assets under management and a steady growth of business performance.

### 8.7 Brief Contents, Disclosure Time and Disclosure Media of Interim Reports on Major Events during the Year

During the reporting period, the company publicized interim reports on major events on the *Financial Times* and the *Securities Daily*. There were a total of two announcements publicized during the year with details as follows:

Table 8.7 (Key interim disclosures)

Date of Disclosure	Announcement	Disclosure contents	Disclosure media
2015-6-3	Announcement of Changing the Board Chairman and the President of Zhongrong International Trust Co., Ltd.	<p>As approved at the 16<sup>th</sup> Meeting of the Fourth Board of Directors and the 2014 General Shareholder Meeting in 2014, Mr. Fan Tao has been selected as Chairman of the Board of Directors. At the same time, the company's legal representative has been changed as Mr. Fan Tao according to its <i>Articles of Association</i>. In addition, the 16<sup>th</sup> Meeting of the Fourth Board of Directors has approved, after deliberation, the appointment of Mr. Zhang Dong as President.</p> <p>As of the date of this announcement, qualifications of the abovementioned persons had been verified by the CBRC Heilongjiang Branch (approval documents: H.Y.J.F. [2015] No.164, and H.Y.J.F. [2015] No.165), and formalities of registering or filing such changes had been completed with the industrial and commercial organ.</p>	Financial Times
2015-12-4	Announcement of the Revision of the Articles of Association by Zhongrong International Trust Co., Ltd.	<p>As approved at the third interim shareholder meeting of Zhongrong International Trust Co., Ltd. in 2015, the phrase "one deputy chair person of the board of directors" has been revised into "one or two deputy chair persons of the board of directors" in the <i>Articles of Association of Zhongrong International Trust Co., Ltd.</i> The revision has been approved by the CBRC Heilongjiang Branch through the <i>Reply of Approving the Revision of the Articles of Association by Zhongrong International Trust Co., Ltd.</i> (H.Y.J.F. [2015] No.360).</p>	Securities Daily

#### 8.8 Important Information that the CBRC and its Provincial Branch Deemed Necessary to Disclose to Customers and Other Stakeholders

The company has received wide recognition from the media and all walks of life within

the reporting period, with honorary titles received as follows:

(1) *Shanghai Securities News*: “Credible Trust - Excellent Company Award”

(2) *Securities Daily*: “Award of Excellent Trust Companies in China”

(3) *The Economic Observer*: “The Most Respected Enterprises for Innovation Promotion”

(4) *National Business Daily*: “Most Competitive Trust Company of the Year”

(5) China Business Network: “Trust Company of the Year”

#### 9. Opinions of the Board of Supervisors

The Board of Supervisors holds that the company’s financial figures truly, objectively and accurately reflect its financing standing and business results.