

Summary of 2018 Annual Report of Sino Great Wall Co., Ltd.

I. Important notes

The summary is abstract from full-text of summary of the semi-annual report, for more details information , investors should found in the full-text of summary of the semi-annual report that published on website of Shenzhen Stock Exchange and other website appointed by CSRC.

Non-standard auditor's opinion

Applicable Not applicable

Preliminary plan for profit distribution to the common shareholders or turning the capital reserve into the share capital for the reporting period, which has been reviewed and approved at the board meeting

Applicable Not applicable

The Company has no plan of cash dividends carried out, bonus issued and capitalizing of common reserves either.

Preliminary plan for profit distribution to the preference shareholders for the reporting period which has been reviewed and approved at the board meeting

Applicable Not applicable

II. Basic information about the company

1. Company profile

Stock ID	Sino Great Wall , Sino-B	Stock code:	000018 200018
Stock exchange	Shenzhen Stock Exchange		
Contact person and contact manner	Board secretary	Securities affairs Representative	
Name	Yang Chunling		
Contact address	Sino Great Wall Building, No.3 Jinxiu Street, Economic Technology Development Zone , Beijing		
Tel	010-89045855		
Email.	1208806865@qq.com		

2. Major accounting data and financial indicators

Indicate by tick mark whether the Company needs to retroactively restate any of its accounting data.

Yes No

	Reporting period	Same period of last year	YoY+/- (%)
Operating income (RMB)	1,586,971,575.24	3,025,082,356.80	-47.54%
Net profit attributable to the shareholders of the listed company (RMB)	143,999,455.72	268,606,450.03	-46.39%
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB)	-33,506,685.35	264,902,836.16	-112.65%
Cash flow generated by business operation, net (RMB)	1,098,164,365.63	-535,997,580.19	304.88%
Basic earning per share(RMB/Share)	0.0848	0.16	-47.00%
Diluted gains per share(RMB/Share)(RMB/Share)	0.0848	0.16	-47.00%

Weighted average ROE(%)	6.61%	14.39%	-7.78%
	As at the end of the reporting period	As at the end of last year	YoY+/- (%)
Gross assets (RMB)	11,025,565,646.45	11,667,845,186.30	-5.50%
Net assets attributable to shareholders of the listed company (RMB)	2,205,590,520.66	2,151,482,467.52	2.51%

3.Shareholders and shareholding

In Shares

Total Number of common shareholders at the end of the reporting period		73,328		Number of shareholders of preferred stocks of which voting rights recovered in the report period(If any)		0	
Shareholdings of Top 10 shareholders							
Shareholders	Nature of shareholder	Proportion of shares held (%)	Number of shares held at period -end	Amount of restricted shares held	Number of share pledged/frozen		
					State of share	Amount	
Chen Lue	Domestic Natural person	34.36%	583,454,556	581,340,196	Pledge	583,454,556	
STYLE-SUCCESS LIMITED	Foreign legal person	5.47%	92,970,910	0			
Union Holdings Co., Ltd.	Domestic Non-State-owned legal person	5.18%	87,935,921	0			
He Feiyan	Domestic Natural person	3.23%	54,800,458	54,800,458	Pledge	54,000,000	
Jiutai Fund—Bank of Communications — Jiutai Huitong No.2 specific customer asset management plan	Other	2.50%	42,479,672	42,479,672			
Rich Crown Investment Co., Ltd.	Foreign legal person	1.37%	23,235,313	0			
Qinghai Heyi Industry Development Co., Ltd.	Domestic Non-State-owned legal person	0.79%	13,357,084	0	Pledge	13,357,000	
Zhang Xubao	Domestic Natural person	0.65%	11,015,100	0			
Huang Huaian	Domestic Natural person	0.59%	10,000,000	0			
Song Wenguang	Domestic Natural	0.50%	8,575,981	0			

	person				
Explanation on associated relationship among the aforesaid shareholders	The largest shareholder of Mr. Chen Lue and the Fourth largest shareholder of Ms. He Feiyan aforesaid are persons acting in concernp; The controlling shareholder of the above-mentioned third shareholder Shenzhen Union Holdings Co.,Ltd. And Sixth shareholder Rich Crown Investment Co., Ltd.. Is Union Development Group Ltd. whether the other shareholders have associated relations are unknown.				
Notes to the shareholders involved in financing securities (if any)	Nil				

4. Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the reporting period

Applicable Not Applicable

There was no any change of the controlling shareholder of the Company in the reporting period.

Change of the actual controller in the reporting period

Applicable Not applicable

There was no any change of the actual controller of the Company in the reporting period.

5. Number of preference shareholders and shareholdings of top 10 of them

Applicable Not applicable

No preference shareholders in the reporting period

6. Corporate bonds

Are there any corporate bonds publicly offered and listed on the stock exchange, which were undue before the approval date of this report or were due but could not be redeemed in full?

No

III. Performance discussion & analysis

1. Performance Review for Reporting period

Is the company subject to any disclosure requirements for special industries?

Yes

Civil Engineering Construction

In the first half of 2018, the company has continued to adhere to the values of “integrity, professionalism, perfection and honor”, paying close attention to the policies and related developments of “the Belt and Road Initiative”, PPP business and construction medical industry, in order to adapt to the economic development situation by actively expanding overseas project contracting and investment business brought by “the Belt and Road Initiative” and increasing the investment and construction of PPP projects in medical industry and infrastructure, which has achieved good results.

In terms of engineering construction, the company has achieved relatively sound and rapid development at home and abroad. In terms of overseas business, the company has signed important construction contracts with a number of countries and regions in Southeast Asia, winning the bids for development project of Dongphosy Special Economic Zone in Vientiane, Laos and Mekong Villa project in Cambodian, which helps the company expand the types and scope of domestic and international project contracting business and enhance the company’s competitive advantage and overall profitability in order to become a “provider for integrated solution in building construction”. The company’s domestic business covers various fields such as medical treatment, municipal construction, transportation and infrastructure. For example, the company has won the PPP project of ecological water system and road network for new district in Yanjin County. As of the end of June 2018, the company has obtained domestic and international orders exceeding 40 billion yuan, ensuring a steady growth in the company’s

operating performance in the next few years.

In the investment and management in the medical and health industry, the company has acquired 100% of equity of Acura Kliniken Baden-Baden GmbH, Germany for 14.1 million euros. The Acura Kliniken Baden-Baden GmbH is a long-established specialized hospital in Germany with a high reputation in medical rehabilitation. The acquired hospital is used to introduce senior medical talents, technology and management experience owned by Germany, and integrate Chinese and foreign resources to achieve the company's development in the field of medical rehabilitation.

In other respects, in order to actively grasp the important historical opportunity and business chance to build Xiong'an New District into a city of "green wisdom" and "Xiong'an quality" proposed by the Party Central Committee, the company's wholly-owned subsidiary Sino Great Wall International invested RMB 100 million to establish a wholly-owned subsidiary, Sino Great Wall Hebei Xiong'an Engineering Co., Ltd., in Xiong'an New District, and Xiong'an Engineering officially obtained a business license on February 24, 2018. In order to carry out business effectively in Xiong'an New District, the company leased its office in Xiong'an New District and planned to arrange the subsidiaries with relevant construction qualifications to merge with Xiong'an Company, so that Xiong'an Company quickly obtained construction qualification to smoothly obtain orders.

In January-June 2018, the company realized operation income of 1,586,971,575.24 yuan , an decrease of 47.54% from the last year; and the net profit attributable to the parent company was 143,999,455.72 yuan, an decrease of 46.39% from the last year. The decrease in the above data was Mainly due to the country's credit tightening, the funding is tight and the project is progressing slowly.

2. Matters related to financial report

(1) Reason for changes in accounting policies, accounting estimates and accounting methods as compared to the financial report for the prior year

Applicable Not applicable

I. Overview of changes in the accounting policy

1. Reasons for the change in the accounting policy

On May 10, 2017, the Ministry of Finance issued the "Accounting Standards for Business Enterprises No. 16 - Government Grants (Revised in 2017)" (Accounting [2017] No. 15), which was effective on June 12, 2017, and required that the prospective approach shall be used on the government grants existed on 1 January 2017 and the adjustments shall be made according to the revised standards for the newly-increased government grants occurred during the period from January 1, 2017 to the afore-said effective date.

On December 25, 2017, the Ministry of Finance issued the "Notice on Issuance of the Revised Format of Financial Statements for General Enterprises" (Accounting [2017] No. 30), requiring the enterprises that implement the corporate accounting standards shall prepare the financial statement of 2017 and the years after 2017 according to the Accounting Standards for Business Enterprises and the requirements of the afore-said notice.

2. The Accounting Policy adopted by the company before the change

The accounting treatment of government grants prior to this change was implemented according to the "Accounting Standards for Business Enterprises No. 16-Government Grants" in the "Notice of the Ministry of Finance of 38 Specific Standards Such as "Accounting Standards for Business Enterprises No. 1-Inventory" issued by the Ministry of Finance on February 15, 2006 (Accounting [2006] No.3.).

3. The Accounting policy adopted by the Company after the change

The company will implement the "Accounting Standards for Business Enterprises No. 16 – Government Grants (Revised in 2017)" (Accounting [2017] No. 15): the government grants related to daily activities occurred after January 1, 2017 will be included into the other income; and the government grants not related to daily activities will be included into the non-operating income and expenditure.

The company will prepare the financial statement for 2017 and the years after 2017 in accordance with the "Notice on Issuance of the Revised Format of Financial Statements for General Enterprises" (Accounting [2017] No. 30) by Minister of Finance. Except the above change in the accounting policy, the rest will be still implemented in accordance with the "Enterprise Accounting Standards - Basic Standards" previously promulgated by the Ministry of Finance and the various specific accounting standards, application guidelines for business accounting standards, corporate accounting standards interpretation announcements and other relevant regulations.

4. The date of the Change

The company implements the revised accounting policy from the start date specified in such document.

II. The impact of this accounting policy change on the Company

The implementation of “Accounting Standards for Business Enterprises No. 16 – Government Grants (Revised in 2017)” only involves the adjustments in Gains and Losses subjects, which does not affect the current Gains and Losses nor involve the retrospective adjustments in previous years.

It will prepare the financial statement for 2017 and the years after 2017 in accordance with the “Notice on Issuance of the Revised Format of Financial Statements for General Enterprises by Minister of Finance” (Accounting [2017] No. 30).

(2) Reason for retrospective restatement to correct major accounting errors during the reporting period

Applicable Not applicable

No such cases.

(3) Reason for changes in scope of the consolidated financial statements as compared to the financial report for the prior year

Applicable Not applicable

No such cases.

Legal representative: Chen Lue

Sino Great Wall Co., Ltd.

August 31, 2018