

Stock code: 000018 , 200018

Stock ID : Sino Great Wall , Sino-B

Announcement No. 2017-025

Summary of 2016 Annual Report of Sino Great Wall Co., Ltd.

1. Important notes

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

Objections of the directors, supervisors and senior management

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

Conversion of capital reserves into share capital

Yes No

The profit distribution proposal reviewed and approved by the boarding meeting was summarized as follows: 1,698,245,011 for the base, the Company would distribute cash dividend to all the shareholders at the rate of CNY0.60 for every 10 shares (with tax inclusive) , 0 bonus shares (including tax) , and not converting capital reserve into share capital.

Plans for profit distribution on preference shares for the reporting period approved by the Board

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 Listed in	Shenzhen Stock Exchange		
Contact person and contact manner	Board secretary	Securities affairs Representative	
Name	Yang Chunling	Liu Guofa	
Contact address	Sino Great Wall Building, No.3 Jinxiu Street, Economic Technology Development Zone , Beijing	Sino Great Wall Building, No.3 Jinxiu Street, Economic Technology Development Zone , Beijing	
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Email.	1208806865@qq.com	000018sz@sina.com	

2. Brief introduction to the main business or products in the reporting period

3. Major accounting data and financial indicators

(1) Major accounting data and financial indicators for the last three years

Retrospective adjustment to or restatement of the accounting data for prior years by the Company due to change of accounting policies and correction of accounting errors

Yes No

In RMB

	2016	2015	Changed over last year (%)	2014
Operating Gross income (RMB)	4,664,999,117.17	4,010,358,999.58	16.32%	2,754,684,893.91
Net profit attributable to the shareholders of the listed company (RMB)	473,661,862.67	346,648,651.48	36.64%	186,857,504.45
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (RMB)	470,274,602.37	347,196,614.68	35.45%	183,801,389.95
Cash flow generated by business operation, net (RMB)	-1,687,875,813.94	-292,051,257.08	-30.00%	163,847,389.34
Basic earning per share(RMB/Share)	0.28	0.4	-30.00%	0.74
Diluted gains per share(RMB/Share)(RMB/Share)	0.28	0.40	-30.00%	0.74
Net asset earning ratio (%)	31.18%	34.52%	-3.34%	24.54%
	End of 2016	End of 2015	Changed over last year (%)	End of 2014
Gross assets (RMB)	7,986,178,961.63	4,017,462,824.63	98.79%	2,447,572,750.57
Net assets attributable to shareholders of the listed company (RMB)	1,777,948,117.49	1,282,256,738.74	38.66%	761,471,188.44

(2) Main Financial Index by Quarters

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	924,667,155.55	1,028,907,599.96	1,280,022,467.68	1,431,401,893.98
Net profit attributable to the shareholders of the listed company	76,587,282.98	125,712,133.66	100,866,553.43	170,495,892.60
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	76,587,282.98	99,349,882.17	100,801,973.68	193,535,463.54
Net Cash flow generated by business operation	-318,972,753.01	-937,643,206.19	-429,722,866.27	-1,536,988.47

Whether significant variances exist between the above financial index or the index with its sum and the financial index of the quarterly report as well as semi-annual report index disclosed by the Company.

Yes No

4.Share capital and shareholders

(1) Number of holders of ordinary shares and preference shares with restored voting right and Top 10 shareholders

In shares

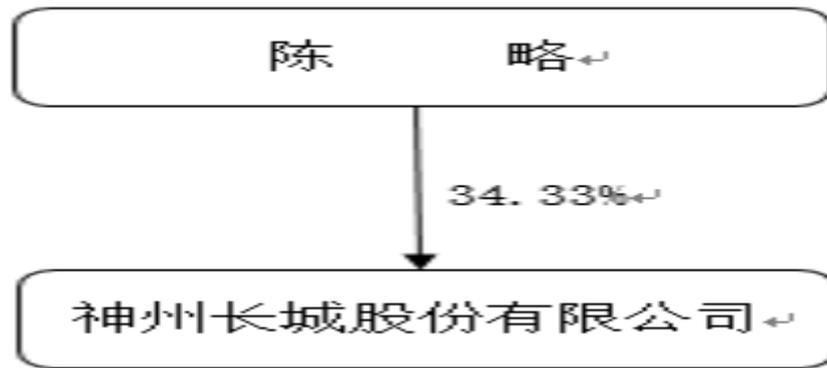
Total number of common shareholders at the end of the reporting period	59,940	Total shareholders at the end of the month from the date of disclosing the annual report	57,374	The total number of preferred shareholders voting rights restored at period-end	0	Total preferred shareholders at the end of the month from the date of disclosing the annual report	0
Shareholdings of Top 10 shareholders							
Shareholders	Nature of	Proportion of	Number of	Amount of restricted shares held	Number or share		

	shareholder	shares held (%)	shares held at period -end		pledged/frozen	
					State of share	Amount
Chen Lve	Domestic Natural person	34.33%	582,944,556	582,109,696	Mortgage	434,660,594
Union Holdings Co., Ltd.	Domestic Non-State-owned legal person	5.47%	92,970,910	0		
STYLE-SUCCESS LIMITED	Foreign legal person	5.18%	87,935,921	0		
Shanghai Financial Development Investment Fund(LP)	Domestic Non-State-owned legal person	3.23%	54,800,458	54,800,458		
He Feiyan	Domestic Natural person	2.50%	42,479,672	42,479,672		
Rich Crown Investment Co., Ltd.	Foreign legal person	1.37%	23,235,313	0		
Jiangxi Taihao Venture Investment Centre(LP)	Domestic Non-State-owned legal person	1.11%	18,791,879	0		
Bank of China — Fortis Income Growth Securities Investment Fund	Other	1.07%	18,200,320	0		
ICBC — Huitianfu private activity of hybrid securities investment fund	Other	1.02%	17,292,602	0		
China National Petroleum Corporation Pension Plan — ICBC	Other	0.88%	14,982,390	0		
Note to the top 10 common stockholders involved in margin financing & securities lending (If any)	Chen Lve and He Yanfei are consortium officers; Wuxi Hengtai Jiuding Assets Management Centre (LP) and Yantai Zhaoxuan Yuantai Jiuding Venture Investment Centre(LP) are consortium officers; Union Development Group Ltd. is the controlling shareholder of the above-mentioned shareholder Shenzhen Union Holdings Ltd. and third shareholder Rich Crown Investment Co., Ltd. The other tradable shareholders neither knew whether there exists associated relationship between them.					

(2) Total preference shareholders and the shares held by the Top 10 Preference shareholders

Applicable Not applicable

(3)Block diagram of the ownership and control relations between the Company and the actual controller



5. Corporation bonds

Whether the company has corporate bonds that have been publicly issued and listed on the stock exchange, and not yet due or due but not fully cashed on the approval date of annual report

No

III. Discussion and Analysis of the Management

1. Business Operation summary in the reporting period

Whether the company needs to comply with the disclosure requirements of the particular industry

No

1. Overall overview of business condition

The year of 2016 is the beginning year of China's "13th Five-Year" plan, and it also is the crucial year for the supply-side structural reform. Although the world economic growth is still slow, the China's economy has shown signs of stabilized recovery after the bottoming under the impact of positive fiscal policy, adaptive monetary policy and the real-estate policy. Under the background of the new economical normal, the company firmly adheres to the development concept of "International development" and closely follows up the national strategy of "One Belt, One Road", seizing the opportunity and actively going abroad for development. The company continuously increases the efforts of business development in the countries and regions along "One Belt, One Road". Meanwhile, the company actively seeks the cooperation with domestic and foreign well-known companies, tapping into each other's advantage to continuously expand the cooperative fields. In 2016, the amount of the overseas bids won by the company and the new signing orders exceeded RMB 27 billion, so the plentiful orders will provide a solid safeguard for the company's operating performance in the next few years.

In 2016, China continued to strongly promote the PPP project. Based on the "Guidance on the Promotion of cooperation model between government and social capital in the field of public service" released in 2015, the government further released other official documents such as "Notice on promoting asset securitization related to government and social capital cooperation (PPP) project in traditional infrastructure field". Under China's strong promotion of PPP project construction, the domestic PPP project business continues to heat up and the investment in infrastructure has been picking up. The company precisely judged the timing and timely seized the opportunities, so the company carried out merger and acquisition of enterprises in the same industry and perfected the construction qualifications. Therefore, the company's domestic business has been effectively extended and developed, and the company has made the successful transformation and upgrading from the previous main business of decoration, thus becoming a comprehensive construction & building service provider with general contracting ability of construction, which greatly improved the company's core competitiveness and the comprehensive strength.

In 2016, for the investment in the medical field, the company completed the purchase of Wuhan Commercial and Vocational Hospital Co.,Ltd (hereinafter referred to as the "Wuhan Commercial and Vocational Hospital"). The hospital PPP business achieved a good start, and then the company won the bids of Relocation of Henan Luyi hospital, Guizhou Zhongshan Hongqiao City Hospital Project, the PPP project of Overall Relocation of Huichang

County People's Hospital and the PPP construction project of Lingbao First People's Hospital etc. The signing and implementation of the above projects will provide a strong support for the company's future operating performance.

Based on the analysis and judgment of the status quo and the future prospects of the domestic and international construction market and the medical & health industry, the company will continue to enhance the project contracting and investment along “One Belt, One Road”, increase the investment in the domestic medical & health industry and PPP business, constantly improve the company’s management level, perfect and upgrade the existing qualifications, strongly expand overseas markets, actively participate in the domestic infrastructure PPP projects and promote the sound implementation of more projects, thus to keep a stable, harmonious development for the company’s domestic and international business and continuously improve the company’s profitability.

In 2016, the company realized operation income of RMB 4.665 billion, an increase of 16.32% from the last year; realized the operating profits of RMB 556million, an increase of 28.99% from the last year; and the net profit attributable to the parent company was RMB 474 million, an increase of 36.64% from the last year.

In 2016, the main work carried out by the company is as follows:

1) Improved the construction qualifications for domestic building & engineering construction, extended the industry chain.

In 2016, the main income of the domestic business was still from the traditional decoration business. In order to better expand the domestic business and extend the industrial chain, the company bought out Sichuan Ding Hui Construction Engineering Co., Ltd (the current name is Sino Great Wall Southwest Construction Engineering Co., Ltd), and the company obtained the share-control of Sichuan Hao Yao Construction Engineering Co., Ltd (Now is Sino Great Wall Jianye Construction Engineering Co., Ltd) by the way of capital increase and becoming a shareholder, so the company has improved the construction qualifications for domestic building & engineering construction, and has expanded the qualification field from the previous decoration for constructions to a number of new fields such as housing & building construction, municipal public facility, highway, water conservancy and hydropower, petrochemical and power engineering. Therefore, the company has greatly expanded the company’s business scope and enhanced the company’s market competitiveness and influence, thus laid a solid foundation for the further improvement on the company’s business performance and profitability.

2) Achieved good results in the overseas business development

In 2016, benefiting from the strong promotion of “One Belt, One Road” policy, relying on the company’s good reputation in the overseas construction and the company’s rich construction experience and upon the company’s hard-working, the company’s overseas business achieved a rapid growth. In 2016, the company has won the bids and/or large orders in a number of countries and regions such as Indonesia, Algeria, Burma, Congo, Laos, Kampuchea, and the total amount of those orders exceeds RMB 27 billion. After several years of unremitting efforts and careful cultivation, the company's overseas business development has entered into the fast lane, and the above orders will provide a strong guarantee for the company's business performance in the next few years.

(3) Made a good start in the medical & health industry

In 2016, the company achieved a good start in the medical & health industry, and then the company won the bids of a number of hospital PPP projects including Relocation project of Henan Luyi hospital, Guizhou Zhongshan Hongqiao City Hospital Project, the PPP project of Overall Relocation of Huichang County People's Hospital and the PPP construction project of Lingbao First People's Hospital. The company has trained and cultivated the professional medical management and marketing team.

(4) Fully respecting talents and giving opportunities to talented people, and continuously drawing in talents

The enterprise competition is ultimately the talents competition, so the company always adheres to the value of “people-oriented, giving full respect and opportunities to talents”. The company highly values the human resources and talents cultivation. According to the company’s business development plan, the company continuously draws in exterior talents and cultivates the inner talents. The company has continuously improved the quality and level of the technical team and management team of the company, as well as provided a good development platform for various types of talents. By perfecting the personnel training mechanism and the performance evaluation and incentive evaluation mechanism etc, the company would attract more talents and retain the talents, thus to provide a good talent reserve for the company’s healthy, sustainable development.

(5) Standardize company instruction and enhance management

In 2016, based on reality, the company revises and improves a series of instructions including Articles of Association and Rule of Procedure of Shareholders' Meeting to further improve the corporate governance and to build a management system and internal control system in a more scientific and rigorous way and to manage and

standardize the company, its subsidiaries and detailed businesses in more layers for improving Enterprise operation management level. Provide a solid system guarantee for the development of all business and effectively improve the management of the company and reduce the risk of company's operation.

The company, a fast developing construction one, issues shares to Sino Great Wall (Beijing) Investment Co., Ltd. and Beijing Anben Medicare investment Co., Ltd. and Mr. Zheng Jihua and gets fund of 2.5 billion Yuan for the company's high demand of circulating funds and assets in the development and operation and for reducing the company's debt asset ratio, optimize capital structure and for enhancing the company's capital strength. On February 16, 2017, the company held Board of Directors and reviewed Resolution on Adjusting Private Equity Placement Scheme of The Company and adjusted the total capital to be 900 million Yuan. Currently private equity placement A share of the company gets the approval of Issuance Examination of China Securities Regulatory Commission. The fund of private equity placement is used for supplying circulating fund and repaying bank loan, which lays a solid foundation of company's business and improves the comprehensive competence of the company further.

2. Material change in principal activities during the reporting period

Yes No

3. Products accounting for over 10% of revenue or profit from principal activities of the Company

Applicable Not applicable

4. Seasonal or cyclical operations requiring special attention

Yes No

5. Material difference of revenue, operating costs or net profit attributable to holders of ordinary shares of the Company for the reporting period from the last reporting period

Applicable Not applicable

6. Suspension in trading or delisting

Applicable Not applicable

7. Events relating to the 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

Nil

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

Applicable Not applicable

Nil

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

Applicable Not applicable

In 2016, the company founded Sino Great Wall Medicare investment Co., Ltd., Sino Great Wall Infrastructure Investment Co., Ltd. and Wuhan Vocational Hospital Co., Ltd. wholly owned by the company by cash offer, Sino Great wall Xinan Construction Co., Ltd. (Original name: Sichuan Dinghui Construction Co., Ltd.) which is wholly bought by subsidiary Sino International, Sino Great Wall Construction Co., Ltd. (Original name: Sichuan Haoyao Construction Co., Ltd.) is 60% bought by share issue by the company. Meanwhile, Sino International founded newly subsidiaries called Sino Great wall Property (Hubei) Co., Ltd. and Sino Great wall Development (Hengqin) Co., Ltd. Then the above newly founded companies and newly bought companies began to be into the merger range of the company since 2016.

2. Companies not into merger account range in this stage

In 2016, Sino International cancelled holding companies called Sino Heji Recycled Material Co., Ltd., which was not in the merger range.