

# AUDITORS' REPORT

PCPAR [2017] No. ZB11076

## **To all shareholders of Sino Great Wall Co., Ltd.:**

We have audited the attached financial statements of Sino Great Wall Co., Ltd. (hereinafter referred to as “the Company”), which comprise the consolidated balance sheet and the company's balance sheet as at December 31, 2016, the consolidated income statement and the company's income statement, the consolidated statement of cash flows and the company's statement of cash flows, the consolidated statement of changes in shareholders' equity and the company's statement of changes in shareholders' equity and notes to the financial statements for the year then ended.

### **I. Management's Responsibility for the Financial Statements**

Preparation and fair presentation of financial statements is the responsibility of the company management. This responsibility includes: (1) preparing the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements; (2) designing, implementing and maintaining internal control that is necessary to enable the financial statements that are free from material misstatement, whether due to fraud or error.

### **II. Auditor's Responsibilities**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Auditing Standards for Certified Public Accountants in China. Those standards require that we comply with professional and ethical requirements of Chinese certified public accountants, and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**III. Opinion**

In our opinion, the financial statements of the Company are prepared in accordance with Accounting Standards for Business Enterprises and present fairly, in all material respects, the consolidated financial position and the Company's financial position as at December 31, 2016 and the consolidated operating results and the Company's operating results and cash flows for the year then ended.

**BDO CHINA Shu Lun Pan  
Certified Public Accountants LLP**

**Certified Public Accountant of China:**

**Certified Public Accountant of China:**

**Shanghai, China**

**April 26, 2017**

*This auditors' report and the accompanying notes to the financial statements are English translation of the Chinese auditors' report. In case of doubt as to the presentation of these documents, the Chinese version shall prevail.*

# 神州长城股份有限公司 Sino Great Wall Co., Ltd.

## 合并资产负债表 Consolidated Balance Sheet

2016年12月31日 December 31, 2016

(除特别注明外, 金额单位均为人民币元) (Monetary units are expressed in RMB unless otherwise stated)

资 产 Assets	附注五 Note 5	期末余额 Balance as at December 31, 2016	年初余额 Balance as at January 1, 2016
流动资产: Current assets:			
货币资金 Monetary funds	(一) 5.1	1,340,815,821.83	695,384,561.31
结算备付金 Balances with clearing companies			
拆出资金 Loans to banks and other financial institutions			
以公允价值计量且其变动计入当期损益的金融资产 Financial assets measured at fair value through current profit or loss	(二) 5.2		1,102,961.04
衍生金融资产 Derivative financial assets			
应收票据 Notes receivable	(三) 5.3	1,074,390,642.58	220,448,747.94
应收账款 Accounts receivable	(四) 5.4	3,725,170,208.31	2,352,808,087.33
预付款项 Advances to suppliers	(五) 5.5	319,206,798.63	77,707,568.38
应收保费 Premium receivable			
应收分保账款 Reinsurance accounts receivable			
应收分保合同准备金 Reinsurance contract reserves receivable			
应收利息 Interest receivable			
应收股利 Dividends receivable			
其他应收款 Other receivables	(六) 5.6	651,012,132.91	239,952,886.11
买入返售金融资产 Financial assets purchased under resale agreements			
存货 Inventories	(七) 5.7	332,904,930.36	168,133,668.91
划分为持有待售的资产 Assets classified as held for sale			
一年内到期的非流动资产 Non-current assets maturing within one year	(八) 5.8	13,462,942.89	15,717,270.60
其他流动资产 Other current assets	(九) 5.9	35,450,194.47	14,138,411.87
<b>流动资产合计 TOTAL CURRENT ASSETS</b>		<b>7,492,413,671.98</b>	<b>3,785,394,163.49</b>
非流动资产: Non-current assets:			
发放贷款及垫款 Disbursement of advances and loans			
可供出售金融资产 Available-for-sale financial assets			
持有至到期投资 Held-to-maturity investments			
长期应收款 Long-term receivables			
长期股权投资 Long-term equity investments			
投资性房地产 Investment property			
固定资产 Fixed assets	(十) 5.10	128,483,747.74	43,846,215.63
在建工程 Construction in process	(十一) 5.11		10,016,928.24
工程物资 Project materials			
固定资产清理 Liquidation of fixed assets			
生产性生物资产 Productive biological assets			
油气资产 Oil and gas assets			
无形资产 Intangible assets	(十二) 5.12	106,203,443.55	9,267,746.33
开发支出 Development expenses			
商誉 Goodwill	(十三) 5.13	58,874,144.79	6,724,316.91
长期待摊费用 Long-term deferred expenses	(十四) 5.14	7,003,035.94	18,909,785.69
递延所得税资产 Deferred income tax assets	(十五) 5.15	76,298,659.34	47,950,278.07
其他非流动资产 Other non-current assets	(十六) 5.16	116,902,258.30	95,353,390.28
<b>非流动资产合计 TOTAL NON-CURRENT ASSETS</b>		<b>493,765,289.66</b>	<b>232,068,661.15</b>
<b>资产总计 TOTAL ASSETS</b>		<b>7,986,178,961.63</b>	<b>4,017,462,824.63</b>

后附财务报表附注为财务报表的组成部分。The accompanying notes to the financial statements are integral parts of the financial statements.

企业法定代表人: Legal Representative of Enterprise:

主管会计工作负责人: Accounting Principal:

会计机构负责人: Head of the Accounting Department:

**神州长城股份有限公司 Sino Great Wall Co., Ltd.**  
**合并资产负债表 (续) Consolidated Balance Sheet (Continued)**

2016年12月31日 December 31, 2016

(除特别注明外, 金额单位均为人民币元) (Monetary units are expressed in RMB unless otherwise stated)

负债和所有者权益 Liability and Owners' Equity	附注五 Note 5	期末余额 Balance as at December 31, 2016	年初余额 Balance as at January 1, 2016
<b>流动负债: Current liabilities:</b>			
短期借款 Short-term borrowings	(十七) 5.17	1,966,058,357.59	225,408,496.07
向中央银行借款 Borrowings from central bank			
吸收存款及同业存放 Absorption of deposits and interbank deposit			
拆入资金 Loans from banks and other financial institutions			
以公允价值计量且其变动计入当期损益的金融负债 Financial liabilities measured at fair value through current profit or loss			
衍生金融负债 Derivative financial liabilities			
应付票据 Notes payable	(十八) 5.18	706,883,375.54	143,410,167.17
应付账款 Accounts payable	(十九) 5.19	1,313,948,990.25	1,332,619,954.77
预收款项 Advances from customers	(二十) 5.20	573,784,072.58	64,963,842.60
卖出回购金融资产款 Financial assets sold under repurchase agreements			
应付手续费及佣金 Handling charges and commissions payable			
应付职工薪酬 Employee compensation payable	(二十一) 5.21	18,797,546.69	12,669,619.20
应交税费 Taxes and surcharges payable	(二十二) 5.22	313,483,669.78	284,826,290.11
应付利息 Interest payable	(二十三) 5.23	6,428,493.55	527,969.26
应付股利 Dividends payable			
其他应付款 Other payables	(二十四) 5.24	222,414,975.01	635,200,976.60
应付分保账款 Reinsurance accounts payable			
保险合同准备金 Reserves for insurance contracts			
代理买卖证券款 Receivings from vicariously traded securities			
代理承销证券款 Receivings from vicariously sold securities			
划分为持有待售的负债 Liabilities classified as held for sale			
一年内到期的非流动负债 Non-current liabilities maturing within one year	(二十五) 5.25	175,958,998.04	7,135,752.00
其他流动负债 Other current liabilities	(二十六) 5.26	30,382,980.72	
<b>流动负债合计 TOTAL CURRENT LIABILITIES</b>		5,328,141,459.75	2,706,763,067.78
<b>非流动负债: Non-current liabilities:</b>			
长期借款 Long-term borrowings	(二十七) 5.27	786,858,878.82	30,140,649.14
应付债券 Bonds payable			
其中: 优先股 Including: Preferred stock			
永续债 Perpetual debts			
长期应付款 Long-term payables			
长期应付职工薪酬 Long-term employee compensation payable			
专项应付款 Special payables			
预计负债 Estimated liabilities	(二十八) 5.28	13,225,861.70	
递延收益 Deferred income			
递延所得税负债 Deferred income tax liabilities	(十五) 5.15	27,469,888.77	15,444.16
其他非流动负债 Other non-current liabilities			
<b>非流动负债合计 TOTAL NON-CURRENT LIABILITIES</b>		827,554,629.29	30,156,093.30
<b>负债合计 TOTAL LIABILITIES</b>		6,155,696,089.04	2,736,919,161.08
<b>所有者权益: Total owners' equity:</b>			
实收资本(或股本) Paid-in capital (or share capital)	(二十九) 5.29	1,698,245,011.00	446,906,582.00
其他权益工具 Other equity instruments			
其中: 优先股 Including: Preferred stock			
永续债 Perpetual debts			
资本公积 Capital reserve	(三十) 5.30	-1,299,349,701.74	-50,367,862.22
减: 库存股 Less: Treasury stock			
其他综合收益 Other comprehensive income			
专项储备 Special reserve	(三十一) 5.31	65,687,868.14	46,014,941.54
盈余公积 Surplus reserve	(三十二) 5.32	84,394,441.23	84,394,441.23
一般风险准备 General risk reserves			
未分配利润 Undistributed profits	(三十三) 5.33	1,228,970,498.86	755,308,636.19
归属于母公司所有者权益合计 Total equity attributable to owners of the parent company		1,777,948,117.49	1,282,256,738.74
少数股东权益 Minority equity		52,534,755.10	-1,713,075.19
<b>所有者权益合计 TOTAL OWNERS' EQUITY</b>		1,830,482,872.59	1,280,543,663.55
<b>负债和所有者权益总计 TOTAL LIABILITIES AND OWNERS' EQUITY</b>		7,986,178,961.63	4,017,462,824.63

后附财务报表附注为财务报表的组成部分。The accompanying notes to the financial statements are integral parts of the financial statements.

企业法定代表人: Legal Representative of Enterprise:  
主管会计工作负责人: Accounting Principal:  
会计机构负责人: Head of the Accounting Department:

# 神州长城股份有限公司 Sino Great Wall Co., Ltd.

## 资产负债表 Balance Sheet

2016年12月31日 December 31, 2016

(除特别注明外, 金额单位均为人民币元) (Monetary units are expressed in RMB unless otherwise stated)

资 产 Assets	附注十五 Note 15	期末余额 Balance as at December 31, 2016	年初余额 Balance as at January 1, 2016
流动资产: Current assets:			
货币资金 Monetary funds		168,691,344.34	239,145,251.31
以公允价值计量且其变动计入当期损益的金融资产 Financial assets measured at fair value through current profit or loss			
衍生金融资产 Derivative financial assets			
应收票据 Notes receivable			
应收账款 Accounts receivable	(一) 15.1	6,346.00	29,083.30
预付款项 Advances to suppliers		1,000,000.00	
应收利息 Interest receivable			
应收股利 Dividends receivable			
其他应收款 Other receivables	(二) 15.2	1,672,200,041.98	
存货 Inventories			
划分为持有待售的资产 Assets classified as held for sale			
一年内到期的非流动资产 Non-current assets maturing within one year			
其他流动资产 Other current assets		1,404,744.25	
<b>流动资产合计 TOTAL CURRENT ASSETS</b>		<b>1,843,302,476.57</b>	<b>239,174,334.61</b>
非流动资产: Non-current assets:			
可供出售金融资产 Available-for-sale financial assets			
持有至到期投资 Held-to-maturity investments			
长期应收款 Long-term receivables			
长期股权投资 Long-term equity investments	(三) 15.3	3,176,451,536.66	3,079,451,536.66
投资性房地产 Investment property			
固定资产 Fixed assets		4,121.50	
在建工程 Construction in process			
工程物资 Project materials			
固定资产清理 Liquidation of fixed assets			
生产性生物资产 Productive biological assets			
油气资产 Oil and gas assets			
无形资产 Intangible assets			
开发支出 Development expenses			
商誉 Goodwill			
长期待摊费用 Long-term deferred expenses		336,569.60	
递延所得税资产 Deferred income tax assets			382.68
其他非流动资产 Other non-current assets		48,960,000.00	
<b>非流动资产合计 TOTAL NON-CURRENT ASSETS</b>		<b>3,225,752,227.76</b>	<b>3,079,451,919.34</b>
<b>资产总计 TOTAL ASSETS</b>		<b>5,069,054,704.33</b>	<b>3,318,626,253.95</b>

后附财务报表附注为财务报表的组成部分。The accompanying notes to the financial statements are integral parts of the financial statements.

企业法定代表人: Legal Representative of Enterprise:

主管会计工作负责人: Accounting Principal:

会计机构负责人: Head of the Accounting Department:

# 神州长城股份有限公司 Sino Great Wall Co., Ltd.

## 资产负债表（续） Balance Sheet (Continued)

2016年12月31日 December 31, 2016

(除特别注明外，金额单位均为人民币元) (Monetary units are expressed in RMB unless otherwise stated)

负债和所有者权益 Liability and Owners' Equity	期末余额 Balance as at December 31, 2016	年初余额 Balance as at January 1, 2016
流动负债： Current liabilities:		
短期借款 Short-term borrowings	980,000,000.00	
以公允价值计量且其变动计入当期损益的金融负债 Financial liabilities measured at fair value through current profit or loss		
衍生金融负债 Derivative financial liabilities		
应付票据 Notes payable	68,000,000.00	
应付账款 Accounts payable		
预收款项 Advances from customers		
应付职工薪酬 Employee compensation payable	701,792.11	
应交税费 Taxes and surcharges payable	97,085,106.00	98,150,372.30
应付利息 Interest payable	5,150,639.24	
应付股利 Dividends payable		
其他应付款 Other payables	13,252,762.06	803,339.56
划分为持有待售的负债 Liabilities classified as held for sale		
一年内到期的非流动负债 Non-current liabilities maturing within one year		
其他流动负债 Other current liabilities		
<b>流动负债合计 TOTAL CURRENT LIABILITIES</b>	<b>1,164,190,299.41</b>	<b>98,953,711.86</b>
非流动负债： Non-current liabilities:		
长期借款 Long-term borrowings	700,000,000.00	
应付债券 Bonds payable		
其中：优先股 Including: Preferred stock		
永续债 Perpetual debts		
长期应付款 Long-term payables		
长期应付职工薪酬 Long-term employee compensation payable		
专项应付款 Special payables		
预计负债 Estimated liabilities		
递延收益 Deferred income		
递延所得税负债 Deferred income tax liabilities		
其他非流动负债 Other non-current liabilities		
<b>非流动负债合计 TOTAL NON-CURRENT LIABILITIES</b>	<b>700,000,000.00</b>	
<b>负债合计 TOTAL LIABILITIES</b>	<b>1,864,190,299.41</b>	<b>98,953,711.86</b>
所有者权益： Total owners' equity:		
实收资本（或股本） Paid-in capital (or share capital)	1,698,245,011.00	446,906,582.00
其他权益工具 Other equity instruments		
其中：优先股 Including: Preferred stock		
永续债 Perpetual debts		
资本公积 Capital reserve	1,237,956,472.37	2,489,294,901.37
减：库存股 Less: Treasury stock		
其他综合收益 Other comprehensive income		
专项储备 Special reserve		
盈余公积 Surplus reserve	26,309,287.00	26,309,287.00
未分配利润 Undistributed profits	242,353,634.55	257,161,771.72
<b>所有者权益合计 TOTAL OWNERS' EQUITY</b>	<b>3,204,864,404.92</b>	<b>3,219,672,542.09</b>
<b>负债和所有者权益总计 TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>5,069,054,704.33</b>	<b>3,318,626,253.95</b>

后附财务报表附注为财务报表的组成部分。 The accompanying notes to the financial statements are integral parts of the financial statements.

企业法定代表人: Legal Representative of Enterprise:

主管会计工作负责人: Accounting Principal:

会计机构负责人: Head of the Accounting Department:

# 神州长城股份有限公司 Sino Great Wall Co., Ltd.

## 合并利润表 Consolidated Income Statement

2016年度 Year of 2016

(除特别注明外, 金额单位均为人民币元) (Monetary units are expressed in RMB unless otherwise stated)

项目 Item	附注五 Note 5	本期发生额 Year 2016	上期发生额 Year 2015
一、营业总收入 Total operating income		4,664,999,117.17	4,010,358,999.58
其中: 营业收入 Including: Operating income	(三十四) 5.34	4,664,999,117.17	4,010,358,999.58
利息收入 Interest income			
已赚保费 Earned premiums			
手续费及佣金收入 Income from handling charges and commissions			
二、营业总成本 Total operating cost		4,110,727,814.01	3,578,964,860.85
其中: 营业成本 Including: Operating cost	(三十四) 5.34	3,459,377,744.66	3,165,027,185.66
利息支出 Interest expenses			
手续费及佣金支出 Handling charges and commissions expenses			
退保金 Surrender value			
赔付支出净额 Net claims paid			
提取保险合同准备金净额 Net amount withdrawn for insurance contract reserves			
保单红利支出 Policy dividend payment			
分保费用 Reinsurance costs			
税金及附加 Taxes and surcharges	(三十五) 5.35	9,651,529.46	79,485,669.04
销售费用 Selling expenses	(三十六) 5.36	30,318,688.27	13,686,172.10
管理费用 General and administrative expenses	(三十七) 5.37	313,930,733.56	154,562,327.86
财务费用 Financial expenses	(三十八) 5.38	127,437,227.95	54,866,402.02
资产减值损失 Losses from assets impairment	(三十九) 5.39	170,011,890.11	111,337,104.17
加: 公允价值变动收益 (损失以“-”号填列) Plus: Gains from the changes in fair value (“-” for losses)	(四十) 5.40		42,553.26
投资收益 (损失以“-”号填列) Investment income (“-” for losses)	(四十一) 5.41	2,226,350.97	
其中: 对联营企业和合营企业的投资收益 Including: Income from investment in associates and joint ventures			
汇兑收益 (损失以“-”号填列) Gains from foreign exchange (“-” for losses)			
三、营业利润 (亏损以“-”号填列) Operating profits (“-” for losses)		556,497,654.12	431,436,691.98
加: 营业外收入 Plus: Non-operating income	(四十二) 5.42	26,427,042.86	380,733.08
其中: 非流动资产处置利得 Including: Gains from disposal of non-current assets			4,455.00
减: 营业外支出 Less: Non-operating expenses	(四十三) 5.43	21,586,940.28	1,025,395.57
其中: 非流动资产处置损失 Including: Losses from disposal of non-current assets		564,833.40	85,567.15
四、利润总额 (亏损总额以“-”号填列) Total profits (“-” for total losses)		561,337,756.70	430,792,029.49
减: 所得税费用 Less: Income tax expenses	(四十四) 5.44	89,244,861.75	84,688,888.81
五、净利润 (净亏损以“-”号填列) Net profit (“-” for net losses)		472,092,894.95	346,103,140.68
其中: 被合并方在合并前实现的净利润 Including: Net profit achieved by the combined party before the combination			
归属于母公司所有者的净利润 Net profit attributable to owners of the parent company		473,661,862.67	346,648,651.48
少数股东损益 Minority interest income		-1,568,967.72	-545,510.80
六、其他综合收益的税后净额 Other comprehensive income, net of tax			85.60
归属母公司所有者的其他综合收益的税后净额 Other comprehensive income, net of tax attributable to owners of the parent company			85.60
(一) 以后不能重分类进损益的其他综合收益 Other comprehensive income that cannot be reclassified into profit or loss later			
1. 重新计量设定受益计划净负债或净资产的变动 Changes arising from the re-measurement of net liabilities or net assets of defined benefit plan			
2. 权益法下在被投资单位不能重分类进损益的其他综合收益中享有的份额 Share in other comprehensive income of the investee that cannot be reclassified into profit or loss under the equity method			
(二) 以后将重分类进损益的其他综合收益 Other comprehensive income that will be reclassified into profit or loss later			85.60
1. 权益法下在被投资单位以后将重分类进损益的其他综合收益中享有的份额 Share in other comprehensive income of the investee that will be reclassified into profit or loss under the equity method later			
2. 可供出售金融资产公允价值变动损益 Profit or loss of change in fair value of available-for-sale financial assets			
3. 持有至到期投资重分类为可供出售金融资产损益 Profit or loss arising from reclassification of held-to-maturity investments as financial assets available for sale			
4. 现金流量套期损益的有效部分 Effective portion of profit or loss from cash flow hedging			
5. 外币财务报表折算差额 Translation differences of foreign currency financial statements			85.60
6. 其他 Others			
归属于少数股东的其他综合收益的税后净额 Other comprehensive income, net of tax attributable to minority shareholders			
七、综合收益总额 Total comprehensive income		472,092,894.95	346,103,226.28
归属于母公司所有者的综合收益总额 Total comprehensive income attributable to owners of the parent company		473,661,862.67	346,648,737.08
归属于少数股东的综合收益总额 Total comprehensive income attributable to minority shareholders		-1,568,967.72	-545,510.80
八、每股收益: Earnings per share:			
(一) 基本每股收益 (元/股) Basic earnings per share (RMB/share)		0.28	0.40
(二) 稀释每股收益 (元/股) Diluted earnings per share (RMB/share)		0.28	0.40

后附财务报表附注为财务报表的组成部分。The accompanying notes to the financial statements are integral parts of the financial statements.

企业法定代表人: Legal Representative of Enterprise:

主管会计工作负责人: Accounting Principal:

会计机构负责人: Head of the Accounting Department:

神州长城股份有限公司 Sino Great Wall Co., Ltd.

利润表 Income Statement

2016年度 Year of 2016

(除特别注明外, 金额单位均为人民币元) (Monetary units are expressed in RMB unless otherwise stated)

项 目 Item	附注十五 Note 15	本期发生额 Year 2016	上期发生额 Year 2015
一、营业收入 Operating income	(五) 15.5	238,048.64	2,318,061.00
减: 营业成本 Less: Operating costs	(五) 15.5		237,620.18
税金及附加 Taxes and surcharges		192,135.56	153,652.28
销售费用 Selling expenses			
管理费用 General and administrative expenses		34,816,749.95	8,954,347.86
财务费用(收益以“-”号填列) Financial expenses (“-” for income)		5,966,974.50	3,370,704.26
资产减值损失 Losses from assets impairment		781,524.61	-13,038.09
加: 公允价值变动净收益(损失以“-”号填列) Plus: Net gains from the changes in fair value (“-” for losses)			-
投资收益(损失以“-”号填列) Investment income (“-” for losses)	(四) 15.4	396,197.49	383,969,705.11
其中:对联营和合营企业的投资收益 Including: Income from investment in associates and joint ventures			-
二、营业利润(亏损以“-”号填列) Operating profits (“-” for losses)		-41,123,138.49	373,584,479.62
加: 营业外收入 Plus: Non-operating income		26,315,384.00	73,450,480.94
其中: 非流动资产处置利得 Including: Gains from disposal of non-current assets			
减: 营业外支出 Less: Non-operating expenses			
其中: 非流动资产处置损失 Including: Losses from disposal of non-current assets			
三、利润总额(亏损总额以“-”号填列) Total profits (“-” for total losses)		-14,807,754.49	447,034,960.56
减: 所得税费用 Less: Income tax expenses		382.68	93,708,631.85
四、净利润(净亏损以“-”号填列) Net profit (“-” for net losses)		-14,808,137.17	353,326,328.72
五、其他综合收益的税后净额 Other comprehensive income, net of tax			4,398,234.00
(一) 以后不能重分类进损益的其他综合收益 Other comprehensive income that cannot be reclassified into profit or loss later			
1. 重新计量设定受益计划净负债或净资产的变动 Changes arising from the re-measurement of net liabilities or net assets of defined benefit plan			
2. 权益法下在被投资单位不能重分类进损益的其他综合收益中享有的份额 Share in other comprehensive income of the investee that cannot be reclassified into profit or loss under the equity method			
(二) 以后将重分类进损益的其他综合收益 Other comprehensive income that will be reclassified into profit or loss later			4,398,234.00
1. 权益法下在被投资单位以后将重分类进损益的其他综合收益中享有的份额 Share in other comprehensive income of the investee that will be reclassified into profit or loss under the equity method later			
2. 可供出售金融资产公允价值变动损益 Profit or loss of change in fair value of available-for-sale financial assets			
3. 持有至到期投资重分类为可供出售金融资产损益 Profit or loss arising from reclassification of held-to-maturity investments as financial assets available for sale			
4. 现金流量套期损益的有效部分 Effective portion of profit or loss from cash flow hedging			
5. 外币财务报表折算差额 Translation differences of foreign currency financial statements			4,398,234.00
6. 其他 Others			
六、综合收益总额 Total comprehensive income		-14,808,137.17	357,724,562.72
七、每股收益: Earnings per share:			
(一) 基本每股收益(元/股) Basic earnings per share (RMB/share)		-0.01	0.17
(二) 稀释每股收益(元/股) Diluted earnings per share (RMB/share)		-0.01	0.17

后附财务报表附注为财务报表的组成部分。The accompanying notes to the financial statements are integral parts of the financial statements.

企业法定代表人: Legal Representative of Enterprise:

主管会计工作负责人: Accounting Principal:

会计机构负责人: Head of the Accounting Department:



**神州长城股份有限公司 Sino Great Wall Co., Ltd.**  
**合并现金流量表 Consolidated Statement of Cash Flows**

2016年度 Year of 2016

(除特别注明外, 金额单位均为人民币元) (Monetary units are expressed in RMB unless otherwise stated)

项目 Item	附注五 Note 5	本期发生额 Year 2016	上期发生额 Year 2015
<b>一、经营活动产生的现金流量 CASH FLOWS FROM OPERATING ACTIVITIES</b>			
销售商品、提供劳务收到的现金 Cash received from sales of goods and rendering of services		2,793,118,697.02	2,882,512,458.95
客户存款和同业存放款项净增加额 Net increase in deposits from customers and due from banks and other financial institutions			
向中央银行借款净增加额 Net increase in borrowings from the central bank			
向其他金融机构拆入资金净增加额 Net increase in loans from other financial institutions			
收到原保险合同保费取得的现金 Cash received from receiving insurance premium of original insurance contract			
收到再保险业务现金净额 Net cash received from reinsurance business			
保户储金及投资款净增加额 Net increase in deposits and investments from policyholders			
处置以公允价值计量且其变动计入当期损益的金融资产净增加额 Net increase received from disposal of financial assets measured at fair value through current profit and loss			
收取利息、手续费及佣金的现金 Cash received from interests, handling charges and commissions			
拆入资金净增加额 Net increase in loans from banks and other financial institutions			
回购业务资金净增加额 Net capital increase in repurchase business			
收到的税费返还 Refunds of taxes and surcharges		6,342,293.39	250,556.49
收到其他与经营活动有关的现金 Cash received from other operating activities	(四十五) 5.45	1,818,662,633.63	1,374,677,443.26
经营活动现金流入小计 Sub-total of cash inflows from operating activities		4,618,123,624.04	4,257,440,458.70
购买商品、接受劳务支付的现金 Cash paid for goods purchased and services received		2,879,469,436.78	2,566,176,221.01
客户贷款及垫款净增加额 Net increase in customers' loans and advances			
存放中央银行和同业款项净增加额 Net increase in deposits with central bank and with banks and other financial institutions			
支付原保险合同赔付款项的现金 Cash paid for original insurance contract claims			
支付利息、手续费及佣金的现金 Cash paid for interests, handling charges and commissions			
支付保单红利的现金 Cash paid for policy dividends			
支付给职工以及为职工支付的现金 Cash payments to and on behalf of employees		345,233,924.96	194,602,987.57
支付的各项税费 Cash paid for taxes and surcharges		92,009,656.66	150,781,903.84
支付其他与经营活动有关的现金 Cash paid for other operating activities	(四十五) 5.45	2,989,286,419.58	1,637,930,603.36
经营活动现金流出小计 Sub-total of cash outflows from operating activities		6,305,999,437.98	4,549,491,715.78
<b>经营活动产生的现金流量净额 NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		-1,687,875,813.94	-292,051,257.08
<b>二、投资活动产生的现金流量 CASH FLOWS FROM INVESTING ACTIVITIES</b>			
收回投资收到的现金 Cash received from disposal of investments		119,902,961.04	68.86
取得投资收益所收到的现金 Cash received from returns on investments		1,566,217.08	2,426.00
处置固定资产、无形资产和其他长期资产收回的现金净额 Net cash received from disposal of fixed assets, intangible assets and other long-term assets		95,937.00	
处置子公司及其他营业单位收到的现金净额 Net cash received from disposal of subsidiaries and other business units			
收到其他与投资活动有关的现金 Cash received from other investing activities			
投资活动现金流入小计 Sub-total of cash inflows from investment activities		121,565,115.12	2,494.86
购建固定资产、无形资产和其他长期资产支付的现金净额 Net cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		15,582,049.03	25,179,343.19
投资支付的现金 Cash paid for investments		188,307,635.00	
质押贷款净增加额 Net increase in pledge loans			
取得子公司及其他营业单位支付的现金净额 Net cash paid to acquire subsidiaries and other business units		42,467,736.61	3,533,792.47
支付其他与投资活动有关的现金 Cash paid for other investing activities			
投资活动现金流出小计 Sub-total of cash outflows from investing activities		246,357,420.64	28,713,135.66
<b>投资活动产生的现金流量净额 NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		-124,792,305.52	-28,710,640.80
<b>三、筹资活动产生的现金流量 CASH FLOWS FROM FINANCING ACTIVITIES</b>			
吸收投资收到的现金 Cash received from absorption of investment			242,223,784.52
其中：子公司吸收少数股东投资收到的现金 Including: Cash received by subsidiaries from investments by minority shareholders			
取得借款收到的现金 Cash received from borrowings		3,352,564,898.49	783,614,556.72
发行债券收到的现金 Cash received from bonds issue			
收到其他与筹资活动有关的现金 Cash received from other financing activities	(四十五) 5.45	175,355,000.00	779,900,000.00
筹资活动现金流入小计 Sub-total of cash inflows from financing activities		3,527,919,898.49	1,805,738,341.24
偿还债务支付的现金 Cash paid for debts repayments		676,386,220.35	737,683,498.86
分配股利、利润或偿付利息支付的现金 Cash paid for distribution of dividends and profits or payment of interests		116,576,063.38	33,711,743.66
其中：子公司支付给少数股东的股利、利润 Including: Dividends and profits paid to minority shareholders by subsidiaries			
支付其他与筹资活动有关的现金 Cash paid for other financing activities	(四十五) 5.45	555,780,295.84	375,281,700.88
筹资活动现金流出小计 Sub-total of cash outflows from financing activities		1,348,742,579.57	1,146,676,943.40
<b>筹资活动产生的现金流量净额 NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		2,179,177,318.92	659,061,397.84
<b>四、汇率变动对现金及现金等价物的影响 EFFECT OF FLUCTUATION IN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS</b>			
		-5,549,633.86	686,301.95
<b>五、现金及现金等价物净增加额 NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
加：期初现金及现金等价物余额 Plus: Beginning balance of cash and cash equivalents		582,745,756.81	243,759,954.90
<b>六、期末现金及现金等价物余额 ENDING BALANCE OF CASH AND CASH EQUIVALENTS</b>			
		943,705,322.41	582,745,756.81

后附财务报表附注为财务报表的组成部分。The accompanying notes to the financial statements are integral parts of the financial statements.

企业法定代表人: Legal Representative of Enterprise:  
主管会计工作负责人: Accounting Principal:  
会计机构负责人: Head of the Accounting Department:

# 神州长城股份有限公司 Sino Great Wall Co., Ltd.

## 现金流量表 Statement of Cash Flows

2016年度 Year of 2016

(除特别注明外, 金额单位均为人民币元) (Monetary units are expressed in RMB unless otherwise stated)

项 目 Item	本期发生额 Year 2016	上期发生额 Year 2015
<b>一、经营活动产生的现金流量: CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
销售商品、提供劳务收到的现金 Cash received from sales of goods and rendering of services	266,133.00	2,246,511.00
收到的税费返还 Refunds of taxes and surcharges		
收到其他与经营活动有关的现金 Cash received from other operating activities	822,670,967.58	99,238,423.81
经营活动现金流入小计 Sub-total of cash inflows from operating activities	822,937,100.58	101,484,934.81
购买商品、接受劳务支付的现金 Cash paid for goods purchased and services received		
支付给职工以及为职工支付的现金 Cash payments to and on behalf of employees	7,388,478.01	1,026,970.10
支付的各项税费 Cash paid for taxes and surcharges	1,558,123.56	14,621,408.55
支付其他与经营活动有关的现金 Cash paid for other operating activities	2,332,567,169.66	95,712,355.22
经营活动现金流出小计 Sub-total of cash outflows from operating activities	2,341,513,771.23	111,360,733.87
<b>经营活动产生的现金流量净额 NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>-1,518,576,670.65</b>	<b>-9,875,799.06</b>
<b>二、投资活动产生的现金流量: CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
收回投资收到的现金 Cash received from disposal of investments	107,000,000.00	
取得投资收益收到的现金 Cash received from returns on investments	396,197.49	
处置固定资产、无形资产和其他长期资产收回的现金净额 Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
处置子公司及其他营业单位收到的现金净额 Net cash received from disposal of subsidiaries and other business units		
收到其他与投资活动有关的现金 Cash received from other investing activities		40,084.65
投资活动现金流入小计 Sub-total of cash inflows from investment activities	107,396,197.49	40,084.65
购建固定资产、无形资产和其他长期资产支付的现金 Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		
投资支付的现金 Cash paid for investments	155,960,000.00	
取得子公司及其他营业单位支付的现金净额 Net cash paid to acquire subsidiaries and other business units	97,000,000.00	
支付其他与投资活动有关的现金 Cash paid for other investing activities		
投资活动现金流出小计 Sub-total of cash outflows from investing activities	252,960,000.00	
<b>投资活动产生的现金流量净额 NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-145,563,802.51</b>	<b>40,084.65</b>
<b>三、筹资活动产生的现金流量: CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
吸收投资收到的现金 Cash received from absorption of investment		240,499,988.72
取得借款收到的现金 Cash received from borrowings		
发行债券收到的现金 Cash received from bonds issue	1,810,000,000.00	
收到其他与筹资活动有关的现金 Cash received from other financing activities	12,500,000.00	
筹资活动现金流入小计 Sub-total of cash inflows from financing activities	1,822,500,000.00	240,499,988.72
偿还债务支付的现金 Cash paid for debts repayments	130,000,000.00	
分配股利、利润或偿付利息支付的现金 Cash paid for distribution of dividends and profits or payment of interests	74,013,433.81	
支付其他与筹资活动有关的现金 Cash paid for other financing activities	24,800,000.00	
筹资活动现金流出小计 Sub-total of cash outflows from financing activities	228,813,433.81	
<b>筹资活动产生的现金流量净额 NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>1,593,686,566.19</b>	<b>240,499,988.72</b>
<b>四、汇率变动对现金及现金等价物的影响 EFFECT OF FLUCTUATION IN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS</b>		
<b>五、现金及现金等价物净增加额 NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>-70,453,906.97</b>	<b>230,664,274.31</b>
加: 期初现金及现金等价物余额 Plus: Beginning balance of cash and cash equivalents	239,145,251.31	8,480,977.00
<b>六、期末现金及现金等价物余额 ENDING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>168,691,344.34</b>	<b>239,145,251.31</b>

后附财务报表附注为财务报表的组成部分。The accompanying notes to the financial statements are integral parts of the financial statements.

企业法定代表人: Legal Representative of Enterprise:

主管会计工作负责人: Accounting Principal:

会计机构负责人: Head of the Accounting Department:

**神州长城股份有限公司 Sino Great Wall Co., Ltd.**  
**合并所有者权益变动表 Consolidated Statement of Changes in Owners' Equity**

2016年度 Year of 2016

(除特别注明外, 金额单位均为人民币元) (Monetary units are expressed in RMB unless otherwise stated)

项目 Item	本期发生额 Year 2016												少数股东权益 Minority equity	所有者权益合计 Total owners' equity
	归属于母公司所有者权益 Equity attributable to owners of the parent company										未分配利润 Undistributed profits			
	实收资本(或股本) Paid-in capital (or share capital)	其他权益工具 Other equity instruments			资本公积 Capital reserves	减:库存股 Less: Treasury stock	其他综合收益 Other comprehensive income	专项储备 Special reserves	盈余公积 Surplus reserves	一般风险准备 General risk reserves				
优先股 Preferred stock	永续债 Perpetual debts	其他 Others												
一、上年年末余额 Balance at the end of the last year	446,906,582.00				-50,367,862.22			46,014,941.54	84,394,441.23			755,308,636.19	-1,713,075.19	1,280,543,663.55
加: 会计政策变更 Plus: Adjustments for changes in accounting policies														
前期差错更正 Correction of accounting errors in prior periods														
同一控制下企业合并 Business combination under common control														
其他 Others														
二、本年初余额 Balance at the beginning of the year	446,906,582.00				-50,367,862.22			46,014,941.54	84,394,441.23			755,308,636.19	-1,713,075.19	1,280,543,663.55
三、本期增减变动金额 (减少以“-”号填列) Increases/decreases in the current period (“-” for decreases)	1,251,338,429.00				-1,248,981,839.52			19,672,926.60				473,661,862.67	54,247,830.29	549,939,209.05
(一) 综合收益总额 Total comprehensive income												473,661,862.67	-1,327,357.60	472,334,505.07
(二) 所有者投入和减少资本 Capital contributed or reduced by owners	1,251,338,429.00				2,356,589.48								55,575,187.89	1,309,270,206.37
1. 股东投入的普通股 Common shares contributed by shareholders	1,251,338,429.00													1,251,338,429.00
2. 其他权益工具持有者投入资本 Capital contributed by the holders of other equity instruments														
2. 股份支付计入所有者权益的金额 Amounts of share-based payments recognized in owners' equity														
3. 其他 Others					2,356,589.48								55,575,187.89	57,931,777.37
(三) 利润分配 Profit distribution														
1. 提取盈余公积 Withdrawal of surplus reserves														
2. 提取一般风险准备 Withdrawal of general risk reserves														
3. 对所有者(或股东)的分配 Profits distributed to owners (or shareholders)														
4. 其他 Others														
(四) 所有者权益内部结转 Internal carry-forward of owners' equity					-1,251,338,429.00									-1,251,338,429.00
1. 资本公积转增资本(或股本) Conversion of capital reserves into paid-in capital (or share capital)					-1,251,338,429.00									-1,251,338,429.00
2. 盈余公积转增资本(或股本) Conversion of surplus reserves into paid-in capital (or share capital)														
3. 盈余公积弥补亏损 Surplus reserves offsetting losses														
4. 其他 Others														
(五) 专项储备 Special reserves								19,672,926.60						19,672,926.60
1. 本期提取 Amount withdrawn in the current period								56,095,547.05						56,095,547.05
2. 本期使用 Amount used in the current period								36,422,620.45						36,422,620.45
(六) 其他 Others														
四、本期期末余额 Balance at the end of the current period	1,698,245,011.00				-1,299,349,701.74			65,687,868.14	84,394,441.23			1,228,970,498.86	52,534,755.10	1,830,482,872.60

后附财务报表附注为财务报表的组成部分。The accompanying notes to the financial statements are integral parts of the financial statements.

企业法定代表人: Legal Representative of Enterprise:

主管会计工作负责人: Accounting Principal:

会计机构负责人: Head of the Accounting Department:

神州长城股份有限公司 Sino Great Wall Co., Ltd.

合并所有者权益变动表（续） Consolidated Statement of Changes in Owners' Equity (Continued)

2016年度 Year of 2016

（除特别注明外，金额单位均为人民币元）(Monetary units are expressed in RMB unless otherwise stated)

项目 Item	上期发生额 Year 2015										少数股东权益 Minority equity	所有者权益合计 Total owners' equity
	归属于母公司所有者权益 Equity attributable to owners of the parent company											
	实收资本(或股本) Paid-in capital (or share capital)	其他权益工具 Other equity instruments			资本公积 Capital reserves	减:库存股 Less: Treasury stock	其他综合收益 Other comprehensive income	专项储备 Special reserves	盈余公积 Surplus reserves	一般风险准 备 General risk reserves		
	优先股 Preferred stock	永续债 Perpetual debts	其他 Others									
一、上年年末余额 Balance at the end of the last year	70,136,099.00				176,467,549.00		-85.60	21,813,200.10	49,347,406.23		443,707,019.71	761,471,188.44
加: 会计政策变更 Plus: Adjustments for changes in accounting policies												
前期差错更正 Correction of accounting errors in prior periods												
同一控制下企业合并 Business combination under common control												
其他 Others												
二、本年初余额 Balance at the beginning of the year	70,136,099.00				176,467,549.00		-85.60	21,813,200.10	49,347,406.23		443,707,019.71	761,471,188.44
三、本期增减变动金额（减少以“-”号填列） Increases/decreases in the current period (“-” for decreases)	376,770,483.00				-226,835,411.22		85.60	24,201,741.44	35,047,035.00		311,601,616.48	519,072,475.11
（一）综合收益总额 Total comprehensive income							85.60				346,648,651.48	346,103,226.28
（二）所有者投入和减少资本 Capital contributed or reduced by owners	25,914,633.00				226,661,441.01							252,576,074.01
1. 股东投入的普通股 Common shares contributed by shareholders	25,914,633.00				217,585,355.72							243,499,988.72
2. 其他权益工具持有者投入资本 Capital contributed by the holders of other equity instruments												
2. 股份支付计入所有者权益的金额 Amounts of share-based payments recognized in owners' equity												
3. 其他 Others					9,076,085.29							9,076,085.29
（三）利润分配 Profit distribution									35,047,035.00		-35,047,035.00	-1,167,564.39
1. 提取盈余公积 Withdrawal of surplus reserves									35,047,035.00		-35,047,035.00	
2. 提取一般风险准备 Withdrawal of general risk reserves												
3. 对所有者（或股东）的分配 Profits distributed to owners (or shareholders)												
4. 其他 Others												-1,167,564.39
（四）所有者权益内部结转 Internal carry-forward of owners' equity												
1. 资本公积转增资本（或股本） Conversion of capital reserves into paid-in capital (or share capital)												
2. 盈余公积转增资本（或股本） Conversion of surplus reserves into paid-in capital (or share capital)												
3. 盈余公积弥补亏损 Surplus reserves offsetting losses												
4. 其他 Others												
（五）专项储备 Special reserves								24,201,741.44				24,201,741.44
1. 本期提取 Amount withdrawn in the current period								34,558,557.84				34,558,557.84
2. 本期使用 Amount used in the current period								-10,356,816.40				-10,356,816.40
（六）其他 Others	350,855,850.00				-453,496,852.23							-102,641,002.23
四、本期期末余额 Balance at the end of the current period	446,906,582.00				-50,367,862.22			46,014,941.54	84,394,441.23		755,308,636.19	1,280,543,663.55

后附财务报表附注为财务报表的组成部分。The accompanying notes to the financial statements are integral parts of the financial statements.

企业法定代表人: Legal Representative of Enterprise:

主管会计工作负责人: Accounting Principal:

会计机构负责人: Head of the Accounting Department:

**神州长城股份有限公司 Sino Great Wall Co., Ltd.**  
**所有者权益变动表 Statement of Changes in Owners' Equity**

2016年度 Year of 2016

(除特别注明外, 金额单位均为人民币元) (Monetary units are expressed in RMB unless otherwise stated)

项 目 Item	本期发生额 Year 2016										
	实收资本 (或股本) Paid-in capital (or share capital)	其他权益工具 Other equity instruments			资本公积 Capital reserves	减: 库存股 Less: Treasury stock	其他综合收益 Other comprehensive income	专项储备 Special reserves	盈余公积 Surplus reserves	未分配利润 Undistributed profits	所有者权益合计 Total owners' equity
		优先股 Preferred stock	永续债 Perpetual debts	其他 Others							
一、上年年末余额 Balance at the end of the last year	446,906,582.00				2,489,294,901.37				26,309,287.00	257,161,771.72	3,219,672,542.09
加: 会计政策变更 Plus: Adjustments for changes in accounting policies											
前期差错更正 Correction of accounting errors in prior periods											
其他 Others											
二、本年初余额 Balance at the beginning of the year	446,906,582.00				2,489,294,901.37				26,309,287.00	257,161,771.72	3,219,672,542.09
三、本期增减变动金额 (减少以“-”号填列) Increases/decreases in the current period (“-” for decreases)	1,251,338,429.00				-1,251,338,429.00					-14,808,137.17	-14,808,137.17
(一) 综合收益总额 Total comprehensive income										-14,808,137.17	-14,808,137.17
(二) 所有者投入和减少资本 Capital contributed or reduced by owners	1,251,338,429.00										1,251,338,429.00
1. 股东投入的普通股 Common shares contributed by shareholders	1,251,338,429.00										1,251,338,429.00
2. 其他权益工具持有者投入资本 Capital contributed by the holders of other equity instruments											
3. 股份支付计入所有者权益的金额 Amounts of share-based payments recognized in owners' equity											
4. 其他 Others											
(三) 利润分配 Profit distribution											
1. 提取盈余公积 Withdrawal of surplus reserves											
2. 对所有者 (或股东) 的分配 Profits distributed to owners (or shareholders)											
3. 其他 Others											
(四) 所有者权益内部结转 Internal carry-forward of owners' equity					-1,251,338,429.00						-1,251,338,429.00
1. 资本公积转增资本 (或股本) Conversion of capital reserves into paid-in capital (or share capital)					-1,251,338,429.00						-1,251,338,429.00
2. 盈余公积转增资本 (或股本) Conversion of surplus reserves into paid-in capital (or share capital)											
3. 盈余公积弥补亏损 Surplus reserves offsetting losses											
4. 其他 Others											
(五) 专项储备 Special reserves											
1. 本期提取 Amount withdrawn in the current period											
2. 本期使用 Amount used in the current period											
(六) 其他 Others											
四、本期期末余额 Balance at the end of the current period	1,698,245,011.00				1,237,956,472.37				26,309,287.00	242,353,634.55	3,204,864,404.92

后附财务报表附注为财务报表的组成部分。The accompanying notes to the financial statements are integral parts of the financial statements.

企业法定代表人: Legal Representative of Enterprise:

主管会计工作负责人: Accounting Principal:

会计机构负责人: Head of the Accounting Department:

**神州长城股份有限公司 Sino Great Wall Co., Ltd.**  
**所有者权益变动表（续） Statement of Changes in Owners' Equity (Continued)**

2016年度 Year of 2016

（除特别注明外，金额单位均为人民币元）（Monetary units are expressed in RMB unless otherwise stated）

项 目 Item	上期发生额 Year 2015										
	实收资本（或股本） Paid-in capital (or share capital)	其他权益工具 Other equity instruments			资本公积 Capital reserves	减：库存股 Less: Treasury stock	其他综合收益 Other comprehensive income	专项储备 Special reserves	盈余公积 Surplus reserves	未分配利润 Undistributed profits	所有者权益合计 Total owners' equity
		优先股 Preferred stock	永续债 Perpetual debts	其他 Others							
一、上年年末余额 Balance at the end of the last year	169,142,356.00				31,606,598.00		-4,398,234.00		26,309,287.00	-96,164,557.00	126,495,450.00
加：会计政策变更 Plus: Adjustments for changes in accounting policies											
前期差错更正 Correction of accounting errors in prior periods											
其他 Others											
二、本年初余额 Balance at the beginning of the year	169,142,356.00				31,606,598.00		-4,398,234.00		26,309,287.00	-96,164,557.00	126,495,450.00
三、本期增减变动金额（减少以“-”号填列） Increases/decreases in the current period (“-” for decreases)	277,764,226.00				2,457,688,303.37		4,398,234.00			353,326,328.72	3,093,177,092.09
（一）综合收益总额 Total comprehensive income							4,398,234.00			353,326,328.72	357,724,562.72
（二）所有者投入和减少资本 Capital contributed or reduced by owners	277,764,226.00				2,457,688,303.37						2,735,452,529.37
1. 股东投入的普通股 Common shares contributed by shareholders	277,764,226.00				2,443,935,757.84						2,721,699,983.84
2. 其他权益工具持有者投入资本 Capital contributed by the holders of other equity instruments											
3. 股份支付计入所有者权益的金额 Amounts of share-based payments recognized in owners' equity											
4. 其他 Others					13,752,545.53						13,752,545.53
（三）利润分配 Profit distribution											
1. 提取盈余公积 Withdrawal of surplus reserves											
2. 对所有者（或股东）的分配 Profits distributed to owners (or shareholders)											
3. 其他 Others											
（四）所有者权益内部结转 Internal carry-forward of owners' equity											
1. 资本公积转增资本（或股本） Conversion of capital reserves into paid-in capital (or share capital)											
2. 盈余公积转增资本（或股本） Conversion of surplus reserves into paid-in capital (or share capital)											
3. 盈余公积弥补亏损 Surplus reserves offsetting losses											
4. 其他 Others											
（五）专项储备 Special reserves											
1. 本期提取 Amount withdrawn in the current period											
2. 本期使用 Amount used in the current period											
（六）其他 Others											
四、本期期末余额 Balance at the end of the current period	446,906,582.00				2,489,294,901.37				26,309,287.00	257,161,771.72	3,219,672,542.09

后附财务报表附注为财务报表的组成部分。The accompanying notes to the financial statements are integral parts of the financial statements.

企业法定代表人: Legal Representative of Enterprise:

主管会计工作负责人: Accounting Principal:

会计机构负责人: Head of the Accounting Department:

**SINO GREAT WALL CO., LTD.**  
**AUDITORS' REPORT AND FINANCIAL STATEMENTS**  
**(FOR THE YEAR ENDED DECEMBER 31, 2016)**

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**SINO GREAT WALL CO., LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(Amounts are expressed in RMB unless otherwise stated)**

**1. Company profile**

**1.1 Company overview**

Sino Great Wall Co., Ltd. (hereinafter referred to as the "Company" or "Sino Great Wall") is formerly known as Shenzhen Victor Onward Textile Industrial Company Limited which is formerly known as Xinnan Printing and Dyeing Factory Co., Ltd. Established in 1980, Xinnan Printing and Dyeing Factory Co., Ltd. is the first wholly foreign-owned enterprise in Shenzhen. In April 1984, the Xinnan Printing and Dyeing Factory Co., Ltd. was changed into a foreign joint venture and was renamed Shenzhen Victor Onward Printing and Dyeing Co., Ltd. On November 19, 1991, approved by the Government of Shenzhen City, Shenzhen Victor Onward Printing and Dyeing Co., Ltd. was restructured into a joint stock limited company and was renamed Shenzhen Victor Onward Textile Industrial Company Limited.

Domestic listed RMB ordinary shares ("A" shares; stock code: 000018) and overseas-listed foreign investment shares ("B" shares; stock code: 200018) issued by the Company were listed for trading on the Shenzhen Stock Exchange in 1992.

On July 23, 2015, approved by the China Securities Regulatory Commission under the *Official Reply to Approving Shenzhen Victor Onward Textile Industrial Company Limited to Make Major Assets Restructuring and Issue Shares to Chen Lve and Other Shareholders to Purchase Assets and Raise Supporting Funds* (Z.J.X.K. [2015] No.1774), the Company issued 251,849,593 shares to Chen Lve and other 16 shareholders to purchase 100% of equities of Sino Great Wall International Engineering Co., Ltd. held by them and issued to them 25,914,633 non-public offering shares, which raised funds of RMB 254,999,988.72.

As at September 24, 2015, equities of the listed company were changed to be registered in the name of the Company. Both parties fully completed the transfer of equities and the relevant formalities of industrial and commercial registration of changes, so the Company already owned 100% of equities in the listed company. Meanwhile, according to the *Confirmation on Delivery of Exchange-Out Assets* and as at the date of delivery (namely July 31, 2015), all assets and liabilities of the Company had been exchanged out. On September 24, 2015, Shenzhen Branch of the China Securities Depository and Clearing Corporation Limited had completed the relevant securities registration formalities for the above new shares.

On July 29, 2015, the listed company received the new registered capital of RMB 251,849,593 paid by all the shareholders of Sino Great Wall. Ruihua Certified Public Accountants issued the *Verification Report* (R.H.Y.Z. [2015] No.48250011) on July 30, 2015. Registered capital after the change was RMB 420,991,949 and share capital RMB 420,991,949. On December 4, 2015, Shenzhen Victor Onward Textile Industrial Company Limited was renamed Sino Great Wall Co., Ltd.

At the Company's general meeting of shareholders held on May 6, 2016, the 2015 Plan of Conversion of Capital Reserves into Share Capital was adopted. The detailed plan was: to increase capital reserves to all the shareholders with 28 shares for 10 shares based on 446,906,582 shares in total as at December 31, 2015 and to increase 1,251,338,429 shares in total. After the increase, total share capital of the Company was increased to 1,698,245,011 shares.

As at December 31, 2016, total share capital of the Company was 1,698,245,011 shares, in which there were 1,434,441,780 circulating A shares and 263,803,231 circulating B shares. Chen Lve who holds 582,944,556 A shares, accounting for 34.33% of the total share capital, is the Company's controlling shareholder and actual controller.



Registered address of the Company: No.26 Kuipeng Road, Baishi Gang, Kuichong Street, Dapeng New District, Shenzhen. Legal representative: Chen Lve. The Company falls under textile printing and dyeing industry. The Company mainly engages in dyeing and printing production, processing and sales of all kinds of pure cotton, pure linen, polyester cotton, ramie cotton, high-grade blended fabrics and finished garments.

The financial statements have been approved by the Board of Directors on April 26, 2017.

## 1.2 Scope of the consolidated financial statements

As at December 31, 2016, subsidiaries within the scope of the consolidated financial statements of the Company are as follows:

Name of subsidiaries
Sino Great Wall International Engineering Co., Ltd.
Beijing Sino Great Wall Decoration Design Co., Ltd.
Suzhou Lvbang Wood Technology Co., Ltd.
Herabenna Interior Design Guangzhou Co., Ltd.
Sino Great Wall Group Co., Limited
Shanghai Ling Rui International Trade Company Limited
Shenzhen Hongtulve Industrial Co., Ltd.
Inrich Me Engineering Co., Limited
Sino Great Wall New Energy (Beijing) Co., Ltd.
SINO GREAT WALL (PHILIPPINES) INTERNATIONAL CORPORATION
SGW HP Engineering Construction SDN.BHD
SINO GREAT WALL (USA). INC
Shenzhen Yatian Decoration Design Engineering Co., Ltd.
Sino Great Wall International Engineering (MACAU) Co., Limited
SINO GREAT WALL INTERNETIONAL ENGINEERING (CNMI) CO., LLC
Sino Great Wall (Beijing) Investment Fund Management Co., Ltd.
Sino Great Wall Real estate (Hubei) Co., Ltd.
Sino Great Wall Development (Hengqin) Co., Ltd.
PT.SINO GREAT WALL INVESTMENT INDONESIA
PT.SINO GREAT WALL CONSTRUCTION INDONESIA
SINO GREAT WALL INTERNETIONAL ENGINEERING(MM)CO.,LTD
Sino Great Wall Southwest Construction Engineering Co., Ltd.
Sino Great Wall Jianyee Engineering Co., Ltd.
Wuhan Commercial Workers Hospital Co., Ltd.

See "Note 6. Changes in scope of consolidation" and "Note 7. Rights and interests in other entities" for details of the scope of consolidated financial statements in the current year and the changes thereof.

## 2. Preparation basis for financial statements

### 2.1 Preparation basis

The Company prepares the financial statements based on going concern, according to the transactions and events actually occurred and in accordance with the *Accounting Standards for Business Enterprises - Basic Standards* and various specific accounting standards, application guidance to and interpretations for the Accounting Standards for Business Enterprises and other relevant provisions (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises") promulgated by the Ministry of Finance and disclosure provisions of the *Rules for the Information Disclosure and Compilation of Companies Publicly Issuing Securities No. 15 - General Rules on Financial Reports* promulgated by the China Securities Regulatory Commission.

**2.2 Going concern**

The Company will have going-concern abilities within 12 months as of the end of the reporting period and have no significant events that will affect the going-concern abilities.

**3. Significant accounting policies and accounting estimates**

**3.1 Statement on compliance with Accounting Standards for Business Enterprises**

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the Company's financial position, operating results, cash flows and other related information in the reporting period.

**3.2 Accounting period**

The accounting year is from January 1 to December 31 in calendar year.

**3.3 Operating cycle**

The Company's operating cycle is 12 months.

**3.4 Functional currency**

RMB is the functional currency of the Company and its domestic subsidiaries due to that it is the currency in the main economic environment in which the Company and its domestic subsidiaries located. Currency of the Company in preparing its financial statements is RMB.

**3.5 Accounting treatment methods of business combinations under common control and not under common control**

Business combination under common control: The assets and liabilities acquired by the Company in business combinations are measured at the book value of assets and liabilities of the combinee (including the goodwill arising from the acquisition of the combinee by the ultimate controller) in the consolidated financial statements of the ultimate controller on the combination date. The stock premium in the capital reserves should be adjusted at the difference between the book value of the net assets acquired in combinations and that of consideration paid for the combination (or total par value of shares issued). If the stock premium in the capital reserves is insufficient to cover the differences, the retained earnings should be adjusted.

Business combination not under common control: The Company shall, on the acquisition date, measure the assets surrendered and liabilities incurred or assumed by the Company for a business combination at their fair values. The Company shall recognize the difference of the combination costs in excess of the fair value of the identifiable net assets acquired from the acquiree as goodwill. The Company shall recognize the difference of the combination costs in short of the fair value of the identifiable net assets acquired from the acquiree in the current profit or loss after review.

The auditing, legal services, consulting and other intermediary fees and other related administrative expenses for business combination will be included into current profit and loss upon occurrence; the transaction costs for the issuance of equity securities shall set off equities.

**3.6 Preparation method of consolidated financial statements**

**3.6.1 Scope of consolidation**

The scope of consolidation of the consolidated financial statements of the Company is recognized based on the control and all subsidiaries (including the divisible part of the investee controlled by the Company) shall be included in the consolidated financial statements.

### 3.6.2 Procedures of consolidation

The Company prepares the consolidated financial statements based on its own financial statements and those of its subsidiaries, and other relevant information. When preparing the consolidated financial statements, the Company treats the enterprise group as a whole accounting entity, to reflect the overall financial position, operating results and cash flows in accordance with relevant recognition, measurement and presentation requirements of Accounting Standards for Business Enterprises and the uniform accounting policies.

The accounting policies and accounting period adopted by subsidiaries included in the consolidation scope of the consolidated financial statements shall be the same as those of the Company; if inconsistent, necessary adjustments shall be made according to the Company's accounting policies and accounting period in the preparation of the consolidated financial statements. For the subsidiaries acquired through business combinations not under common control, adjustments to their financial statements shall be made based on the fair values of net identifiable assets on the acquisition date. For subsidiaries acquired through business combination under common control, adjustments will be made to their financial statements based on the book value of their assets and liabilities (including the goodwill formed from the ultimate controller's acquisition of the subsidiaries) in the financial statements of the ultimate controller.

The share of owner's equity, net profits and losses in the current year and comprehensive income in the current year of subsidiaries attributable to minority shareholders should be separately presented under the item "owner's equity" in the consolidated balance sheet, the item "net profit" and the item "total comprehensive income" in the consolidated income statement. The difference of the loss in the current year shared by minority shareholders of the subsidiaries in excess of the share of minority shareholders in the owner's equity at the beginning of the year of the subsidiaries should be used to offset the minority equity.

#### (1) Increase in subsidiaries or business

During the reporting period, if the Company increases subsidiaries or business due to business combination under common control, it shall adjust the beginning amount of the consolidated balance sheet; include revenues, expenses and profits of the subsidiaries or business from the beginning of the current combination period to the end of the reporting period in the consolidated income statement; include cash flows of the subsidiaries or from the business from the beginning of the current combination period to the end of the reporting period in the consolidated cash flow statement; at the same time adjust the relevant items of the comparative statements to the extent that the reporting entity after combination has been always existed since the start of control by the ultimate controller.

Where control can be exercised on the investee under the common control for additional investment or other reasons, it deems that all parties involved in combination make adjustment based on the current status when the ultimate controller starts its control. Equity investments held before the control over the combinee is obtained, the related gains and losses, other comprehensive income as well as other changes in net assets recognized from the later of the date when the original equity is obtained or the date when the combining party and the combined party are under the same control, to the combination date will respectively write down the retained earnings or current profit and loss in the comparative statements.

During the reporting period, if the Group acquired subsidiaries or business from the business combination not under common control, the beginning balance in the consolidated balance sheet will not be adjusted. The incomes, expenses and profits of the newly acquired subsidiaries or business from the acquisition date to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries or business from the acquisition date to the end of the reporting period shall be included in the consolidated statement of cash flows.

Where the Company can implement control over an investee not under common control due to additional investment or other reasons, the equity held by the combinee before the purchase date is re-measured at the fair value on the purchase date of the equity, and the difference between the fair value and the book value shall be included in the current investment income. In the event that the equity of the acquiree held prior to the acquisition date involves other comprehensive income under the equity method and other changes in owners' equity than net profit and loss, other comprehensive income and profit distribution, other comprehensive income and other changes in the owner's equity associated therewith are transferred to investment income of the period to which the acquisition date belongs, except for other comprehensive income arising from changes in net liabilities or net assets due to the investee's re-measurement of defined benefits plan.

(2) Disposal of subsidiaries or business

A. General method of disposal

During the reporting period, if the Company disposes subsidiaries or business, the incomes, expenses and profits from the subsidiaries or business from the beginning of the year to the disposal date shall be included in the consolidated income statement; cash flows of the subsidiaries and business from the beginning of the year to the disposal date shall be included in the consolidated statement of cash flows.

When the Company loses the control over the investee due to disposal of partial equity investment or other reasons, the remaining equity investment after the disposal will be re-measured by the Company at its fair value on the date of loss of the control. The difference of total amount of the consideration from disposal of equities plus the fair value of the remaining equities less the shares calculated at the original shareholding ratio in net assets and goodwill of the original subsidiary which are continuously calculated as of the acquisition date or combination date is included in the investment income of the period at the loss of control. Other comprehensive incomes associated with the equity investments of the original subsidiary, or the changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution, are transferred into investment income of the period when control is lost, except for other comprehensive income from the change in net liability or net asset due to the investor's re-measurement of designated benefit plan.

B Disposal of subsidiaries by stages

Where the Company disposes the equity investments in subsidiary through multiple transactions and by stages until it loses the control, if the effect of the disposal on the terms and conditions as well as economic effect of all transactions of equity investments in subsidiaries meet one or more of the following circumstance, it usually indicates that the multiple transactions should be accounted for as a package deal:

- i. the transactions are concluded at the same time or under the consideration of mutual effect;
- ii. the transactions as a whole can reach a complete business result;
- iii. the occurrence of a transaction depends on that of at least one other transactions; and/or
- iv. a single transaction is uneconomical but it is economical when considered together with other transactions.

Where various transactions of disposal of equity investments in subsidiaries until loss of the control belong to a package deal, accounting treatment shall be made by the Company on the transactions as a transaction to dispose subsidiaries and lose the control; however, the difference between each disposal cost and net asset share in the subsidiaries corresponding to each disposal of investments before loss of the control should be recognized as other comprehensive income in the consolidated financial statements and should be transferred into the current profit or loss at the loss of the control.

Where various transactions of disposal of equity investments in subsidiaries until loss of the control do not belong to a package deal, before the loss of the control, accounting treatment shall be made according to the relevant policies for partial disposal of equity investments in the subsidiary without losing control; at the loss of the control, accounting treatment shall be made according to general treatment methods for disposal of subsidiaries.

- (3) Purchase of minority equity of subsidiaries  
The difference between long-term equity investments acquired by the Company through purchase of minority interest and the subsidiary's identifiable net assets attributable to the Company calculated continuously from the acquisition date (or the combination date) in accordance with the increased shareholding ratio shall be charged against stock premium within capital reserves in the consolidated balance sheet; when stock premium within capital reserves is insufficient to offset, the retained earnings shall be adjusted.
- (4) Partial disposal of equity investments in subsidiaries without loss of control  
The difference between the proceeds from partial disposal of equity investments in the subsidiary and the share of identifiable net assets of the subsidiary attributable to the Company which are calculated continuously from the acquisition date (or the combination date) and which are corresponding to the disposal of long-term equity investments without losing control shall be charged against stock premium within capital reserves in the consolidated balance sheet; when stock premium within capital reserves is insufficient to offset, the retained earnings shall be adjusted.

### 3.7 Recognition criteria of cash and cash equivalents

For the purpose of preparing the statement of cash flows, the term "cash" refers to the cash on hand and the unrestricted deposit of the Company. The term "cash equivalents" refers to short-term (maturing within three months from acquisition) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### **3.8 Foreign currency transactions and translation of foreign currency statements**

#### **3.8.1 Foreign currency transactions**

Foreign currency transactions are translated into functional currency at the approximate rate of spot exchange rate on the day when the transactions occur.

The balance of foreign currency monetary items as at the balance sheet date are translated at the spot exchange rate on the balance sheet date and the exchange differences arising therefrom shall be included in the current profit or loss, except those exchange differences arising from the special borrowings of foreign currency related to the acquired and constructed assets qualified for capitalization that will be capitalized at the borrowing expenses.

#### **3.8.2 Translation of foreign currency financial statements**

Assets and liabilities in the balance sheet shall be translated at the spot exchange rates on the balance sheet date; for owners' equity items, except for the item of "retained earnings", other items are translated at the spot exchange rates prevailing on the date when the transactions occur. The income and expenses items in income statements are translated at the approximate rate of spot exchange rate prevailing on the date when transactions occur.

Where the Company disposes of an overseas business, it shall transfer the exchange difference relating to the overseas business to the current profit and loss.

### **3.9 Financial instruments**

Financial instruments include financial assets, financial liabilities and equity instruments.

#### **3.9.1 Classification of financial instruments**

Upon initial recognition, financial assets and financial liabilities are classified into: financial assets or financial liabilities measured at fair value through current profit or loss, including financial assets or financial liabilities held for trading (and financial assets or financial liabilities directly designated to be measured at fair value through current profit and loss); held-to-maturity investments; receivables; available-for-sale financial assets; and other financial liabilities, etc.

#### **3.9.2 Recognition basis and measurement method of financial instruments**

(1) Financial assets or financial liabilities measured at fair value through current profit and loss are initially recorded at fair values when acquired (deducting cash dividends that have been declared but not distributed and bond interest that has matured but not been drawn). Relevant transaction expenses are included in the current profit and loss.

The interests or cash dividends to be received during the holding period are recognized as investment income. Change in fair values is included in the current profit and loss at the end of the period.

Upon disposal, the difference between the fair value and initial book-entry value is recognized as investment income, while the gains or losses from changes in fair value will be adjusted.

(2) Held-to-maturity investments

Held-to-maturity investments are initially recognized at the sum of the fair value (bond interest due but not yet received) and related transaction costs upon acquisition.

The interest income will be calculated and determined according to the amortized cost and effective interest rate during the holding period and included in investment income. The effective interest rate is determined upon acquisition and will remain unchanged during the expected renewal period, or a shorter period if applicable.

Upon disposal, the difference between the purchase price obtained and the book value of the investment is recognized in investment income.

(3) Receivables

For creditor's rights receivable arising from external sales of goods or rendering of service by the Company and other creditor's rights of other enterprises (excluding liability instruments quoted in an active market) held by the Company, including accounts receivable and other receivables, the initial recognition amount shall be the contract price or agreement price receivable from purchasing party; for those with financing nature, they are initially recognized at their present values.

Upon recovery or disposal, the difference between the purchase price obtained and the book value of the receivables is recognized in current profit and loss.

(4) Available-for-sale financial assets

Available-for-sale financial assets are initially recorded at the sum of fair values (deducting cash dividends that have been declared but not distributed and bond interests that have matured but not been drawn) and transaction costs upon acquisition.

The interests or cash dividends to be obtained during the holding period are recognized as investment income. The interest or cash dividends is measured at fair value and changes in fair value is included in other comprehensive income. However, for an equity instrument investment that has no quoted price in an active market and whose fair value cannot be reliably measured, and for derivative financial asset linked to the said equity instrument and settled by delivery of the same equity instrument, they are measured at cost.

Difference between the proceeds and the book value of the financial assets is recognized as investment profit or loss upon disposal; meanwhile, amount of disposal corresponding to the accumulated change in fair value which is originally and directly included in other comprehensive income shall be transferred out and recognized as investment income.

(5) Other financial liabilities

They are initially recognized at the sum of the fair value and the associated transaction costs. The subsequent measurement is based on amortized costs.

### 3.9.3 Recognition and measurement of financial assets transfer

When a financial assets transfer occurs, the financial assets will be derecognized when substantially all the risks and rewards on the ownership of the financial assets have been transferred to the transferee; and they will not be derecognized if substantially all the risks and rewards on the ownership of the financial assets have been retained.

The principle of substance over form is adopted to determine whether a financial asset meets the above de-recognition conditions for the financial asset. The Company divides the transfer of financial assets into overall transfer and partial transfer. Where the entire transfer of the financial asset meets the de-recognition conditions, the difference of the following two amounts will be included in current profit and loss:

- (1) the book value of the transferred financial asset;
- (2) the sum of the consideration received from the transfer and the accumulated amount of the changes in fair value originally and directly included in owners' equity (the situation where the financial asset transferred is an available-for-sale financial asset is involved).

If the partial transfer of the financial assets meets the de-recognition condition, the entire book value of the transferred financial asset shall be split into the derecognized and recognized part according to their respective fair value and the difference between the amounts of the following two items shall be included in the current profit or loss:

- (1) the book value of the derecognized part;
- (2) the sum of the consideration for the derecognized part and the portion of de-recognition corresponding to the accumulated amount of the changes in fair value originally and directly included in owners' equity (the situation where the financial asset transferred is an available-for-sale financial asset is involved).

If the transfer of financial assets does not meet the de-recognition condition, the financial assets shall continue to be recognized, and the consideration received will be recognized as a financial liability.

#### **3.9.4 De-recognition conditions of financial liabilities**

The whole or partial financial liabilities, which present obligations have been wholly or partially discharged, shall be de-recognized; if the Company signs an agreement with the creditor to replace the existing financial liabilities by way of assuming the new financial liabilities which contract terms are different with those of the existing financial liabilities, then the existing financial liabilities shall be derecognized and the new financial liabilities shall be recognized.

Where substantive changes are made to the contract terms of existing financial liability in whole or in part, the existing financial liabilities or part thereof will be derecognized, and the financial liability the terms of which have been modified will be recognized as a new financial liability.

When financial liabilities are derecognized in whole or in part, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets transferred out or new financial liabilities borne) will be included into current profit or loss.

When the Company buys back part of financial liabilities, it will allocate the entire book value of the said financial liabilities on the repurchase date in accordance with the relative fair value of the recognized part and the terminated part. The difference between the book value of the derecognized part and the consideration paid (including non-cash assets surrendered or new financial liabilities assumed) shall be included in the current profit or loss.

#### **3.9.5 Determination method for the fair value of financial assets and financial liabilities**

The fair value of a financial instrument having an active market is determined on the basis of quoted price in the active market. The fair value of a financial instrument, for which there is no active market, is determined by using valuation techniques. For valuating, the Company chooses input values which characteristics are consistent with those of assets or liabilities considered by market participants in the course of transactions of relevant assets or liabilities by using the valuation technique that is applicable in the present situation and has sufficient available data and other information supporting, and applies relevant observable input values in priority. Unobservable input values are used only when relevant observable input values cannot be available or such values obtained are infeasible.



**3.9.6 Test method and accounting treatment of depreciation of financial assets (excluding receivables)**

Except for the financial assets measured at fair values through current profit or loss, the Company will check the book value of financial assets on the balance sheet date. If there is objective evidence indicating that a financial asset is impaired, provision for impairment will be made.

(1) Provision for impairment of available-for-sale financial assets:

If the fair value of available-for-sale financial assets has significantly declined at the end of the period, or it is expected that the trend of decrease in value is non-temporary after considering of various relevant factors, the impairment shall be recognized, and accumulated losses from decreases in fair value originally and directly included in owners' equity shall be all transferred out and recognized as impairment loss.

For available-for-sale debt instruments whose impairment losses have been recognized, if their fair values rise in the subsequent accounting period and such rise is objectively related to the events occurring after the recognition of impairment loss, the previously recognized impairment loss shall be reversed and recorded into the current profit or loss.

Impairment losses on available-for-sale equity instruments should not be reversed through profit and loss.

(2) Provision for impairment of held-to-maturity investments:

Measurement of provision for impairment loss on held-to-maturity investments is treated with reference to the measurement method of impairment loss on receivables.

**3.10 Provision for bad debts of accounts receivable**

**3.10.1 Receivables that are individually significant but with provision for bad debts made on an individual basis:**

Judgment basis or amount standards for individually significant amount:

The Company recognizes account receivables that are individually significant (more than or equal to RMB 10 million) and other receivables of a single current entities (more than or equal to RMB 2 million) as individually significant receivables.

Provision method for receivables with individually significant amount and subject to individual provision for bad debts:

On the balance sheet date, the Company separately conducts an impairment test on accounts receivable that are individually significant. Where they are impaired after such test, the impairment loss is recognized at the difference between the present value of its future cash flows lower than the book value and the provision for bad debts shall be made; accounts receivable that are not impaired after the separate test, together with accounts receivable that are individually insignificant, are divided into several portfolios according to similar credit risk features. The impairment loss is calculated and recognized at a certain percentage of these portfolios of accounts receivable in the balance on the balance sheet date and the provision for bad debts shall be made.

**3.10.2 Provision for bad debts of accounts receivable made on credit risk characteristics portfolio basis:**

(1) Basis of determination for credit risk characteristics portfolio:

The Company divides receivables that are individually insignificant and receivables that are individually significant but that fail to be impaired after a separate test into groups according to the similarity and correlation of credit risk

characteristics. The provision for bad debts is made based on a certain percentage of the balance of the portfolio of such receivables. The provision for bad debts for the current period is calculated based on the actual loss ratio of the receivables identical or similar thereto in the previous year, in combination with the proportion of the provision for bad debts in relation to each portfolio in the current year determined on the basis of practical situation.

(2) **Method of bad-debt provision made in terms of the credit risk features portfolio**

Methods of provision for bad debts made on credit risk characteristics portfolio basis

Aging portfolio	Aging analysis method
Portfolio of related parties within the scope of consolidation	No provision for bad debts

For those subject to provision for bad debts under aging analysis method:

Aging	Proportion of provision for receivables (%)	Proportion of provision for other receivables (%)
Within 1 year	5	5
1-2 years	10	10
2-3 years	30	30
3-4 years	50	50
4-5 years	80	80
Over 5 years	100	100

**3.10.3 Receivables that are individually insignificant but with provision for bad debts made on an individual basis:**

Reasons for individual provision of bad debts

On the balance sheet date, the Company recognizes impairment losses and makes provision for bad debts of other individually significant receivables with signs of impairment at the differences of the present values of their future cash flows in short of their book values.

Method of provision for bad debts

On the balance sheet date, the Company separately conducts an impairment test on accounts receivable that are individually insignificant but are provided for bad debts on individual basis. Where they are impaired after such test, the impairment losses are recognized at the difference between the present value of future cash flows lower than the book value and the provision for bad debts shall be accordingly made.

**3.11 Inventories**

**3.11.1 Classification of inventories**

Inventories are classified into: raw materials, project construction, inventory goods, in products, low-value consumption goods, etc.

**3.11.2 Valuation method of inventories dispatched**

The inventories are measured at weighted average method when dispatched.

**3.11.3 Recognition basis for net realizable values of inventories of different categories**

In normal operation process, for merchandise inventories held directly for sale, including finished goods, stock commodities and materials for sale, their net realizable values are determined at the estimated selling prices minus the estimated selling expenses and relevant taxes and surcharges; in normal operation process, for material

inventories that need further processing, their net realizable values are determined at the estimated selling prices of finished goods minus estimated costs to completion, estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices.

The provisions for inventory depreciation reserve are made on an individual basis at the end of the period, for inventories with large quantities and relatively low unit prices, the provisions for inventory depreciation reserve are made on a category basis. For inventories related to the product portfolios manufactured and sold in the same area, and of which the final usage or purpose is identical or similar thereto, and which is difficult to separate from other items for measurement purposes, the provisions for inventory depreciation reserve are made on a portfolio basis.

The net realizable values of inventory items are determined based on the market price on the balance sheet date, except for there is obvious evidence showing the market price on the balance sheet date is abnormal.

Net realizable value of inventory items at the end of the year is recognized at the market price on the balance sheet date.

#### **3.11.4 Inventory system**

Perpetual inventory system is adopted.

#### **3.11.5 Amortization methods for low-cost consumables and packaging materials**

- (1) One-off amortization method is adopted for low-cost consumables;
- (2) One-off amortization method is adopted for packaging materials.

### **3.12 Assets classified as held for sale**

The Company recognizes the part (or non-current assets) that meet all the following conditions as assets held for sale:

- (1) the part must be immediately available to be sold under the current conditions and according to the usual terms on the sale of such part;
- (2) the Company has made resolutions on disposing of the part (or non-current assets) and has been approved by the general meeting or relevant organs of power if the approval of shareholders is required;
- (3) the Company has signed an irrevocable transfer agreement with the assignee;
- (4) the transfer will be completed within one year.

### **3.13 Long-term equity investments**

#### **3.13.1 Determination basis of joint control or significant influence over the investee**

The term 'common control' refers to the joint control, according to the relevant provisions, over an arrangement, of which the relevant activities should be agreed and decided by the participants that share the control. Where the Company exercises joint control over the investee together with other parties to the joint venture and enjoys the right on the investee's net assets, the investee is a joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not the power to control, or jointly control, the formulation of such policies with other parties. Where the Company is able to have significant influences on an investee, the investee is its associate.

### 3.13.2 Determination of initial investment cost

(1) A long-term equity investment as a result of business combination

Business combination under the common control: if the Company makes payment in cash, transfers non-cash assets or bears debts and issues equity securities as the consideration for the business combination, the book value of the owner's equity of the acquiree in the consolidated financial statements of the ultimate controller is recognized as the initial cost of the long-term equity investment on the combination date. In case the Company can exercise control over the investee under common control for additional investment or other reasons, the initial investment cost of long-term equity investments is recognized at the share of book value of net asset of the acquiree after the combination in the consolidated financial statements of the ultimate controller on the combination date. The stock premium should be adjusted at the difference between the initial investment cost of long-term equity investments on the combination date and the book value of long-term equity investments before the combination plus the book value of consideration paid for additional shares; if there is no sufficient stock premium for write-downs, the retained earnings are adjusted.

Business combination not under the common control: The Company recognizes the combination cost determined on the combination date as the initial cost of long-term equity investments. Where the Company can control the investee not under common control from additional investments, the initial investment cost should be changed to be accounted for under the cost method and recognized at the sum of the book value of equity investments originally held and newly increased investment cost.

(2) Long-term equity investments obtained by other means

For long-term equity investments acquired from making payments in cash, the initial cost is the actually paid purchase cost.

For long-term equity investments acquired from issuance of equity securities, the initial investment cost is the fair value of the issued equity securities.

If the exchange of non-monetary assets has commercial substance and the fair values of assets traded out and traded in can be measured reliably, the initial cost of long-term equity investment traded in with non-monetary assets are determined based on the fair values of the assets traded out and the relevant taxes and surcharges payable unless there is any conclusive evidence that the fair values of the assets traded in are more reliable; if the exchange of non-monetary assets does not meet the above criteria, the book value of the assets traded out and the relevant taxes and surcharges payable are recognized as the initial cost of long-term equity investment traded in.

For long-term equity investment acquired from debt restructuring, the initial cost is determined based on the fair value.

**3.13.3 Subsequent measurements and the recognition method of profits and losses**

- (1) Long-term equity investments calculated under the cost method  
Long-term equity investments of the Company in its subsidiaries are calculated under the cost method. Except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognizes the investment income in the current year at the cash dividends or profits declared by the investee.
- (2) Long-term equity investments calculated under the equity method  
The Company's long-term equity investments in associates and joint ventures are calculated under the equity method. If the initial cost is more than the share of the fair value of the investee's identifiable net asset to which the Company shall be entitled when investing, the initial cost of the long-term equity investment will not be adjusted. If the initial cost of a long-term equity investment is less than the share of the fair value of the investee's identifiable net asset to which the Company shall be entitled when investing, the difference shall be included in the current profit or loss.

The Company shall recognize the investment income and other comprehensive income at the shares of net profit and loss and other comprehensive income realized by the investee which the Company shall enjoy or bear and adjust the book value of long-term equity investments at the same time; the Company shall calculate the shares according to profits or cash dividends declared by the investee and correspondingly reduce the book value of long-term equity investments; the book value of long-term equity investments shall be adjusted according to the investee's other changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution, which should be included in owner's equity.

The share of the investee's net profit or loss should be recognized after adjustments are made to net profit of the investee based on the fair value of identifiable net assets of the investee upon acquisition of investments and according to accounting policies and accounting period of the Company. When holding the investment, the investee should prepare the consolidated financial statements, it shall account for the investment income based on the net profit, other comprehensive income and the changes in other owner's equity attributable to the investee.

The Company shall write off the part of incomes from internal unrealized transactions between the Company and associates and joint ventures which are attributable to the Company according to the corresponding ratio and recognize the profit and loss on investments on such basis. Where the losses from internal transactions between the Company and the investee fall into the scope of assets impairment loss, the full amount of such losses should be recognized. For transactions on investments or sales of assets between the Company and associates and joint ventures, where such assets constitute business, they should be accounted for according to the relevant policies disclosed in this note "Accounting treatment of business combinations under common control and not under common control" and "Preparation of consolidated financial statements".

When the Company recognizes its share of loss incurred to the investee, treatment shall be done in following sequence: firstly, the book value of the long-term equity investment shall be reduced; secondly, where the book value is insufficient to cover the share of losses, investment losses are recognized to the extent of book value of other long-term equity which forms the net investment in

the investee in substance and the book value of long term receivables shall be reduced; finally, after all the above treatments, if the Company is still responsible for any additional liability in accordance with the provisions stipulated in the investment contracts or agreements, estimated liabilities are recognized and included into current investment loss according to the obligations estimated to undertake.

(3) Disposal of long-term equity investments

For disposal of long-term equity investments, the difference between the book value and the actual price shall be included into the current profit or loss.

For long-term equity investments calculated under the equity method, when the Company disposes such investments, accounting treatment should be made to the part that is originally included in other comprehensive income according to the corresponding proportion by using the same basis for the investee to directly dispose the relevant assets or liabilities. Owner's equity recognized at the changes in the investee's other owner's equity other than net profit or loss, other comprehensive income and profit distribution shall be transferred to the current profit and loss according to the proportion, except for other comprehensive income from changes arising from re-measurement of net liabilities or net assets of defined benefit plan.

In case the joint control or significant influence over the investee is lost for disposing part of equity investments or other reasons, the remaining equity will be changed to be accounted for according to the recognition and measurement principles of financial instruments. The difference between the fair value and the book value on the date of the loss of joint control or significant influence should be included in the current profit and loss. For other comprehensive income recognized from accounting of the original equity investments under the equity method, accounting treatment should be made by using the same basis for the investee to directly dispose the relevant assets or liabilities when the equity method is no longer adopted. Owner's equity recognized from the investee's changes in other owner's equity other than net profit or loss, other comprehensive income and profit distribution should all transferred to the current profit and loss when the equity method confirmed is no longer adopted.

In case the control over the investee is lost due to disposal of part of equity investments or other reasons, in the preparation of individual financial statements, the remaining equity after the disposal that can exercise joint control or exert significant influence over the investee shall be accounted for in the equity method, and such remaining equity shall be adjusted as if it had been accounted for in the equity method since the time of acquisition; the remaining equity after disposal that cannot exercise joint control or exert significant influence over the investee shall be subject to account treatment according to the relevant provisions of the recognition and measurement criteria for financial instruments, and the difference between the fair value on the date when the control is lost and the book value shall be included into the current profit and loss.

Where equity after the disposal is acquired from business combinations due to additional investments or other reasons, when the Company prepares individual financial statements, if the remaining equity after the disposal is accounted for under the cost method or equity method, other comprehensive income and other owners' equity recognized from equity investments that are held before the acquisition date and are accounted for under the equity method should be carried forward in proportion; if the remaining equity after the disposal is changed to be accounted for according to recognition and measurement standards of financial instruments, other comprehensive income and other owners' equity should be carried forward at full amount.

### 3.14 Investment properties

The investment property refers to the real estate held for earning rentals or/and capital appreciation or both, including leased land use right, land use right held for transfer upon appreciation, and leased building (including self-built buildings or buildings developed for renting or buildings under construction or development for future renting).

The Company measures its existing investment property at cost. For investment properties measured with the cost model - in terms of buildings for renting, the same depreciation policy as that for fixed assets of the Company is adopted and land use rights for renting are implemented with the same amortization policy as that for intangible assets.

### 3.15 Fixed assets

#### 3.15.1 Recognition criteria of fixed assets

Fixed assets refer to the tangible assets held for the purpose of producing commodities, rendering services, renting or business management with useful lives exceeding one accounting year. Fixed assets are recognized when they simultaneously meet the following conditions:

- (1) It is probable that the economic benefits relating to the fixed assets will flow into the Company; and
- (2) The costs of the fixed asset can be measured reliably.

#### 3.15.2 Depreciation method

Depreciation of the fixed assets is made on a category basis using the straight-line method and the depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of fixed assets. Where various components of fixed assets are different in useful lives or bring economic benefits for the enterprise in different ways, then the Company should choose different depreciation rates or methods to separately provide for depreciation.

For fixed assets acquired under financing leases, if there is reasonable assurance that the Company will obtain the ownership of the leased assets when the lease term expires, the leased assets should be depreciated over its useful life; if there is no reasonable assurance that the Company will obtain the ownership of the leased assets when the lease term expires, the leased assets should be depreciated over the shorter of the lease term or the useful life of the leased assets.

The depreciation method, depreciation life, residual value rate and annual depreciation rate of fixed assets are as follows:

Category	Depreciation method	Depreciation life (year)	Residual value rate (%)	Annual depreciation rate (%)
Buildings and constructions	Straight-line method	20	5.00	4.75
Machinery equipment	Straight-line method	10	5.00	9.50
Transportation equipment	Straight-line method	7	5.00	13.57
Electronic equipment and other equipment	Straight-line method	3-5	5.00	19.00-31.67

#### 3.15.3 Determination basis and measurement method of fixed assets acquired under financing leases

The fixed assets acquired under financing lease are recognized if one of the following conditions is specified by the Company and the leaser in their lease agreement:

- (1) upon the expiration of the lease term, the ownership of the leased asset has been transferred to the Company;
- (2) the Company has the option to purchase the asset and the purchase price is far lower than the fair value of such asset at the time of the option being exercised;

- (3) the lease term covers the most of the useful life of the leased asset;
- (4) there is no large difference between the present value of the minimum lease payments on the lease commencement date and fair value of the assets.

On the lease commencement date, the leased assets are stated at the lower of the fair value and the present value of the minimum lease payments. Minimum lease payments are stated at long-term payables and the difference is recognized as unrecognized financing costs.

### **3.16 Construction in progress**

Projects under construction are recorded as fixed assets at necessary expenditures incurred before preparing the asset to reach the condition for its intended use. For construction in progress that has reached working conditions for its intended use but for which the completion of settlement has not been handled, it shall be transferred into fixed assets at the estimated value according to the project budget, construction price or actual cost, etc. from the date when it reaches the working conditions for its intended use. The fixed assets shall be depreciated in accordance with the Company's policy on fixed asset depreciation. Adjustment shall be made to the originally and provisionally estimated value based on the actual cost after the completion of settlement is handled, but depreciation already provided will not be adjusted.

### **3.17 Borrowing costs**

#### **3.17.1 Recognition principles of capitalization of borrowing costs**

Borrowing costs include the interest of borrowings, the amortization of discount or premium, auxiliary expenses, exchange differences incurred by foreign currency borrowings, etc.

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into relevant asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into the current profit and loss.

Assets eligible for capitalization refer to fixed assets, investment property, inventories and other assets which may reach their intended use or sale status only after long-time acquisition and construction or production activities.

Borrowing costs may be capitalized only when all the following conditions are met at the same time:

- (1) Asset disbursements, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred;
- (2) Borrowing costs have already been incurred;
- (3) The acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have been in progress.

#### **3.17.2 Capitalization period of borrowing costs**

Capitalization period refers to the period from the commencement of capitalization of borrowing costs to its cessation, excluding the period of capitalization suspension of borrowing costs.



Capitalization of borrowing costs should cease when the acquired and constructed or produced assets eligible for capitalization have reached the working condition for their intended use or sale.

Where part of the purchase, construction or manufacturing projects of assets are completed and can be used separately, capitalization of the related borrowing costs should be ceased.

When some projects among the acquired and constructed or produced assets eligible for capitalization are completed and can be used separately, the capitalization of borrowing costs of such projects should be ceased.

### **3.17.3 Period of capitalization suspension**

If the acquisition and construction or production activities of assets eligible for capitalization are abnormally interrupted and such condition lasts for more than three months, the capitalization of borrowing costs should be suspended; if the interruption is necessary procedures for the acquired, constructed or produced assets eligible for capitalization to reach the working conditions for its intended use or sale, the borrowing costs continue to be capitalized. Borrowing costs incurred during the interruption are recognized as the current profit and loss and continue to be capitalized until the acquisition, construction or production of the asset restarts.

### **3.17.4 Measurement of capitalization rate and capitalized amounts of borrowing costs**

As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special borrowing actually incurred in the current period less the interest income of the borrowings unused and deposited in bank or return on temporary investment should be recognized as the capitalization amount of borrowing costs.

As for general borrowings used for acquiring and constructing or producing assets eligible for capitalization, the interest of general borrowings to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings by the capitalization rate of used general borrowings. The capitalization rate is calculated by weighted average interest rate of general borrowings.

## **3.18 Intangible assets**

### **3.18.1 Measurement method of intangible assets**

(1) The Company initially measures intangible assets at cost on acquisition;

The costs of externally acquired intangible assets include their purchase prices, related taxes and surcharges and any other directly attributable expenditure incurred to prepare the asset for its intended use. If the payment for an intangible asset is delayed beyond the normal credit conditions, which is substantially of the financing nature, the cost of the intangible asset shall be determined on the basis of the present value of the purchase price.

The intangible assets acquired and used by the debtor to repay debt in debt restructuring should be recorded at the fair value of the intangible assets. The difference between the book value of restructured debts and the fair value of intangible assets used to repay debt should be included in the current profit and loss.

On the premise that non-monetary assets trade is of commercial nature and the fair value of the assets traded in or out can be measured reliably, the intangible assets traded in with non-monetary assets should be recognized at the fair value of the assets traded out, unless any unambiguous evidence indicates that the fair value of the assets traded in is more reliable; as to the non-monetary assets trade

not meeting the aforesaid premise, the book value of the assets traded out and related taxes and surcharges payable should be recognized as the cost of the intangible assets, with gains or losses not recognized.

(2) Subsequent measurement

The useful lives of the intangible assets are analyzed and determined on their acquisition.

For intangible assets with definite useful lives, the Company shall adopt the straight-line method for amortization within the period during which they can bring economic benefits to the Company; where the period during which they can bring economic benefits to the Company cannot be forecast, those intangible assets shall be deemed as assets with indefinite lives and no amortization will be made.

**3.18.2 Estimate of useful life of intangible assets with limited useful life:**

Item	Estimated useful lives	Basis
Land use right	50 years	Land use certificate
Software	5 years	By reference to the same industry

The useful life and amortization method of intangible assets with limited useful lives should be reviewed at the end of each year.

After review, the useful life of intangible assets and amortization method at the end of the year are not different from previous estimates.

**3.18.3 Specific criteria for classification of research phase and development phase**

Research phase: the phase for the creative and planned investigation and research to acquire and understand new scientific or technological knowledge.

Development phase: the phase for the application of research achievements and other knowledge to a certain plan or design, prior to the commercial production or use, so as to produce any new material, device or product, or substantially improved material, device and product.

Expenditures incurred during the research phase of internal research and development projects shall be written off to current profit and loss.

**3.18.4 Specific criteria for capitalization of expenditures at the development phase**

Expenditures arising from development phase on internal research and development projects must be capitalized if the Company can satisfy all of the following criteria simultaneously:

- (1) it is technically feasible to finish intangible assets for use or sale;
- (2) it is intended to finish and use or sell the intangible asset;
- (3) the ways whereby the intangible asset is to generate economic benefits, including those whereby it is able prove that there is a potential market for the products manufactured by applying this intangible asset or that there is a potential market for the intangible asset itself; if the intangible asset will be used internally, its usefulness shall be proved;
- (4) it is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; and

- (5) the expenditure attributable to the intangible assets during its development phase can be reliably measured.

### **3.19 Impairment of long-term assets**

For the long-term equity investments, investment property, fixed assets, construction in progress, intangible assets, and other long-term assets measured at cost model, if there are signs of impairment, an impairment test will be conducted on the balance sheet date. If the recoverable amount of the asset is less than its book value after test, assets impairment provision will be made at the difference and included into impairment loss. The recoverable amount is determined at the higher of the net of the fair value less disposal costs and the present value of the expected future cash flows. The assets impairment provision is calculated and made on an individual basis. If it is difficult for the Company to estimate the recoverable amount of the individual asset, the recoverable amount of an asset group, to which the said asset belongs, will be determined. Asset group is the smallest asset group that can independently generate cash inflows.

For goodwill, impairment test shall be conducted at least in the end of each year.

The Company conducts an impairment test for the goodwill. The book value of goodwill arising from business combinations is amortized to relevant asset groups with a reasonable method from the date of acquisition; or amortized to relevant combination of asset groups if it is difficult to be amortized to relevant asset groups. When the book value of goodwill is amortized to the relevant assets group or combination of assets groups, it shall be evenly amortized according to the proportion of the fair value of each assets group or combination of assets groups in the total fair value of the relevant assets groups or combinations of assets groups. Where the fair value cannot be reliably measured, it should be amortized according to the proportion of the book value of each asset group or combination of assets groups in the total book value of assets groups or combinations of assets groups.

When making an impairment test on the relevant assets groups or combination of assets groups containing goodwill, if any indication shows that the assets groups or combinations of assets groups may be impaired, the Company shall first conduct an impairment test on the assets groups or combinations of assets groups not containing goodwill, calculate the recoverable amount and compare it with the relevant book value to recognize the corresponding impairment loss. Then the Company shall conduct an impairment test on the assets groups or combinations of assets groups containing goodwill, and compare the book value of these assets groups or combinations of assets groups (including the book value of the goodwill apportioned thereto) with the recoverable amount. Where the recoverable amount of the relevant assets groups or combinations of assets groups is lower than the book value thereof, the Company shall recognize the impairment loss of the goodwill.

The above losses from asset impairment shall not be reversed in subsequent accounting periods once recognized.

### **3.20 Long-term deferred expenses**

Long-term deferred expenses refer to various expenses which have been already incurred but will be born in this period and in the future with an amortization period of over one year.

#### **3.20.1 Amortization method**

The amortization period is determined in accordance with the contract or expected beneficial period.

#### **3.20.2 Amortization years**

The amortization period is determined in accordance with the contract or expected beneficial period.

**3.21 Employee compensation**

**3.21.1 Accounting treatment of short-term compensation**

During the accounting period when employees serve the Company, the actual short-term compensation is recognized as liabilities and included in current profit or loss or costs associated with assets.

During the accounting period when employees provide services for the Company, the corresponding amount of employee compensation is calculated and determined according to the provision basis and provision proportion as stipulated in the provisions on the social insurance premiums and housing funds paid for employees by the Company, as well as trade union funds and employee education funds.

The non-monetary benefits of employees that can be measured reliably are measured at fair value.

**3.21.2 Accounting treatment of post-employment benefits**

Defined contribution plans

The Company pays basic endowment insurance and unemployment insurance for employees according to the relevant provisions of the local government, calculate payables according to payment base and proportion specified by the local government and recognizes them as liabilities, and includes them into the current profit and loss or the relevant asset costs.

**3.21.3 Accounting treatment of dismissal benefits**

The Company recognizes the employee compensation arising from dismissal benefits as liabilities and include it in the current profit and loss when the Company cannot unilaterally withdraw dismissal benefits which are provided for termination of labor relation plan or layoff proposal, or when the Company recognizes costs or expenses (whichever is earlier) associated with restructuring of payment of dismissal benefits.

**3.22 Estimated liabilities**

**3.22.1 Recognition criteria for estimated liabilities**

Where all the following conditions are met simultaneously for any obligation pertinent to any contingency including litigation, debt guarantee, onerous contract and reorganization, the Company will recognize such contingency as estimated liabilities:

- (1) the obligation is a present obligation of the Company;
- (2) the performance of such obligation is likely to result in outflow of economic benefits from the Company; and
- (3) the amount of the obligation can be measured reliably.

**3.22.2 Measurement of estimated liabilities**

Estimated liabilities of the Company are initially measured as the best estimate of expenses required for the performance of relevant present obligations.

When the Company determines the best estimate, it should have a comprehensive consideration of risks with respect to contingencies, uncertainties and the time value of money. If the time value of money is significant, the best estimate shall be determined after discounting the relevant future outflow of cash.

The best estimate shall be accounted as follows in different circumstances:

If there is continuous range (or interval) for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimates will be determined at the average amount of upper and lower limits within the range.

If there is no continuous range (or interval) for the necessary expenses, or probabilities of occurrence of all the outcomes within this range are unequal although such a range exists, in case that the contingency involves a single item, the best estimate shall be determined at the most likely outcome; if the contingency involves two or more items, the best estimate should be determined according to all the possible outcomes with their relevant probabilities.

When all or some of the expenses necessary for the liquidation of estimated liabilities of the Company are expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the reimbursement will be obtained. The amount recognized for the reimbursement should not exceed the book value of estimated liabilities.

### **3.23 Share-based payments**

The Company's share-based payments are transactions in which the Company grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employees [or other parties]. The share-based payments of the Company consist of equity-settled share-based payments and cash-settled share-based payments.

The equity-settled share-based payment in return for services from employees shall be measured at the fair value of the equity instruments granted to the employees. Where the Company makes share-based payments in restricted stocks and the employee makes capital contributions to subscribe such shares, such shares should not be circulated or transferred before they reach unlocked conditions and before they are unlocked; if the unlocked conditions specified in the final equity incentive plan fail to be reached, then the Company should repurchase the shares at the price agreed in advance. When the Company received the payment of the employee for the subscription of restricted stocks, it should recognize share capital and capital reserves (share premiums) in accordance with the payment for subscription received. The Company should fully recognize a liability at the repurchase obligations and recognize treasury stock at the same time. On each balance sheet date within the vesting period, the Company will, based on the newly-acquired subsequent information such as the changes in the number of the vested employees and whether the specified performance is reached, make the best estimate on the number of the vesting equity instruments. On such basis, the services received in the current period should be included in the relevant cost or expenses according to fair value on the date of grant and capital reserves should be accordingly increased. No adjustments should be made to the recognized relevant costs or expenses and total owners' equity after the vesting date. However, when the right can be exercised immediately after the grant, it should be included in the relevant costs or expenses at the fair value on the date of grant. The capital reserves should be increased accordingly.

For share-based payments finally failing to be exercised, costs or expenses should not be recognized, unless the conditions for vesting are market conditions or non-vesting conditions. At this time, whether market conditions or non-vesting conditions are met or not, it is deemed to have vesting rights if non-market conditions in all the vesting conditions are met.

If the terms of the equity-settled share-based payments were modified, the services received should be recognized at least in accordance with the unmodified terms. Moreover, the modification of fair value of equity instruments granted from any increase, or beneficial changes to the employee on the modification date should be recognized as increases in services obtained. If the equity-settled share-based payments were cancelled, they should be handled as accelerated exercise of rights on the date of cancellation and the amount that is not yet recognized should be immediately recognized. Where employees or other parties could choose to meet non-vesting

conditions but failed to meet the conditions in the vesting period, they should be handed as cancelling the equity-settled share-based payments. However, if new equity instruments are granted, which are recognized as the replacement of the cancelled equity instrument on the grant data, the granted equity instrument for replacement shall be handled in the same way with the disposal of revision of provisions on the original equity instrument and conditions.

### 3.24 Revenue

3.24.1 General recognition principles for revenue from sales of goods:

- (1) the Company has transferred the substantial risks and rewards of ownership of the goods to the buyer;
- (2) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (3) the amount of revenue can be measured reliably; and
- (4) the related economic benefits are likely to flow into the Company; and
- (5) the relevant costs that have occurred or will occur can be measured reliably.

3.24.2 Specific principles

- (1) Revenue from rendering of service

Revenue from rendering of services of the Company mainly refers to revenue from engineering design. If the outcome of transactions can be estimated reliably, revenue shall be recognized at the important timing specified in the design contract. That is to say, revenue shall be recognized at the percentage of workload of completed design at the important timing in total design workload and expected recoverable contract amount.

Where the outcome of transactions on rendering of services cannot be reliably estimated, the revenue from rendering of services shall be recognized at labor costs that have been incurred and that are expected to be compensated. The labor costs that have been incurred are recognized as the expenses in the current period. Labor costs that have been incurred but that are not expected to be compensated shall not be recognized as revenue.

When contracts or agreements of the Company concluded with other enterprises include sales of goods and rendering of services, if the part of sales of goods and that of rendering of services can be distinguished and be separately measured, they shall be treated separately; if the part of sales of goods and that of rendering of services cannot be distinguished or can be distinguished but cannot be separately measured, the whole contract shall be treated as sales of goods.

- (2) Revenue from construction contracts

If the outcome of a construction contract can be reliably estimated, the revenue and costs from the construction contract will be recognized by the completion percentage method on the balance sheet date. The progress of the contract completion is recognized based on the proportion of the actually incurred contract costs accumulated in the estimated total costs.

Where the outcome of a construction contract cannot be estimated reliably, if contract costs are not expected to be recoverable, contract revenue is recognized to the extent of actual contract costs that are expected to be recoverable and the contract costs are recognized as contract expenses immediately when incurred. If contract costs are not expected to be recoverable, they are recognized as expenses immediately when incurred and contract revenue is not recognized. When uncertainties that make the outcome of a construction contract unable to be estimated reliably do not exist, revenue and costs associated with construction contracts should be recognized with the completion percentage method.

If the estimated total contract costs exceed the estimated total contract revenue, the expected loss is recognized as current expenses.

Accumulated costs incurred and accumulative gross profits (losses) recognized as well as payments settled as to the construction contract should be presented at the net amount after the offset in the balance sheet. The part of accumulated costs incurred plus accumulative gross profits (losses) recognized exceeding payments settled as to the construction contract should be presented as inventories; the part of accumulated costs incurred plus accumulative gross profits (losses) recognized less than the payments settled as to the construction contract should be presented as advances from customers.

(3) **Recognition of revenue from hospital service**

The revenue from hospital service mainly comes from out-patient department and in-patient department, and the revenue is recognized when the patients make the settlements.

For revenue from out-patient department, as the patients that go to out-patient department generally require no hospitalization, and receive short term treatment, they settle with the hospital on the date of visit and pay for the treatment and medicine. Therefore, the revenue is recognized financially on the date the payment is received.

For revenue from in-patient department, patients need to stay in for a period of treatment; they will pay certain advance when being hospitalized, which will not be recognized at that time. When the patients leave the hospital, they settle the medical expenses during the hospitalization, the hospital will issue an invoice to the patients, and then revenue is recognized financially.

**3.25 Government subsidies**

**3.25.1 Type**

Government subsidies are monetary assets and non-monetary assets freely obtained by the Company from the government. They are divided into government subsidies related to assets and government subsidies related to income.

Government subsidies related to assets refer to government subsidies which are acquired by the Company for construction or form long-term assets in other ways, including the financial allocation for purchasing fixed assets or intangible assets, the financial discount for special loan of fixed assets and others. Government subsidies related to income refer to those other than the government subsidies related to assets.

**3.25.2 Timing of recognition**

If government subsidies are monetary assets, it shall be measured in the light of the amount received or receivable. Where government subsidies are non-monetary assets, they are measured at fair value; where the fair value cannot be reliably measured, they are measured at nominal amount. Government subsidies measured at nominal amount are directly included in the current profit and loss.

**3.25.3 Accounting treatment**

Government subsidies related to assets are recognized as deferred income, and included in non-operating income by stages based on the useful life of the assets acquired and constructed;  
if government subsidies related to income are used to compensate the Company's relevant expenses or losses in future periods, such government subsidies should be

recognized as deferred income on acquisition and be included in current non-operating income during the period of recognition of the relevant expenses; if government subsidies related to income are used to compensate the Company's relevant expenses or losses incurred, such government subsidies are directly included into current non-operating income on acquisition.

### **3.26 Deferred income tax assets and deferred income tax liabilities**

Deferred income tax assets are recognized at deductible temporary differences to the extent that it shall not exceed the taxable income probably obtained in future period to be against the deductible temporary difference. For deductible losses and tax credits that can be carried forward to subsequent periods, deferred tax assets arising therefrom are recognized to the extent that future taxable income will be probable to be available against deductible losses and tax credits.

Taxable temporary differences are recognized as deferred income tax liabilities except in special circumstances.

Such special circumstances in which deferred tax assets or deferred tax liabilities shall not be recognized include: the initial recognition of goodwill; other transactions or matters excluding business combinations, which affect neither accounting profits nor the taxable income (or deductible losses) when incurred.

If the Company has the legal right to settle in net amounts and intends to settle in net amount or to obtain assets and discharge liabilities simultaneously, the current tax assets and current tax liabilities of the Company shall be presented based on the net amount upon offset.

When the Company has the legal right for netting of current income tax assets and current income tax liabilities and the income tax assets and income tax liabilities are related to the income tax levied on the same taxpayer by the same tax administrative department or are related to different taxpayers but, within each future period of reversal of important income tax assets and income tax liabilities, the taxpayers involved intend to settle current income tax assets and current income tax liabilities or acquire assets and liquidate liabilities at the same time, the Company's income tax assets and income tax liabilities shall be presented at the net amount after the offset.

### **3.27 Leases**

#### **3.27.1 Accounting treatment of operating leases**

(1) The Company's rental expenses paid for leased assets shall, within the whole lease term excluding the rent-free period, be amortized with the straight-line method and included in current expenses. Initial direct costs related to lease transactions paid by the Company shall be included in the current expenses.

When assets lessor bears costs related to the lease borne by the Company, the Company shall deduct the part of expenses from the total rents and amortize the rents after deduction over the lease term and include them in current expenses.

(2) The Company's rental expenses collected for leased assets shall, within the whole lease term excluding the rent-free period, be amortized with the straight-line method and recognized as the relevant rental income. Initial direct expenses relating to lease transactions incurred by the Company shall be recognized as the current expenses; if the amounts are significant, they shall be capitalized and included in the current income on the same basis as the recognition of lease income.

When the Company bears the lease related expenses which should be undertaken by the lessee, the Company shall deduct this part of expense from the total rental expenses, and amortize the net amount over the lease term.



**3.27.2 Accounting treatment of financing lease**

- (1) Assets leased in under financing leases: On the lease commencement date, the book entry value of a fixed asset acquired under financing lease is measured at the asset's fair value or the present value of the minimum lease payment, whichever is the lower. The minimum lease payment is recorded as the book entry value of the long-term payables, and the difference between them is deemed as the unrecognized financing expenses. The Company adopts the effective interest rate method for unrecognized financing charges, which shall be amortized over the lease terms and included in financial expenses. The Company records the initial direct expenses in the values of leased assets.
- (2) Assets leased under finance leases: On the lease beginning date, the Company recognizes the difference between the sum of financing lease receivable and the unguaranteed residual value, and the present value thereof as unrealized financing income, and recognizes the same as rental income over the periods when rent is received in the future. The Company's initial direct costs related to the rental transactions will be included in the initial measurement of the financing lease receivables and the amount of revenue recognized in the lease term will be reduced.

**3.28 Discontinued operation**

Discontinued operations refer to the component meeting any of the following conditions that has been disposed by the Company or classified as held for sale by the Company, and that can be separately identified upon operation and preparation for the financial statements:

- (1) the component represents a separate major business or a major business areas;
- (2) the component is a part of the plan on intended disposal of an independent major business or a major business area; or
- (3) the part is a subsidiary acquired only for resale.

**3.29 Changes in significant accounting policies and accounting estimates**

**3.29.1 Changes in significant accounting policies**

- (1) Implementation of the Provisions on the Accounting Treatment for Value-added Tax

On December 3, 2016, the Ministry of Finance promulgated the Provisions on the Accounting Treatment for Value-added Tax (Cai Kuai [2016] No.22), which apply to relevant transactions of the Company occurred since May 1, 2016. Main impacts of the provisions implementation of the Company are as follows:

Contents of and reasons for changes in accounting policies	Name and amount of the affected items in the financial statements
(1) Adjust the item "business taxes and surcharges" in the income statement to the item "taxes and surcharges" therein.	Taxes and surcharges
(2) Reclassify the real estate tax, land-use tax-, vehicle and vessel use tax and stamp duty incurred by business operation activities of the enterprise since May 1, 2016 from "General and administrative expenses" to "Taxes and surcharges" and the taxes incurred before May 1, 2016 will not be adjusted. The comparative data shall not be adjusted.	Increased taxes and surcharges in this year amount to RMB 433,364.39, and decreased general and administrative expenses in 2016 amount to RMB 433,364.39.
(3) Reclassify the item "taxes and	Increased ending balance of other

surcharges payable" to transfer the VAT amount where income (or profit) has been recognized but the VAT has not been paid and which shall be recognized as the output tax amount into the item "other current liabilities" (or "other non-current liabilities"). Compared data shall not be adjusted. The comparative data shall not be adjusted.	current liabilities amounted to RMB 30,382,980.72, and decreased ending balance of taxes and surcharges payable amounted to RMB 30,382,980.72.
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**3.29.2 Changes in significant accounting estimates**

The Company had no changes in principal accounting estimates during the reporting period.

**4. Taxation**

**4.1 Major tax types and tax rates**

Tax type	Tax basis	Tax rate (%)
Value added tax (VAT)	The output tax is calculated based on taxable income in accordance with tax laws, and value added tax payable should be the balance of the output tax after deducting the deductible input tax for the current period	0, 3, 6, 11 and 17
Business tax	Levied based on the taxable operating income	3 and 5
Urban maintenance and construction tax	Paid based on the actual business tax, VAT and consumption tax paid	1, 5 and 7
Education surtax	Calculated and paid at turnover tax actually paid.	3
Local education surtax	Calculated and paid at turnover tax actually paid.	2
Enterprise income tax	Levied based on the amount of taxable income	15, 25

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Note 1 According to the Circular on Launching the Pilot Collection of Value Added Tax in lieu of Business Tax in Transportation and Certain Areas of Modern Services Industries in Eight Provinces and Municipalities Including Beijing (Cai Shui [2012] No.71) promulgated by the Ministry of Finance and the State Administration of Taxation on July 31, 2012, design business of the Company's subsidiary Beijing Sino Great Wall Decoration Design Co., Ltd. (hereinafter referred to as the "Sino Great Wall Design") was changed from taxable items under business tax to those under value added tax as of September 1, 2012, so the Company and Sino Great Wall Design became a small-scale VAT taxpayer and were subject to the rate of 3%.

Rates of income tax in regard to the Company and its subsidiaries:

Name of subsidiary	Income tax rate (%)	Remarks
Sino Great Wall Co., Ltd.	25	
Sino Great Wall Medical Investment Management Co., Ltd.	25	
Sino Great Wall Infrastructure Investment Co., Ltd.	25	
Wuhan Commercial Workers Hospital Co., Ltd.	25	
Sino Great Wall International Engineering Co., Ltd.	15	
Sino Great Wall Jianyee Engineering Co., Ltd. (formerly known as Sichuan Haoyao Constructional Engineering Co., Ltd.)	25	
Sino Great Wall (Beijing) Investment Fund Management Co., Ltd.	25	
Sino Great Wall Real estate (Hubei) Co., Ltd.	25	
Sino Great Wall New Energy (Beijing) Co., Ltd.	25	
Qian'an Sino Solar Power Generation Co., Ltd.	25	
Wu'an Juhe Photovoltaic Power Generation Co., Ltd.	25	
Bozhou Guangcheng New Energy Co., Ltd.	25	
Bozhou Zhaosheng Agricultural Technology Co., Ltd.	25	
Bozhou Xieying Solar Power Generation Co., Ltd.	25	
Shanghai Ling Rui International Trade Company Limited	25	
Shenzhen Hongtulve Industrial Co., Ltd.	25	
Sino Great Wall Development (Hengqin) Co., Ltd.	25	
SINO GREAT WALL (USA). INC	30	
Herabenna Interior Design Guangzhou Co., Ltd.	25	
Inrich Me Engineering Co., Limited	17	
Sino Great Wall Southwest Construction Engineering Co., Ltd. (formerly known as Sichuan Dinghui Construction Co., Ltd.)	25	
PT.SINO GREAT WALL INVESTMENT INDONESIA	25	
PT.SINO GREAT WALL CONSTRUCTION INDONESIA	25	
SINO GREAT WALL INTERNETIONAL ENGINEERING(CNMI)CO., LLC		Seven levels of tax rates from 0% to 5%, non-deductible progressive
Shenzhen Yatian Decoration Design Engineering Co., Ltd.	25	
Sino Great Wall International Engineering (MACAU) Co., Limited	12	
Sino Great Wall Group Co., Limited	17	
SGW HP Engineering Construction SDN. BHD	24	
SINO GREAT WALL (PHILIPPINES) INTERNATIONAL CORPORATION	30	
Beijing Sino Great Wall Decoration Design Co., Ltd.	25	
Suzhou Lvbang Wood Technology Co., Ltd.	25	
Sino Heji Environmental Protection Materials Co., Ltd.	25	
SINO GREAT WALL INTERNETIONAL ENGINEERING(MM) CO., LTD	25	
Sino Great Wall International Engineering (Thailand) Co., Ltd.	20	

#### 4.2 Tax preference

- (1) Approved by the Beijing Municipal Office, SAT under the Circular on Approval of Tax Types in 2013, the taxable income of Sino Great Wall Design was calculated at 10% of total income.

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- (2) According to the provisions of the Circular of the State Administration of Taxation on Issuing the Tentative Measures for the Collection and Administration of Income Tax on Enterprises That Have Operations in Different Regions and That Pay Taxes in a Consolidated Manner (G.S.F. [2008] No. 28) issued on March 10, 2008, for business institutions and establishments without the status of a legal person that are established in different regions within the territory of China, namely those engaging in production and operating activities in different regions, their head offices (parent companies) are enterprises that pay taxes in a consolidated manner. The parent company pays taxes in a consolidated manner. Head office and branches prepay enterprise income tax in installment, 50% of which is shared by all branches and 50% of which is prepaid by the head office. Branches share the prepayments in the proportion of 35%, 35% and 30% of operating income, employee compensation and total assets; final settlement of annual enterprise income tax shall be made by the parent company at the tax authority and will no longer be allocated to branches.
- (3) The Company's subsidiaries Sino Great Wall Group Co., Limited (hereinafter referred to as "Sino Hong Kong") and Inrich Me Engineering Co., Limited (hereinafter referred to as "Inrich Me Engineering") are enterprises established in the Hong Kong Special Administrative Region and are subject to enterprise profit tax at the rate of 16.5%; Sino Great Wall International Engineering (MACAU) Co., Limited (hereinafter referred to as "Sino Macau") is an enterprise established in the Macao Special Administrative Region and is subject to complementary income tax at the progressive rate.
- (4) The Company's wholly-owned subsidiary Sino Great Wall International Engineering Co., Ltd. (hereinafter referred to as "Sino International") obtained the high-tech enterprise certificate (No.: GR201511003125) jointly approved and issued by Beijing Municipal Science and Technology Commission, Beijing Municipal Finance Bureau, Beijing Municipal Office, SAT and Beijing Local Taxation Bureau on November 24, 2015. The certificate was issued on November 24, 2015 and valid for 3 years, so Sino International would pay enterprise income tax at the rate of 15% in 2015, 2016 and 2017.
- (5) The Company's wholly-owned subsidiary Wuhan Commercial Workers Hospital Co., Ltd. was entitled to the exemption of value-added taxes since May 1, 2016 in accordance with the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (Cai Shui [2016] No.36).

**5. Notes to the items of consolidated financial statements**

**5.1 Cash and cash equivalents**

Item	Balance as at December 31, 2016	Balance as at January 1, 2016
Cash on hand	2,974,883.16	1,349,587.20
Bank deposits	940,730,439.25	343,390,159.56
Other monetary funds	397,110,499.42	350,644,814.55
Total	1,340,815,821.83	695,384,561.31
Including: Total amount deposited abroad	197,496,287.50	60,170,773.67

Cash or cash equivalents being restricted for use due to mortgage, pledge or freezing, or being placed overseas with restrictions on fund repatriation as follows:

Item	Balance as at December 31, 2016	Balance as at January 1, 2016
Bank acceptance bills margin	140,689,860.21	46,497,936.83
Performance bond	255,913,019.19	64,202,294.79
Deposits for peasant laborers	507,620.02	1,532,920.07
Term deposits or call deposits for guarantee		

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Item	Balance as at December 31, 2016	Balance as at January 1, 2016
Funds placed overseas with restrictions on fund repatriation		405,652.81
<b>Total</b>	<b>397,110,499.42</b>	<b>112,638,804.50</b>

**5.2 Financial assets measured at fair value through current profit and loss**

**5.2.1 Financial assets measured at fair value through current profit and loss**

Item	Balance as at December 31, 2016	Balance as at January 1, 2016
Money market fund		1,102,961.04
<b>Total</b>		<b>1,102,961.04</b>

**5.3 Notes receivable**

**5.3.1 Notes receivable by category**

Item	Balance as at December 31, 2016	Balance as at January 1, 2016
Bank acceptance bills	21,300,446.44	4,040,251.87
Commercial acceptance bills	1,053,090,196.14	216,408,496.07
<b>Total</b>	<b>1,074,390,642.58</b>	<b>220,448,747.94</b>

**5.3.2 Pledged notes receivable of the Company as at December 31, 2016**

Item	Pledged amount as at December 31, 2016
Bank acceptance draft	-
Commercial acceptance draft	98,645,997.87
<b>Total</b>	<b>98,645,997.87</b>

**5.3.3 Notes receivable endorsed or discounted by the Company as at December 31, 2016 but not expired on the balance sheet date**

Item	Amount of derecognition as at December 31, 2016	Amount underecognized as at December 31, 2016
Bank acceptance draft	207,110,526.41	
Commercial acceptance draft		345,762,089.05
<b>Total</b>	<b>207,110,526.41</b>	<b>345,762,089.05</b>

**5.4 Accounts receivable**

**5.4.1 Disclosure of accounts receivable by category**

Category	Balance as at December 31, 2016				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Receivables that are individually significant but with provision for bad debts made on an individual basis					
Receivables subject to provisions for bad debts on credit risk characteristics basis	4,148,182,356.26	99.91	423,012,147.95	10.20	3,725,170,208.31
Receivables that are individually insignificant but with provision for bad debts made on an individual basis	3,844,309.34	0.09	3,844,309.34	100.00	-
<b>Total</b>	<b>4,152,026,665.60</b>	<b>100.00</b>	<b>426,856,457.29</b>	<b>10.28</b>	<b>3,725,170,208.31</b>

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Category	Balance as at January 1, 2016				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Receivables that are individually significant but with provision for bad debts made on an individual basis					
Receivables subject to provisions for bad debts on credit risk characteristics basis	2,638,742,183.89	100.00	285,934,096.56	10.84	2,352,808,087.33
Receivables that are individually insignificant but with provision for bad debts made on an individual basis					
<b>Total</b>	<b>2,638,742,183.89</b>	<b>100.00</b>	<b>285,934,096.56</b>	<b>10.84</b>	<b>2,352,808,087.33</b>

In the portfolio, accounts receivable with the provision for bad debts made under the aging analysis method:

Aging	Balance as at December 31, 2016		
	Account receivable	Provision for bad debts	Proportion of provision (%)
Within 1 year	2,981,476,004.74	149,073,800.25	5.00
1-2 years	665,268,747.44	66,526,874.75	10.00
2-3 years	281,948,783.56	84,584,635.07	30.00
3-4 years	177,703,424.82	88,851,712.41	50.00
4-5 years	39,051,351.16	31,241,080.93	80.00
Over 5 years	2,734,044.54	2,734,044.54	100.00
<b>Total</b>	<b>4,148,182,356.26</b>	<b>423,012,147.95</b>	

**5.4.2 Provision, reversal or recovery of bad debts in 2016**

The amount of the provision for bad debts in 2016 was RMB 127,789,717.16; the amount of increase in bad debts on a consolidated basis in 2016 was RMB 13,132,643.57; and no bad debts were recovered or reversed in 2016.

**5.4.3 Accounts receivable actually written off in 2016**

No accounts receivable were actually written off during the reporting period.

**5.4.4 Top five of accounts receivable by the debtor**

Name of company	Balance as at December 31, 2016		
	Account receivable	Proportion in the total accounts receivable (%)	Provision for bad debts
China Harbour Engineering Company Ltd.	672,067,475.39	16.19	33,644,960.56
CHINA CENTRAL ASIA GROUP Co. Ltd.	436,859,602.82	10.52	21,842,980.14
PowerChina Construction Group Ltd.	302,978,738.20	7.30	15,148,936.91
Oxley Diamond (Cambodia) Co., Ltd	282,328,914.30	6.80	14,116,445.72
Henan No.1 Thermal Power Construction Co., Ltd.	203,103,421.33	4.89	13,042,616.76
<b>Total</b>	<b>1,897,338,152.04</b>	<b>45.70</b>	<b>97,795,940.09</b>

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**5.4.5 Accounts receivable derecognized due to the transfer of financial assets**

Name of company	Project	Amount derecognized	Method of financial assets transfer	Gains or losses on derecognition
Xiamen Jiayu Real Estate Development Co., Ltd.	Xiamen Semi-hill Grand View B03	14,160,461.27	Transfer of creditors' right (without recourse)	1,621,895.35
Jinan Haier Green Town Property Co., Ltd.	Apartments of Jinan National Games Village	10,296,979.40	Transfer of creditors' right (without recourse)	1,179,384.11
Poly Real Estate Group Co., Ltd	Building No. 1, Zhongda Square, Guangzhou Poly Pearl River New Town	5,566,496.88	Transfer of creditors' right (without recourse)	637,569.30
Qingdao Green Town Jiaozhou Bay Real Estate Development Co., Ltd.	Jiaozhou Bay Sheraton Hotel	5,151,220.21	Transfer of creditors' right (without recourse)	590,004.80
Dalian Aonan House Development Co., Ltd.	Dalian Mingxiu Manor Type B House	4,695,452.00	Transfer of creditors' right (without recourse)	537,802.52
Dachang Jingyu Real Estate Development Co., Ltd.	Chaobai River Daweicheng Phase 2 Stone Curtain Wall Project	4,664,024.76	Transfer of creditors' right (without recourse)	534,202.94
Dalian Zhengqian Property Co., Ltd.	Dalian Red Star Coastal Community Project	4,237,549.39	Transfer of creditors' right (without recourse)	485,355.77
Inner Mongolia Yitai Property Co., Ltd.	Hohhot Daya Comprehensive Building	4,212,745.43	Transfer of creditors' right (without recourse)	482,514.81
Poly Real Estate Group Co., Ltd	Panyu Poly Champagne Mansion	4,191,403.58	Transfer of creditors' right (without recourse)	480,070.38
Dalian Zhengqian Property Co., Ltd.	Dalian Red Star Sea	2,474,061.00	Transfer of creditors' right (without recourse)	283,371.28
Tangshan Hengrong Real Estate Development Co., Ltd.	Tang City 101	2,105,541.40	Transfer of creditors' right (without recourse)	241,162.19
Poly (Zhuhai) Real Estate Development Co., Ltd.	Zhuhai Poly Golden Bay Project, No. 9 model building and model room in the hall	2,078,996.00	Transfer of creditors' right (without recourse)	238,121.76
Chifeng Wanda Plaza Co., Ltd.	Inner Mongolia Chifeng Wanda Hotel	1,437,783.42	Transfer of creditors' right (without recourse)	164,679.26
Hangzhou Gemdale Zhongtian Real Estate Development Co., Ltd.	Hangzhou Zhongtian Project Plot No. 25 Block A High-rise indoor decoration	1,199,168.80	Transfer of creditors' right (without recourse)	137,349.07
<b>Total</b>		<b>66,471,883.54</b>		<b>7,613,483.54</b>

Note: On June 25, 2016, the Company and Dagang Financing Lease (Shanghai) Co., Ltd. signed an agreement on transfer of creditors' right (No.: BLW-SZDG-2016002), according to which the Company transferred 14 items of accounts receivable of RMB66,471,883.54 to Dagang Financing Lease (Shanghai) Co., Ltd. at a transfer price of RMB 58,858,400.00 without recourse as agreed therein. The Company derecognized accounts receivable in 2016, and included the loss of RMB 7,613,483.54 on transfer in non-operating expenses.

**5.5 Advances to suppliers**

**5.5.1 Advances to suppliers by aging**

Aging	Balance as at December 31, 2016		Balance as at January 1, 2016	
	Book balance	Proportion (%)	Book balance	Proportion (%)
Within 1 year	311,193,306.31	97.49	70,146,608.20	90.27
1-2 years	5,789,414.72	1.81	5,258,018.08	6.77
2-3 years	1,269,897.25	0.40	1,090,606.22	1.40
Over 3 years	954,180.35	0.30	1,212,335.88	1.56
<b>Total</b>	<b>319,206,798.63</b>	<b>100.00</b>	<b>77,707,568.38</b>	<b>100.00</b>

**5.5.2 Top five advances by suppliers**

Supplier	Balance as at December 31, 2016	Proportion in the total balance of advances to suppliers as at December 31, 2016 (%)
Qingyuan Hefeng New Energy Technology Co., Ltd.	165,000,000.00	51.69
Nanjing Zhongjian Chemical Equipment Manufacturing Co., Ltd.	40,676,756.76	12.74
Shenyang Zhaohuan Modern Architectural Industrial Park Co., Ltd.	4,639,008.00	1.45
GULFLIGHTSELECTRICALENGINER NEERINGWLL	4,314,087.18	1.35
CSSC (Cambodia) Co., Ltd.	3,651,831.04	1.15
<b>Total</b>	<b>218,281,682.98</b>	<b>68.38</b>

**5.6 Other receivables**

**5.6.1 Disclosure of other receivables by category:**

Category	Balance as at December 31, 2016				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Other receivables with individually significant amount and subject to separate provision for bad debts					
Other receivables with provision for bad debts accrued by credit risk features portfolio	709,527,391.05	99.93	58,515,258.14	8.25	651,012,132.91
Other receivables with individually insignificant amount but subject to individual provision for bad debts	500,000.00	0.07	500,000.00	100.00	
<b>Total</b>	<b>710,027,391.05</b>	<b>100.00</b>	<b>59,015,258.14</b>	<b>8.31</b>	<b>651,012,132.91</b>

(Continued)

Category	Balance as at January 1, 2016				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Other receivables with significant single amount and individual provision for bad debts					



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Category	Balance as at January 1, 2016				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Other receivables with provision for bad debts accrued by portfolio with credit risk features	261,942,379.50	99.82	21,989,493.39	8.39	239,952,886.11
Other receivables with insignificant single amount and individual provision for bad debts	478,000.00	0.18	478,000.00	100	
<b>Total</b>	<b>262,420,379.50</b>	<b>100</b>	<b>22,467,493.39</b>	<b>8.56</b>	<b>239,952,886.11</b>

**Other receivables subject to provision for bad debts under aging analysis method:**

Aging	Balance as at December 31, 2016		
	Other receivables	Provision for bad debts	Proportion of provision (%)
Within 1 year	574,225,645.55	28,714,087.87	5.00
1-2 years	72,506,847.29	7,250,684.74	10.00
2-3 years	50,949,805.67	15,284,941.71	30.00
3-4 years	8,772,720.70	4,386,360.35	50.00
4-5 years	965,941.84	772,753.47	80.00
Over 5 years	2,106,430.00	2,106,430.00	100.00
<b>Total</b>	<b>709,527,391.05</b>	<b>58,515,258.14</b>	

**5.6.2 Provision, reversal or recovery of bad debts in 2016**

The amount of the provision for bad debts in 2016 was RMB 35,012,661.40; the amount of increase in bad debts on a consolidated basis in 2016 was RMB 1,535,103.35; and no bad debts were recovered or reversed in 2016.

**5.6.3 Other receivables actually written off in 2016**

Item	Written-off amount
Actual write-off of other receivables	1,485,463.34

**5.6.4 Classification of other receivables by the nature of payment**

Nature of Payment	Book balance as at December 31, 2016	Book balance as at January 1, 2016
Bidding margins, performance bonds and deposits	366,310,322.14	168,213,515.22
Petty cash and current accounts between individuals	59,867,918.12	40,331,852.58
Current accounts among entities	282,984,039.72	53,815,203.95
Others	865,111.07	59,807.75
<b>Total</b>	<b>710,027,391.05</b>	<b>262,420,379.50</b>

**5.6.5 Top five of other receivables by the debtor**

Name of company	Nature	Balance as at December 31, 2016	Aging	Proportion in total balance of other receivables as at December 31, 2016 (%)	Provision for bad debts Balance as at December 31, 2016
PowerChina Construction Group Ltd.	Current accounts among entities	259,423,663.63	Within 1 year	36.54	12,971,183.18
PT.WANXIANGNICKELIN DONESIA	Bidding margins, performance bonds and deposits	68,000,000.00	Within 1 year	9.58	3,400,000.00

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Name of company	Nature	Balance as at December 31, 2016	Aging	Proportion in total balance of other receivables as at December 31, 2016 (%)	Provision for bad debts Balance as at December 31, 2016
Chengdu Qingyuan Real Estate Development Co., Ltd.	Bidding margins, performance bonds and deposits	30,000,000.00	Within 1 year	4.23	1,500,000.00
Leading Group Office for Reconstruction and Extension Project of Jingfeng Hotel of the General Logistics Department of PLA	Bidding margins, performance bonds and deposits	30,000,000.00	2-3 years	4.23	9,000,000.00
Shenzhen Jinshawan Hotel Co., Ltd.	Bidding margins, performance bonds and deposits	27,655,391.29	Within 1 year	3.88	1,382,769.57
<b>Total</b>	/	<b>415,079,054.92</b>		<b>58.46</b>	<b>28,253,952.75</b>

**5.7 Inventories**

**5.7.1 Classification of inventories**

Item	Balance as at December 31, 2016			Balance as at January 1, 2016		
	Book balance	Provision for depreciation	Book value	Book balance	Provision for depreciation	Book value
Raw materials	12,078,945.75	-	12,078,945.75	13,086,673.87		13,086,673.87
Stock commodities	43,492,877.62	1,404,765.68	42,088,111.94	7,538,609.26	1,352,585.08	6,186,024.18
Engineering construction	282,911,079.94	5,051,867.60	277,859,212.34	148,457,514.11		148,457,514.11
Goods in transit	-	-	-	403,456.75		403,456.75
Goods in progress	668,934.23	-	668,934.23			
Low-cost consumables	209,726.10	-	209,726.10			
<b>Total</b>	<b>339,361,563.64</b>	<b>6,456,633.28</b>	<b>332,904,930.36</b>	<b>169,486,253.99</b>	<b>1,352,585.08</b>	<b>168,133,668.91</b>

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**5.7.2 Inventory provision**

Item	Balance as at January 1, 2016	Increase in 2016		Decrease in 2016		Balance as at December 31, 2016
		Provision	Others	Reversal or write-off	Others	
Stock commodities	1,352,585.08	52,180.60				1,404,765.68
Engineering construction		5,051,867.60				5,051,867.60
Total	1,352,585.08	5,104,048.20				6,456,633.28

**5.8 Non-current assets maturing within one year**

Item	Balance as at December 31, 2016	Balance as at January 1, 2016
Long-term borrowings maturing within one year	13,462,942.89	15,717,270.60
Total	13,462,942.89	15,717,270.60

**5.9 Other current assets**

Item	Balance as at December 31, 2016	Balance as at January 1, 2016
Input tax	35,248,102.26	14,138,411.87
Income tax expenses prepaid	202,092.21	
Total	35,450,194.47	14,138,411.87

**5.10 Fixed assets**

**5.10.1 Fixed assets**

Item	Buildings and constructions	Machinery equipment	Transportation equipment	Electronic equipment and other equipment	Total
1. Original book value					
(1) Balance as at January 1, 2016	10,193,831.80	15,124,117.90	27,339,595.16	5,372,383.58	58,029,928.44
(2) Increase in 2016	57,775,649.24	73,898,441.45	8,823,721.31	10,286,188.75	150,784,000.75
- Purchase	17,027,997.40	19,620,984.99	6,436,507.07	1,848,909.82	44,934,399.28
- Transfer of construction in progress	5,898,702.19	4,664,068.70			10,562,770.89
- Increase due to business combinations	34,848,949.65	45,459,977.76	2,387,214.24	8,424,278.93	91,120,420.58
- Others		4,153,410.00		13,000.00	4,166,410.00
(3) Decrease in 2016		7,768,106.00	-	952,895.00	8,721,001.00
- Disposal or write-off		3,614,696.00		939,895.00	4,554,591.00
- Others		4,153,410.00		13,000.00	4,166,410.00

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Item	Buildings and constructions	Machinery equipment	Transportation equipment	Electronic equipment and other equipment	Total
(4) Balance as at December 31, 2016	67,969,481.04	81,254,453.35	36,163,316.47	14,705,677.33	200,092,928.19
2. Accumulated depreciation	-	-	-	-	-
(1) Balance as at January 1, 2016	74,769.21	624,167.49	11,569,621.16	1,915,154.95	14,183,712.81
(2) Increase in 2016	15,053,031.73	33,414,280.49	4,895,747.20	8,483,410.78	61,846,470.20
- Provision	655,224.14	3,366,867.97	3,215,361.21	1,631,494.27	8,868,947.59
- Others	14,397,807.59	30,047,412.52	1,680,385.99	6,851,916.51	52,977,522.61
(3) Decrease in 2016	-	3,525,400.06	-	895,602.49	4,421,002.55
- Disposal or write-off	-	3,097,944.85	-	891,142.76	3,989,087.61
- Others	-	427,455.21	-	4,459.73	431,914.94
(4) Balance as at December 31, 2016	15,127,800.94	30,513,047.92	16,465,368.36	9,502,963.24	71,609,180.46
3. Provision for impairment	-	-	-	-	-
(1) Balance as at January 1, 2016	-	-	-	-	-
(2) Increase in 2016	-	-	-	-	-
- Provision	-	-	-	-	-
- Others	-	-	-	-	-
(3) Decrease in 2016	-	-	-	-	-
- Disposal or write-off	-	-	-	-	-
- Others	-	-	-	-	-
(4) Balance as at December 31, 2016	-	-	-	-	-
4. Book value	-	-	-	-	-
(1) Book value as at December 31, 2016	52,841,680.10	50,741,405.43	19,697,948.11	5,202,714.09	128,483,747.74
(2) Book value as at January 1, 2016	10,119,062.59	14,499,950.41	15,769,974.00	3,457,228.63	43,846,215.63

**5.10.2 Temporarily idle fixed assets**

There were no temporarily idle fixed assets in 2016.

**5.10.3 Fixed assets with pending certificate of title**

Item	Book value	Reason for absence of certificate of title
Suzhou factory	5,751,234.64	The relevant formalities are going through

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**5.11 Construction in process**

**5.11.1 Construction in progress**

Item	Balance as at December 31, 2016			Balance as at January 1, 2016		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Suzhou Lvbang Plant				4,978,670.79		4,978,670.79
Kuwait tower cranes				5,038,257.45		5,038,257.45
Total				10,016,928.24		10,016,928.24

**5.11.2 Changes in important construction in progress in 2016**

Project	Budget	Balance as at January 1, 2016	Increase in 2016	Transfer into fixed assets in 2016	Other decreases in 2016	Balance as at December 31, 2016	Percentage of completion	Accumulated capitalization amount of interest	Including: Interest capitalized in 2016	Interest capitalization rate in 2016 (%)	Sources of funds
Suzhou Lvbang Plant	6,478,670.79	4,978,670.79	920,031.40	5,898,702.19			100%				Self-raised
Kuwait tower cranes	5,298,257.45	5,038,257.45	202,074.12	4,664,068.70	576,262.87		100%				Self-raised
Total	11,776,928.24	10,016,928.24	1,122,105.52	10,562,770.89	576,262.87						

**5.12 Intangible assets**

**5.12.1 Intangible assets**

Item	Land use right	Software	Total
1. Original book value			
(1) Balance as at January 1, 2016	7,714,044.00	2,395,059.29	10,109,103.29
(2) Increase in 2016	100,906,958.59	2,021,556.78	102,928,515.37
- Purchase		1,073,583.44	1,073,583.44
- Internal research and development		-	-
- Increase due to business combinations	100,906,958.59	947,973.34	101,854,931.93
(3) Decrease in 2016	-	-	-
- Disposal	-	-	-
(4) Balance as at December 31, 2016	108,621,002.59	4,416,616.07	113,037,618.66
2. Accumulated amortization			
(1) Balance as at January 1, 2016	181,202.41	660,154.55	841,356.96
(2) Increase in 2016	4,873,410.93	1,119,407.22	5,992,818.15
- Provision	354,160.54	755,571.31	1,109,731.85
- Increase due to business combinations	4,519,250.39	363,835.91	4,883,086.30
(3) Decrease in 2016			
- Disposal			
(4) Balance as at December 31, 2016	5,054,613.34	1,779,561.77	6,834,175.11
3. Provision for impairment			
	-	-	-

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Item	Land use right	Software	Total
(1) Balance as at January 1, 2016	-	-	-
(2) Increase in 2016			
- Provision			
(3) Decrease in 2016	-	-	-
- Disposal	-	-	-
(4) Balance as at December 31, 2016	-	-	-
4. Book value	-	-	-
(1) Book value as at December 31, 2016	103,566,389.25	2,637,054.30	106,203,443.55
(2) Book value as at January 1, 2016	7,532,841.59	1,734,904.74	9,267,746.33

**5.12.2 Land use right with pending certificate of title**

There was no land use right with pending certificate of title in 2016.

**5.13 Goodwill**

**5.13.1 Original book value of goodwill**

Name of the investee or matters forming goodwill	Balance as at January 1, 2016	Increase in 2016	Decrease in 2016	Balance as at December 31, 2016
		Formed from business combinations	Disposal	
Shenzhen Yatian Decoration Design Engineering Co., Ltd.	6,724,316.91			6,724,316.91
Wuhan Commercial Workers Hospital Co., Ltd.		27,257,314.49		27,257,314.49
Sino Great Wall Southwest Construction Engineering Co., Ltd.		17,948,978.53		17,948,978.53
Sino Great Wall Jianyee Engineering Co., Ltd.		6,943,534.86		6,943,534.86
Total	6,724,316.91	52,149,827.88	-	58,874,144.79

Remarks: 1. Natural person Pan Huan and the Company's wholly-owned subsidiary Sino Great Wall International Engineering Co., Ltd. signed an Equity Transfer Agreement on November 25, 2015. Pan Huan transferred 70% of his equities held in Shenzhen Yatian Decoration Design Engineering Co., Ltd. to Sino Great Wall International Engineering Co., Ltd.. After the transfer, the Company's wholly-owned subsidiary Sino Great Wall International Engineering Co., Ltd. held 70% of equities in Shenzhen Yatian Decoration Design Engineering Co., Ltd.. The price for the transfer of 70% of equities in Shenzhen Yatian Decoration Design Engineering Co., Ltd. by the Company's wholly-owned subsidiary Sino Great Wall International Engineering Co., Ltd. was RMB 4 million. The Company's wholly-owned subsidiary Sino Great Wall International Engineering Co., Ltd. takes November 25, 2015 as the acquisition date and total combination costs on the acquisition date are RMB 4 million. The difference between RMB-2,724,316.91, namely the fair value of identifiable net assets of 70% of the equities in Shenzhen Yatian Decoration Design Engineering Co., Ltd. acquired by the Company's wholly-owned subsidiary Sino Great Wall International Engineering Co., Ltd. on the acquisition date, and the combination costs was RMB 6,724,316.91, which should be included in goodwill.

2. On May 1, 2016, Wuhan Shangzhi Hospital Co., Ltd. and its management shareholders signed a Contract on Equity Transfer and Asset Acquisition with the Company, specifying that Wuhan Shangzhi Hospital Co., Ltd. and its management shareholders transfer 100% of equities in Wuhan Shangzhi Hospital Co., Ltd. to the Company. After the equity transfer, the Company owned 100% of equities in Wuhan Commercial Workers Hospital Co., Ltd.. The consideration of the Company for 100% of equities transferred by Wuhan Commercial Workers Hospital Co., Ltd. was RMB 97 million. The Company took June 21, 2016 as the acquisition date. Total combination costs on the acquisition date were RMB 97 million. The difference between RMB 69,742,685.51, namely the fair value of identifiable net assets of 100% of the equities in Wuhan Shangzhi Hospital Co., Ltd. acquired by the Company on the acquisition date, and the combination costs was RMB 27,257,314.49, which should be included in goodwill.

3. Natural persons Ye Jiajun and Zhang Shizhong signed an Equity Transfer Agreement with the Company on July 27, 2016. Ye Jiajun and Zhang Shizhong transferred 100% of his equities held in Sichuan Dinghui Construction Co., Ltd. to Sino Great Wall International Engineering Co., Ltd.. After the transfer, the Company's wholly-owned subsidiary Sino Great Wall International Engineering Co., Ltd. held 100% of equities in Sichuan Dinghui Construction Co., Ltd.. The price made by the Company's wholly-owned subsidiary Sino Great Wall International Engineering Co., Ltd. for receiving 100% of equities in Sichuan Dinghui Construction Co., Ltd. was RMB 18 million. The Company took August 9, 2016 as the acquisition date. Total combination costs on the acquisition date were RMB 18 million. The difference between RMB 51,021.47, namely the fair value of identifiable net assets of 100% of the equities in Sichuan Dinghui Construction Co., Ltd. acquired by the Company, and the combination costs was RMB 17,948,978.53, which should be included in goodwill. After the acquisition, Sichuan Dinghui Construction Co., Ltd. was renamed Sino Great Wall Southwest Construction Engineering Co., Ltd..

4. Sichuan Haoyao Constructional Engineering Co., Ltd. and its parent company Chengdu Ruihe Hongsheng Technology Co., Ltd. signed an Agreement on Increase in Capital and Share with the Company's wholly-owned subsidiary Sino Great Wall International Engineering Co., Ltd. on November 9, 2016. They transferred 60% of their equities held in Sichuan Haoyao Constructional Engineering Co., Ltd. to Sino Great Wall International Engineering Co., Ltd.. After the transfer, the Company's wholly-owned subsidiary Sino Great Wall International Engineering Co., Ltd. held 60% of equities in Sichuan Haoyao Constructional Engineering Co., Ltd.. The price made by the Company's wholly-owned subsidiary Sino Great Wall International Engineering Co., Ltd. for receiving 60% of equities in Sichuan Haoyao Constructional Engineering Co., Ltd. was RMB 90 million. The Company took November 11, 2016 as the acquisition date. Total combination costs on the acquisition date were RMB 90 million. The difference between RMB 83,056,465.14, namely the fair value of identifiable net assets of 60% of the equities in Sichuan Haoyao Constructional Engineering Co., Ltd. acquired by the Company on the acquisition date, and the combination costs was RMB 6,943,534.86, which should be included in goodwill.

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**5.14 Long-term deferred expenses**

Item	Balance as at January 1, 2016	Increase in 2016	Amortization in 2016	Other decreases	Balance as at December 31, 2016
Renovation costs	14,879,816.11	2,567,004.36	5,418,620.60	-	12,028,199.87
Overseas guarantee fees	19,747,240.18	1,856,356.88	13,165,818.10	-	8,437,778.96
Subtotal	34,627,056.29	4,423,361.24	18,584,438.70	-	20,465,978.83
Less: long-term borrowings maturing within one year	15,717,270.60				13,462,942.89
Total	18,909,785.69				7,003,035.94

**5.15 Deferred income tax assets and deferred income tax liabilities**

**5.15.1 Deferred income tax assets without offset**

Item	Balance as at December 31, 2016		Balance as at January 1, 2016	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	484,110,666.81	74,623,400.23	308,401,589.95	46,440,178.39
Deductible losses	2,265,150.21	566,287.55	4,729,047.45	1,171,953.41
Inventory provision	6,456,633.28	1,108,971.56	1,352,585.08	338,146.27
Total	492,832,450.30	76,298,659.34	314,483,222.48	47,950,278.07

**5.15.2 Deferred income tax liabilities without offset**

Item	Balance as at December 31, 2016		Balance as at January 1, 2016	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Gains from changes in fair value of financial assets measured at fair value through profit and loss			102,961.04	15,444.16
Value increment of assets due to combinations not under common control by evaluation	109,879,555.06	27,469,888.77		
Total	109,879,555.06	27,469,888.77	102,961.04	15,444.16

**5.15.3 Details of unrecognized deferred income tax assets**

Item	Balance as at December 31, 2016	Balance as at January 1, 2016
Deductible temporary differences	1,761,048.62	
Deductible losses	29,368,743.01	
Total	31,129,791.63	

**5.16 Other non-current assets**

Item	Balance as at December 31, 2016	Balance as at January 1, 2016
PPP project investment	48,960,000.00	
Advances for purchase of long-term assets	67,942,258.30	95,353,390.28
Total	116,902,258.30	95,353,390.28



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1. **Details of equity investments of PPP project companies**

Item	Registered capital (RMB '0,000)	Subscribed contributions (RMB '0,000)	Shareholding ratio	Balance as at January 1, 2016	Increase in 2016 (RMB '0,000)	Decrease in 2016	Balance as at December 31, 2016 (RMB '0,000)
Luyi Shuguang Medical Industrial Investment and Construction Co., Ltd.	9,600.00	4,896.00	51.00%		4,896.00		4,896.00
<b>Total</b>	<b>9,600.00</b>	<b>4,896.00</b>			<b>4,896.00</b>		<b>4,896.00</b>

**5.17 Short-term borrowings**

**5.17.1 Short-term borrowings**

Item	Balance as at December 31, 2016	Balance as at January 1, 2016
Guaranteed borrowings	1,621,515,110.00	210,000,000.00
Commercial acceptance bills endorsed or discounted but not expired on the balance sheet date	344,543,247.59	15,408,496.07
<b>Total</b>	<b>1,966,058,357.59</b>	<b>225,408,496.07</b>

1. Notes to short-term borrowings:

See Note 10.4 "Related-party transactions" for the related-party guarantee for short-term borrowings.

2. There were no outstanding short-term borrowings due as at December 31, 2016.

**5.18 Notes payable**

Type	Balance as at December 31, 2016	Balance as at January 1, 2016
Bank acceptance bill	397,450,000.00	143,410,167.17
Commercial acceptance bill	309,433,375.54	
<b>Total</b>	<b>706,883,375.54</b>	<b>143,410,167.17</b>

Total notes payable due but unpaid as at December 31, 2016 were RMB 0.00.

The amount of notes that will expire in next accounting period was RMB 706,883,375.54.

**5.19 Accounts payable**

**5.19.1 Presentation of accounts payable:**

Item	Balance as at December 31, 2016	Balance as at January 1, 2016
Payments for projects	1,295,611,654.20	1,331,950,114.27
Payments for purchase of long-term assets	7,923,625.18	669,840.50
Payment for purchase of medicines	10,413,710.87	
<b>Total</b>	<b>1,313,948,990.25</b>	<b>1,332,619,954.77</b>

**5.19.2 Significant accounts payable with aging over one year:**

Item	Balance as at December 31, 2016	Reasons for failure of repayment or carry-forward	
CUMMINSQATAR LLC	11,660,032.30	RMB 914,723.58 for those within 1 year and RMB 10,745,308.72 within 1-2 years	Before the settlement period

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Item	Balance as at December 31, 2016	Reasons for failure of repayment or carry-forward	
GULF REINFORCEMENT STEEL CO. W.L.L	10,424,868.23	RMB 658,955.18 for those within 1 year and RMB 9,765,913.05 within 1-2 years	Before the settlement period
Rezayat Trading Co. Limited	10,782,975.37	RMB 10,782,975.37 within 1-2 years	Before the settlement period
CHHE GROUP CO., LTD	24,563,802.05	RMB 11,975,790.38 for those within 1 year and RMB 12,588,011.67 within 1-2 years	Before the settlement period
Total	57,431,677.95	/	

**5.20 Advances from customers**

**5.20.1 Presentation of advances from customers**

Item	Balance as at December 31, 2016	Balance as at January 1, 2016
Payments for projects	572,743,695.28	64,963,842.60
Advances for medical services	1,040,377.30	
Total	573,784,072.58	64,963,842.60

**5.21 Employee compensation payable**

**5.21.1 Presentation of employee compensation payable**

Item	Balance as at January 1, 2016	Increase in 2016	Decrease in 2016	Balance as at December 31, 2016
Short-term compensation	11,696,032.04	337,653,647.65	331,711,930.27	17,637,749.42
Post-employment benefits - defined contribution plans	973,587.16	13,708,204.80	13,521,994.69	1,159,797.27
Total	12,669,619.20	351,361,852.45	345,233,924.96	18,797,546.69

**5.21.2 Presentation of short-term compensation**

Item	Balance as at January 1, 2016	Increase in 2016	Decrease in 2016	Balance as at December 31, 2016
(1) Salaries, bonuses, allowances and subsidies	10,957,918.68	303,347,680.62	297,388,634.57	16,916,964.73
(2) Employee welfare	-	14,636,878.07	14,636,878.07	-
(3) Social insurance premiums	678,746.36	9,768,469.65	9,826,271.31	620,944.70
Including: medical insurance premiums	567,258.19	8,753,518.62	8,804,708.07	516,068.74
Work-related injury insurance premium	48,777.45	300,584.33	322,991.86	26,369.92
Maternity insurance premiums	62,710.72	714,366.70	698,571.38	78,506.04
(4) Housing provident funds	59,367.00	8,386,377.05	8,345,904.06	99,839.99
(5) Labor union funds and employee education funds	-	1,514,242.26	1,514,242.26	-
Total	11,696,032.04	337,653,647.65	331,711,930.27	17,637,749.42

**5.21.3 Presentation of defined contribution plans**

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Item	Balance as at January 1, 2016	Increase in 2016	Decrease in 2016	Balance as at December 31, 2016
Basic endowment insurance premiums	928,655.00	13,138,845.28	12,936,675.43	1,130,824.85
Unemployment insurance premium	44,932.16	569,359.52	585,319.26	28,972.42
<b>Total</b>	<b>973,587.16</b>	<b>13,708,204.80</b>	<b>13,521,994.69</b>	<b>1,159,797.27</b>

**5.22 Taxes and surcharges payable**

Taxes and surcharges	Balance as at December 31, 2016	Balance as at January 1, 2016
Value-added tax	12,062,605.90	367,314.45
Business tax	83,297,969.10	99,853,626.46
Enterprise income tax	207,849,865.19	172,280,720.23
Individual income tax	1,515,889.41	545,880.47
Urban maintenance and construction tax	4,725,964.11	6,413,578.69
Education surtax	3,694,729.45	5,106,621.62
Stamp tax and other taxes	336,646.62	258,548.19
<b>Total</b>	<b>313,483,669.78</b>	<b>284,826,290.11</b>

**5.23 Interest payable**

Item	Balance as at December 31, 2016	Balance as at January 1, 2016
Interest payable on short-term borrowings	4,710,255.00	330,945.21
Interest payable on long-term borrowings	1,718,238.55	197,024.05
<b>Total</b>	<b>6,428,493.55</b>	<b>527,969.26</b>

**5.24 Other payables**

**5.24.1 Other payables by nature**

Item	Balance as at December 31, 2016	Balance as at January 1, 2016
Bidding margins, performance bonds and deposits	26,582,761.45	19,625,824.93
Current accounts between individuals and withholding payables	45,650,286.49	42,269,479.45
Lendings to shareholders	-	523,963,781.16
Current accounts between entities	136,613,997.74	49,313,976.16
Others	1,067,929.33	27,914.90
Payments for subscribing shares issued privately	12,500,000.00	
<b>Total</b>	<b>222,414,975.01</b>	<b>635,200,976.60</b>

**5.24.2 Other significant payables with aging over one year**

Item	Balance as at December 31, 2016	Reasons for failure of repayment or carry-forward
Shenzhen Qunguangshun Construction Labor Co., Ltd.	31,500,000.00	Unexpired yet
<b>Total</b>	<b>31,500,000.00</b>	

**5.25 Non-current liabilities maturing within one year**

Item	Balance as at December 31, 2016	Balance as at January 1, 2016
Long-term borrowings maturing within one year	175,958,998.04	7,135,752.00
Total	175,958,998.04	7,135,752.00

**5.26 Other current liabilities**

Item	Balance as at December 31, 2016	Balance as at January 1, 2016
Output tax to be carried forward	30,382,980.72	
Total	30,382,980.72	

**5.27 Long-term borrowings**

**5.27.1 Classification of long-term borrowings**

Item	Balance as at December 31, 2016	Balance as at January 1, 2016
Pledged borrowings	500,000,000.00	19,480,800.00
Mortgage borrowings	3,175,860.22	10,659,849.14
Guaranteed borrowings	283,683,018.60	
Total	786,858,878.82	30,140,649.14

**5.28 Estimated liabilities**

Item	Balance as at December 31, 2016	Balance as at January 1, 2016	Reasons for the formation
Pending litigation	13,225,861.70		Provision for pending litigation of the Company
Total	13,225,861.70		/

**5.29 Share capital**

Item	Balance as at January 1, 2016	Increase/Decrease in 2016					Balance as at December 31, 2016
		Issuance of new shares	Bonus shares	Reserves transferred to share capital	Others	Subtotal	
Total amount of shares	446,906,582.00			1,251,338,429.00		1,251,338,429.00	1,698,245,011.00

**5.30 Capital reserve**

Item	Balance as at January 1, 2016	Increase in 2016	Decrease in 2016	Balance as at December 31, 2016
Capital premium (share premium)	394,052,904.72		1,251,338,429.00	-857,285,524.28
Other capital reserves	-444,420,766.94	2,356,589.48		-442,064,177.46
Total	-50,367,862.22	2,356,589.48	1,251,338,429.00	-1,299,349,701.74

Remark: Increase in other capital reserves of RMB 2,356,589.48 in 2016 was capital reserves increased due to accounting of interest of borrowings of the controlling shareholders and associated natural persons to the Company according to the equity transactions; The capital reserves converted into share capital of RMB 1,251,338,429.00 in 2016 were the decrease of capital reserves in 2016.

**5.31 Special reserve**

Item	Balance as at January 1, 2016	Increase in 2016	Decrease in 2016	Balance as at December 31, 2016
Work safety costs	46,014,941.54	56,095,547.05	36,422,620.45	65,687,868.14
Total	46,014,941.54	56,095,547.05	36,422,620.45	65,687,868.14

### 5.32 Surplus reserve

Item	Balance as at January 1, 2016	Increase in 2016	Decrease in 2016	Balance as at December 31, 2016
Statutory surplus reserves	84,394,441.23			84,394,441.23
Total	84,394,441.23			84,394,441.23

### 5.33 Undistributed profits

Item	Year 2016	Year 2015
Undistributed profits as at the end of last period before adjustment	755,308,636.19	443,707,019.71
Adjustment to total undistributed profits at the beginning of the year ("+" for increase and "-" for decrease)		
Undistributed profits at the beginning of the year after adjustment	755,308,636.19	443,707,019.71
Plus: net profit attributable to owners of the parent company in the year	473,661,862.67	346,648,651.48
Less: withdrawal of statutory surplus reserves		35,047,035.00
Others		
Undistributed profits at the end of the year	1,228,970,498.86	755,308,636.19

### 5.34 Operating income and operating cost

Item	Amount in 2016		Amount in 2015	
	Income	Cost	Income	Cost
Primary business	4,662,402,374.17	3,459,377,744.66	4,010,300,741.19	3,165,027,185.66
Other business	2,596,743.00	-	58,258.39	
Total	4,664,999,117.17	3,459,377,744.66	4,010,358,999.58	3,165,027,185.66

### 5.35 Business taxes and surcharges

Item	Amount in 2016	Amount in 2015
Business tax	8,128,747.41	71,137,330.61
Urban maintenance and construction tax	597,022.91	4,552,568.01
Education surtax	478,975.13	3,795,770.42
Other taxes	446,784.01	
Total	9,651,529.46	79,485,669.04

### 5.36 Selling expenses

Item	Amount in 2016	Amount in 2015
Employee compensation	6,623,108.93	7,480,826.85
Travel expenses	934,104.49	1,055,919.35
Entertainment expenses	469,366.01	898,779.78
Advertising and promotion expenses	2,675.00	155,680.00
Engineering maintenance fees	17,911,593.82	1,431,742.98
Others	4,377,840.02	2,663,223.14
Total	30,318,688.27	13,686,172.10

**5.37 General and administrative expenses**

Item	Amount in 2016	Amount in 2015
Employee compensation	127,039,183.19	87,117,818.35
Office costs	9,544,489.51	6,241,300.07
Rental fees	19,084,430.19	12,393,307.35
Travel expenses	12,096,343.79	5,350,149.45
Entertainment expenses	9,828,496.48	6,462,222.69
Depreciation of fixed assets	6,848,917.76	2,339,244.07
Vehicle costs	2,871,639.42	2,586,923.27
Amortization of long-term deferred expenses	4,308,529.48	4,844,357.87
Consulting fees	79,559,745.78	10,069,218.74
Conference expenses	156,486.46	136,778.15
Others	42,592,471.50	17,021,007.85
<b>Total</b>	<b>313,930,733.56</b>	<b>154,562,327.86</b>

**5.38 Financial expenses**

Category	Amount in 2016	Amount in 2015
Interest expenses	130,325,289.46	45,919,707.78
Less: Interest income	3,936,374.12	1,654,394.40
Gains or losses on exchange	-75,709,807.87	-7,285,087.59
Discount interest	19,445,217.45	4,863,792.26
Handling charges and others	57,312,903.03	13,022,383.97
<b>Total</b>	<b>127,437,227.95</b>	<b>54,866,402.02</b>

**5.39 Losses from asset impairment**

Item	Amount in 2016	Amount in 2015
Losses on bad debts	164,907,841.91	109,984,519.09
Losses on inventory depreciation	5,104,048.20	1,352,585.08
<b>Total</b>	<b>170,011,890.11</b>	<b>111,337,104.17</b>

**5.40 Gains from changes in fair value**

Source of the gains from changes in fair value	Amount in 2016	Amount in 2015
Financial assets measured at fair value through current profit and loss		42,553.26
<b>Total</b>		<b>42,553.26</b>

**5.41 Investment income**

Item	Amount in 2016	Amount in 2015
Income from long-term equity investments accounted for under equity method	-	
Investment income from disposal of long-term equity investments	-	
Investment income received from financial assets measured at fair value through current profit and loss during the holding period	-	
Investment income received from disposal of financial assets measured at fair value through current profit and loss	13,448.02	
Investment income from held-to-maturity investments during the holding period	-	
Investment income of available-for-sale financial assets during the holding period	-	

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Item	Amount in 2016	Amount in 2015
Investment income from disposal of available-for-sale financial assets	-	
Gains and losses arising from re-measurement of the remaining equities at the fair value after the loss of the control	-	
Others	2,212,902.95	
<b>Total</b>	<b>2,226,350.97</b>	

**5.42 Non-operating income**

Item	Amount in 2016	Amount in 2015	Amount included in non-recurring gains and losses in 2016
Total gains from disposal of non-current assets		4,455.00	
Including: gains from disposal of fixed assets		4,455.00	
Government grants	108,121.33	342,246.00	108,121.33
Others	26,318,921.53	34,032.08	26,318,921.53
<b>Total</b>	<b>26,427,042.86</b>	<b>380,733.08</b>	<b>26,427,042.86</b>

**Government subsidies included in current profit and loss**

Item	Amount in 2016	Amount in 2015	Related to assets/income
Rewards for headquarter-mode enterprises that have made investments in Tongzhou	72,365.00	342,246.00	Related to income
Post subsidy	35,756.33		Related to income
<b>Total</b>	<b>108,121.33</b>	<b>342,246.00</b>	/

**5.43 Non-operating expenses**

Item	Amount in 2016	Amount in 2015	Amount included in non-recurring gains and losses in 2016
Total losses from disposal of non-current assets	564,833.40	85,567.15	564,833.40
Including: losses on disposal of fixed assets	564,833.40	85,567.15	564,833.40
Foreign donations			
Others	21,022,106.88	939,828.42	21,022,106.88
<b>Total</b>	<b>21,586,940.28</b>	<b>1,025,395.57</b>	<b>21,586,940.28</b>

**5.44 Income tax expenses**

**5.44.1 Statement of income tax expenses**

Item	Amount in 2016	Amount in 2015
Current income tax expenses	115,052,974.76	82,948,121.72
Deferred income tax expenses	-25,808,113.01	1,740,767.09
<b>Total</b>	<b>89,244,861.75</b>	<b>84,688,888.81</b>

**5.44.2 Adjustment process of accounting profits and income tax expenses**

Item	Amount in 2016
Total profit	561,337,756.70
Income tax expenses calculated at the statutory [or applicable] tax rate	140,334,439.18
Effect of different tax rate applicable to subsidiaries	1,009,583.31
Effect of adjustment on income tax in previous periods	
Effect of tax-exempt income	
Effect of non-deductible costs, expenses and losses	42,837,964.72

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Item	Amount in 2016
Effect of deductible losses from using deferred income tax assets unrecognized in previous periods	
Effect of deductible temporary differences or deductible losses from deferred income tax assets unrecognized in the current period	7,242,029.39
Income tax expenses	89,244,861.75

**5.45 Items in the statement of cash flows**

**5.45.1 Cash received from other operating activities**

Item	Amount in 2016	Amount in 2015
Interest income	3,936,374.12	1,654,394.40
Margin, deposit and other current accounts	1,814,618,138.18	1,372,680,802.86
Government grants	108,121.33	342,246.00
Total	1,818,662,633.63	1,374,677,443.26

**5.45.2 Cash paid for other operating activities**

Item	Amount in 2016	Amount in 2015
Handling charges	15,515,853.49	17,871,746.12
Margin and deposit expenses	117,417,474.74	65,681,623.08
Selling expenses	23,695,579.34	5,708,228.19
General and administrative expenses	175,125,500.48	58,197,102.84
Current accounts	2,657,532,011.53	1,490,471,903.13
Total	2,989,286,419.58	1,637,930,603.36

**5.45.3 Cash received from other investing activities**

Item	Amount in 2016	Amount in 2015
Individual financing funds received	162,855,000.00	779,900,000.00
Non-public deposits	12,500,000.00	
Total	175,355,000.00	779,900,000.00

**5.45.4 Cash paid for other financing activities**

Item	Amount in 2016	Amount in 2015
Note margin	-	46,903,589.64
Individual financing funds	530,980,295.84	328,378,111.24
Trust deposits	2,000,000.00	
Financing fees	22,800,000.00	
Total	555,780,295.84	375,281,700.88

**5.46 Supplementary information to the statement of cash flows**

**5.46.1 Supplementary information to the statement of cash flows**

Supplementary information	Year 2016	Year 2015
1. Net profit adjusted to cash flows from operating activities		
Net profit	472,092,894.95	346,103,140.68
Plus: provision for asset impairment	170,011,890.11	111,337,104.17
Depreciation of fixed assets and others	8,868,947.59	3,522,849.96
Amortization of intangible assets	1,109,731.85	627,434.01
Amortization of long-term deferred expenses	18,584,438.70	12,313,310.96
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	564,833.40	81,112.15



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Supplementary information	Year 2016	Year 2015
Losses on write-off of fixed assets ("-" for gains)		
Losses from changes in fair value ("-" for gains)		-42,553.26
Financial expenses ("-" for gains)	136,256,259.56	38,634,620.19
Investment loss ("-" for gains)	2,226,350.97	-
Decreases in deferred income tax assets ("-" for increases)	1,646,331.60	1,741,109.30
Increases in deferred income tax liabilities ("-" for decreases)	-27,454,444.61	-342.21
Decreases in inventories ("-" for increases)	-148,243,275.45	-134,526,054.06
Decreases in operating receivables ("-" for increases)	-2,878,862,492.67	-867,621,315.78
Decreases in operating payables ("-" for decreases)	555,322,720.06	195,778,326.80
Others		
Net cash flows from operating activities	-1,687,875,813.94	-292,051,257.08
2. Significant investing and financing activities not involving cash inflows and outflows		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under financial lease		
3. Net change in cash and cash equivalents		
Ending balance of cash	943,705,322.41	582,745,756.81
Less: Beginning balance of cash	582,745,756.81	243,759,954.90
Plus: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	360,959,565.60	338,985,801.91

**5.46.2 Net cash paid for acquisition of subsidiaries in 2016**

	Amount
Cash or cash equivalents paid in 2016 for business combinations incurred in 2016	110,000,000.00
Less: cash and cash equivalents held by subsidiaries on the acquisition date	67,532,263.39
Plus: Cash or cash equivalents paid in 2016 for business combinations in previous periods	
Net cash paid for acquisition of subsidiaries	42,467,736.61

**5.46.3 Breakdowns of cash and cash equivalents**

Item	Balance as at December 31, 2016	Balance as at January 1, 2016
I. Cash	943,705,322.41	582,745,756.81
Including: cash on hand	2,974,883.16	1,349,587.20
Unrestricted bank deposit	940,730,439.25	343,390,159.56
Other unrestricted monetary funds		238,006,010.05
II. Cash equivalents		
III. Balance of cash and cash equivalents as at December 31, 2016	943,705,322.41	582,745,756.81
Including: cash and cash restricted for		

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Item	Balance as at December 31, 2016	Balance as at January 1, 2016
use by the parent company or subsidiaries within the group		

**5.47 Restricted assets**

Item	Book value as at December 31, 2016	-Reason for restriction
Cash and cash equivalents	397,110,499.42	Deposits
Notes receivable	98,645,997.87	Pledge
Balance of accounts receivables	1,509,610,147.37	Pledge
Total	2,005,366,644.66	

**5.48 Monetary items in foreign currency**

**5.48.1 Monetary items in foreign currency**

Item	Balance in foreign currency as at December 31, 2016	Exchange rate	RMB balance translated as at December 31, 2016
Cash and cash equivalents			1,088,130,877.82
Including: USD	154,220,972.45	6.9370	1,069,830,885.89
GBP	1,000.00	8.5094	8,509.40
HKD	1,525,578.86	0.8945	1,364,645.55
QAR	82,452.21	1.9051	157,078.79
THB	50,000.00	0.1937	9,684.67
INR	292,646,802.97	0.0463	13,552,008.49
PHP	122,867.99	0.1402	17,224.11
MYR	284,472.84	1.5527	441,686.76
KWD	116,796.90	22.6588	2,646,480.79
BUK	1,590,000.00	0.0051	8,109.00
MOP	108,932.37	0.8681	94,564.37
Accounts receivable			2,062,888,319.06
Including: USD	109,812,714.10	6.9370	761,770,797.71
QAR	159,572,978.97	1.9051	304,000,701.70
INR	1,149,337,736.29	0.0463	53,224,004.52
PHP	-	0.1402	-
MYR	42,494,611.37	1.5527	65,979,258.34
MOP	1,362,817.67	0.8681	1,183,064.22
DZD	24,867,193.21	0.0626	1,557,808.06
KWD	38,623,917.74	22.6588	875,172,684.51
Advances to suppliers			96,686,246.86
Including: USD	2,587,704.72	6.9370	17,950,907.64
QAR	21,321,042.22	1.9051	40,618,479.63
INR	8,026,046.66	0.0463	371,673.47
KWD	1,665,804.92	22.6588	37,745,186.12
Other receivables			148,838,337.87
Including: USD	13,048,500.31	6.9370	90,517,446.65
HKD	15,150.00	0.8945	13,551.83
MOP	-	0.8681	-
INR	25,540,450.43	0.0463	1,182,737.68
MYR	462,804.74	1.5527	718,573.78
PHP	116,997.00	0.1402	16,401.10

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Item	Balance in foreign currency as at December 31, 2016	Exchange rate	RMB balance translated as at December 31, 2016
QAR	15,675,667.09	1.9051	29,863,538.46
THB	1,022,031.04	0.1937	197,960.61
KWD	1,149,993.31	22.6588	26,057,499.89
DZD	3,361,846.96	0.0626	210,603.27
BUK	11,841,381.00	0.0051	60,024.60
Accounts payable			615,773,811.43
Including: USD	42,867,884.62	6.9370	297,374,515.61
QAR	51,783,417.59	1.9051	98,652,011.05
INR	364,688,798.76	0.0463	16,888,158.86
PHP	44,130.43	0.1402	6,186.38
MYR	16,300,996.89	1.5527	25,309,742.82
KWD	7,536,594.55	22.6588	170,770,394.88
BUK	1,336,107,728.00	0.0051	6,772,801.83
Advances from customers			31,893,381.65
Including: USD	1,524,015.00	6.9370	10,572,092.06
EUR	1,998,722.68	7.3068	14,604,266.88
HKD	-	0.8945	-
DZD	107,223,416.22	0.0626	6,717,022.71
Other payables			80,390,994.02
Including: USD	10,134,042.51	6.9370	70,299,852.89
HKD	-	0.8945	-
QAR	500,339.30	1.9051	953,190.82
INR	42,167,275.30	0.0463	1,952,699.52
PHP	8,447.15	0.1402	1,184.15
DZD	126,262.63	0.0626	7,909.74
KWD	316,704.69	22.6588	7,176,156.90

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6. Changes in the scope of consolidation

6.1 Business combinations not under common control

6.1.1 Business combinations not under common control in 2016

Acquiree	Timing of acquisition of equities	Costs for acquisition of equities	Proportion of equities acquired (%)	Method of acquisition of equities	Acquisition date	Recognition basis of the acquisition date	Revenue of the acquiree from the acquisition date to December 31, 2016	Net profit of the acquiree from the acquisition date to December 31, 2016
Wuhan Commercial Workers Hospital Co., Ltd.	June 21, 2016	97,000,000.00	100	Acquisition	June 21, 2016	Acquisition of control	82,027,233.44	3,120,181.28
Sino Great Wall Southwest Construction Engineering Co., Ltd.	August 9, 2016	18,000,000.00	100	Acquisition	August 9, 2016	Acquisition of control	14,967,733.16	426,158.33
Sino Great Wall Jianyee Engineering Co., Ltd.	November 11, 2016	90,000,000.00	60	Increase in capital and share	November 11, 2016	Acquisition of control	102,593,058.61	541,256.23

6.1.2 Combination cost and goodwill

	Wuhan Commercial Workers Hospital Co., Ltd.	Sino Great Wall Southwest Construction Engineering Co., Ltd.	Sino Great Wall Jianyee Engineering Co., Ltd.
Combination cost			
- Cash	97,000,000.00	18,000,000.00	90,000,000.00
- Fair value of non-cash assets	-	-	-
-Fair value of liabilities issued or assumed	-	-	-
-Fair value of equity securities issued	-	-	-
-Fair value of contingent consideration	-	-	-
- Fair value of equities held before the acquisition date on the acquisition date	-	-	-
- Others	-	-	-
Total combination costs	97,000,000.00	18,000,000.00	90,000,000.00
Less: share of fair value of identifiable net assets acquired	69,742,685.51	51,021.47	83,056,465.14
Amount of goodwill/combination cost less than the share of fair value of identifiable net assets acquired	27,257,314.49	17,948,978.53	6,943,534.86

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**6.1.3 Identifiable assets and liabilities of the acquiree on the acquisition date**  
**(Unit: RMB '0,000)**

	Wuhan Commercial Workers Hospital Co., Ltd.		Sino Great Wall Southwest Construction Engineering Co., Ltd.		Sino Great Wall Jianyee Engineering Co., Ltd.	
	Fair value on the acquisition date	Book value on the acquisition date	Fair value on the acquisition date	Book value on the acquisition date	Fair value on the acquisition date	Book value on the acquisition date
Current assets	17,101.91	17,101.91	404.21	387.62	29,475.62	27,984.18
Non-current assets	14,056.60	2,552.97		4.15	307.19	679.46
Total assets:	31,158.51	19,654.88	404.21	391.77	29,782.81	28,663.64
Current liabilities	21,308.34	21,308.34	377.34	377.34	24,150.98	24,150.98
non-current liabilities	-	-				
Total liabilities:	21,308.34	21,308.34	377.34	377.34	24,150.98	24,150.98
Net asset	9,850.17	-1,653.46	26.87	14.43	5,631.83	4,512.66
Less: minority equity	-	-			2,252.73	1,805.06
Net asset acquired	9,850.17	-1,653.46	26.87	14.43	3,379.10	2,707.60

**6.2 Changes in the scope of consolidation for other reasons**

1. The Company established a wholly-owned subsidiary in 2016 - SINO GREAT WALL INTERNETIONAL ENGINEERING (CNMI) CO., LLC with registered capital of USD 1 million.
2. The Company established a wholly-owned subsidiary in 2016 - Sino Great Wall (Beijing) Investment Management Co., Ltd. with registered capital of RMB 100 million.
3. The Company established a holding subsidiary in 2016 - Sino Great Wall Real Estate (Hubei) Co., Ltd. with the shareholding ratio of 80% and the registered capital of RMB 100 million.
4. The Company established a holding subsidiary in 2016 - Sino Great Wall Development (Hengqin) Co., Ltd. with the shareholding ratio of 85% and the registered capital of RMB 50 million.
5. The Company established a holding subsidiary in 2016 - PT.SINO GREAT WALL INVESTMENT INDONESIA with the shareholding ratio of 99.9% and the registered capital of IDR 520 billion.
6. The Company established a holding subsidiary in 2016 - PT.SINO GREAT WALL CONSTRUCTION INDONESIA with the shareholding ratio of 67% and the registered capital of IDR 150 billion.
7. The Company established a holding subsidiary in 2016 - SINO GREAT WALL INTERNETIONAL ENGINEERING (MM) CO., LTD with the shareholding ratio of 80% and the registered capital of USD 10 million.
8. The Company established a wholly-owned subsidiary in 2016 - Sino Great Wall New Energy (Beijing) Co., Ltd. with registered capital of RMB 30 million.
9. The Company canceled a holding subsidiary in 2016 - Sino Heji Environmental Protection Materials Co., Ltd.

**7. Equity in other entities**

**7.1 Equity in subsidiaries**

**7.1.1 Structure of the enterprise group**

Name of subsidiaries	Principal place of business	Registered place	Nature of business	Shareholding ratio (%)		Way of acquisition
				Directly	Indirectly	
Sino Great Wall Medical Investment Management Co., Ltd.	Beijing	Beijing	Medical investment	100		Establishment
Sino Great Wall Infrastructure Investment Co., Ltd.	Beijing	Beijing	Investment management, import and export	100		Establishment
Wuhan Commercial Workers Hospital Co., Ltd.	Wuhan	Wuhan	Health care	100		Acquisition
Sino Great Wall International Engineering Co., Ltd.	Beijing	Beijing	Decoration	100		Acquisition
Sino Great Wall Jianyee Engineering Co., Ltd. (formerly known as Sichuan Haoyao Constructional Engineering Co., Ltd.)	Chengdu	Chengdu	Construction	60		Acquisition

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Name of subsidiaries	Principal place of business	Registered place	Nature of business	Shareholding ratio (%)		Way of acquisition
				Directly	Indirectly	
Sino Great Wall (Beijing) Investment Fund Management Co., Ltd.	Beijing	Beijing	Investment and property management; economy and trade consulting	100		Establishment
Sino Great Wall Real Estate (Hubei) Co., Ltd.	Wuhan	Wuhan	Real estate development	80		Establishment
Sino Great Wall New Energy (Beijing) Co., Ltd.	Beijing	Beijing	New energy technology	100		Establishment
Qian'an Sino Solar Power Generation Co., Ltd.	Qian'an	Qian'an	Solar photovoltaic power station	100		Establishment
Wu'an Juhe Photovoltaic Power Generation Co., Ltd.	Wu'an	Wu'an	Solar photovoltaic power generation	100		Establishment
Bozhou Guangcheng New Energy Co., Ltd.	Bozhou	Bozhou	Solar power generation	100		Establishment
Bozhou Zhaosheng Agricultural Technology Co., Ltd.	Bozhou	Bozhou	Agriculture	100		Establishment
Bozhou Xieying Solar Power Generation Co., Ltd.	Bozhou	Bozhou	Solar power generation	100		Establishment
Shanghai Ling Rui International Trade Company Limited	Shanghai	Shanghai	Trade	100		Establishment
Shenzhen Hongtulve Industrial Co., Ltd.	Shenzhen	Shenzhen	Investment, research and development and sales, trade as well as import and export	100		Establishment
Sino Great Wall Development (Hengqin) Co., Ltd.	Zhuhai	Hengqin	Design and construction	85		Establishment
SINO GREAT WALL (USA) INC	The United States	The United States	Commercial activities allowed by law	100		Establishment
Herabenna Interior Design Guangzhou Co., Ltd.	Guangzhou	Guangzhou	Design	100		Establishment
Inrich Me Engineering Co., Limited	Hong Kong	Hong Kong	Mechanical and electrical engineering, scientific research, trade and investment consulting	100		Establishment
Sino Great Wall Southwest Construction Engineering Co., Ltd. (formerly known as Sichuan Dinghui Construction Co., Ltd.)	Chengdu	Chengdu	Construction	100		Acquisition
PT.SINO GREAT WALL INVESTMENT INDONESIA	Indonesia	Indonesia	Real estate or lease	99.9		Establishment
PT.SINO GREAT WALL CONSTRUCTION INDONESIA	Indonesia	Indonesia	Construction	67		Establishment

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Name of subsidiaries	Principal place of business	Registered place	Nature of business	Shareholding ratio (%)		Way of acquisition
				Directly	Indirectly	
SINO GREAT WALL INTERNETIONAL ENGINEERING(CNMI)CO.,LLC	Saipan	Saipan	Design and construction	100		Establishment
Shenzhen Yatian Decoration Design Engineering Co., Ltd.	Shenzhen	Shenzhen	Design and construction	70		Acquisition
Sino Great Wall International Engineering (MACAU) Co., Limited	Macao	Macao	Design and construction	96	4	Establishment
Sino Great Wall Group Co., Limited	Hong Kong	Hong Kong	Construction, design, trade and investment consulting	100		Establishment
SGW HP EngineeringConstructionSDN.BHD	Malaysia	Malaysia	Design and construction	100		Establishment
SINO GREAT WALL (PHILIPPINES) INTERNETIONAL CORPORATION	Philippines	Philippines	Building construction and import and export trade	100		Establishment
Beijing Sino Great Wall Decoration Design Co., Ltd.	Beijing	Beijing	Design and consulting	100		Establishment
Suzhou Lvbang Wood Technology Co., Ltd.	Suzhou	Suzhou	Production and sales	100		Establishment
Sino Heji Environmental Protection Materials Co., Ltd.	Heji	Heji	Production and sales	80		Establishment
SINO GREAT WALL INTERNETIONAL ENGINEERING(MM)CO.LTD	Myanmar	Myanmar	Design and construction	80		Establishment
Sino Great Wall International Engineering (Thailand) Co., Ltd.	Thailand	Thailand		48.998		Establishment

**8. Risks associated with financial instruments**

The Company faces various financial risks in the process of operation: credit risks, market risks and liquidity risks. The Board of Directors of the Company shall be fully responsible for determining risk management objectives and policies and bearing the ultimate liabilities for that. However, the Board of Directors has authorized the management to design and implement the process that can ensure the effective implementation of the risk management objectives and policies. The Board of Directors reviews the effectiveness of the enforced procedures and the rationality of risk management objectives and policies through monthly reports submitted by the management. Internal auditors of the Company will also audit risk management policies and procedures and report the relevant findings to the audit committee.

Overall objective of risk management of the Company is to formulate risk management policies to minimize risks without undue prejudice to the Company's competitiveness and resilience.

**8.1 Credit risk**

Credit risk refers to a risk of financial losses suffered by one party of financial instruments due to the failure of the other party to fulfill obligations. The Company mainly faces customer credit risks caused by sales on account. Prior to the conclusion of a new contract, the Company will evaluate the credit risk of the new customer, including external credit rating and bank reference letter under some circumstances if the relevant information is available. The Company sets a credit limit for each customer. The limit is the maximum amount unnecessary for additional approval.



The Company quarterly monitors credit ratings of existing customers and monthly reviews aging analysis of accounts receivable to ensure that the Company's overall credit risk is within the controllable range. When the Company monitors credit risks of customers, the customers shall be divided into groups according to their credit features. Customers rated as "high risk" will be placed in a restricted customer list. The Company may sell goods to such customers on credit in future periods subject to additional approval; otherwise the Company must require advance payments.

## 8.2 Market risk

Market risk associated with financial instruments refers to the risk arising from changes in fair value or future cash flows of financial instruments due to market price fluctuation, including interest rate risk and foreign exchange risk.

### (1) Interest rate risk

Interest rate risk refers to the risk arising from changes in fair value or future cash flows of financial instruments due to fluctuation in market interest rate. The Company's interest rate risk mainly derives from bank borrowings. The Company establishes good relations with banks and reasonably designs credit lines, credit varieties and credit period to guarantee sufficient bank credit lines and to meet short-term financing needs. By shortening the time limit of a single loan, the Company may specifically agree terms of the prepayment to reasonably reduce the risk of interest rate.

On December 31, 2016, in case other variables remain unchanged, if the loan interest rate calculated at a floating interest rate rises or falls 100 basis points, the Company's net profit will reduce or increase by RMB 21,200 (December 31, 2015: RMB 2,178,000).

### (2) Exchange rate risk

Exchange rate risk refers to the risk arising from changes in fair value or future cash flows of financial instruments due to fluctuation in foreign exchange rate. The Company shall match foreign currency income and foreign currency expenses as much as possible to minimize exchange rate risk. In addition, the Company may also sign forward foreign exchange contracts or currency swap contracts to avoid exchange rate risks.

The exchange rate risk faced by the Company mainly derives from dollar-denominated financial assets and financial liabilities. Foreign currency financial assets and financial liabilities are converted into amount in RMB as follows:

Item	Balance as at December 31, 2016 (RMB)			Balance as at January 1, 2016 (RMB)		
	USD	Other foreign currencies	Total	USD	Other foreign currencies	Total
Cash and cash equivalents	1,069,830,885.89	18,299,991.93	1,088,130,877.82	12,367,626.74	47,803,146.93	60,170,773.67
Accounts receivable	761,770,797.71	1,301,117,521.35	2,062,888,319.06	261,680,003.01	64,685,392.32	326,365,395.33
Advances to suppliers	17,950,907.64	78,735,339.22	96,686,246.86	3,219,710.57	21,727,760.68	24,947,471.25
Other receivables	90,517,446.65	58,320,891.22	148,838,337.87	19,653,509.31	61,363,486.93	81,016,996.24
Sub-total of assets	1,940,070,037.89	1,456,473,743.72	3,396,543,781.61	296,920,849.63	195,579,786.86	492,500,636.49
Accounts payable	297,374,515.61	318,399,295.82	615,773,811.43	121,182,379.88	321,046,692.24	442,229,072.12
Advances from customers	10,572,092.06	21,321,289.59	31,893,381.65		16,637,252.49	16,637,252.49
Other payables	70,299,852.89	10,091,141.13	80,390,994.02	2,005,010.46	3,042,262.65	5,047,273.11
Sub-total of liabilities	378,246,460.56	349,811,726.54	728,058,187.10	123,187,390.34	340,726,207.38	463,913,597.72
Net amount	1,561,823,577.33	1,106,662,017.18	2,668,485,594.51	173,733,459.29	-145,146,420.52	28,587,038.77

On December 31, 2016, in case all other variables remain unchanged, if RMB to USD appreciates or depreciates by 1%, the net profits of the Company would reduce or increase by RMB 15,618,200 (December 31, 2015: RMB 285,900).

### 8.3 Liquidity risk

Liquidity risk refers to a risk arising from shortage of funds when the Company performs the obligations settled in cash or other financial assets. Policies of the Company are to ensure sufficient cash to pay matured debts. Liquidity risk is under centralized control of the financial department of the Company. The financial department monitors cash balance and readily realizable and marketable securities and makes rolling forecast on cash flows of the next 12 months to ensure that the Company has sufficient funds to repay debts in all cases of reasonable prediction. See disclosure of the relevant items of Note 5 for details of financial liabilities of the Company presented at undiscounted contractual cash flows on the maturity date.

## 9. Related parties and related-party transactions

### 9.1 Actual controller of the Company

Name	Amount of shares held	Shareholding ratio in the Company (%)	Voting ratio in the Company (%)	Remarks
Chen Lve	582,944,556	34.33	34.33	

### 9.2 Subsidiaries of the Company

See Note 7 Equity in other entities for subsidiaries of the Company.

### 9.3 Other related parties

Other related parties	Relationship with the Company
He Sen	Brother-in-law of the shareholder and actual controller of the Company
He Feiyan	Wife of the shareholder and actual controller of the Company
Li Erlong etc.	Directors, supervisors and senior officers of the Company
Qinghai Heyi Commercial Co., Ltd.	Enterprise controlled by Wang Lei, the director of the Company
Qinghai Heyi Mining Co., Ltd.	Enterprise controlled by Wang Lei, the director of the Company
Kunwu Jiuding Investment Holdings Co., Ltd. and its related parties	Shareholders with 5% or above of shares of the Company and under common control
Beijing Baolilai Technology Co., Ltd.	A wholly-owned subsidiary in which the Company's director acts as a director

### 9.4 Related party transactions

#### 9.4.1 Purchase or sale of goods, and rendering or receipt of labor services

Table of purchase of goods and receipt of labor services (Unit: RMB '0,000)

Related parties	Related party transactions	Amount in 2016	Amount in 2015
Qinghai Heyi Commercial Co., Ltd.	Payment for materials	1,959.00	4,636.50
Qinghai Heyi Mining Co., Ltd.	Consulting fees		1,187.00

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Table of sales of goods and rendering of services (Unit: RMB '0,000)

Related parties	Related party transactions	Amount in 2016	Amount in 2015
Kunwu Jiuding Investment Holdings Co., Ltd. and its related parties	Funds for decoration projects	795.13	5,800.00
Beijing Baolilai Technology Co., Ltd.	Funds for decoration projects	38.20	821.60

**9.4.2 Related-party guarantee**

The Company as the warrantee:

Warrantor	Amount of the guarantee	Starting date of the guarantee	Maturity date of the guarantee	Have the guarantee been performed?
Chen Lve and Sino Great Wall Co., Ltd.	150,000,000.00	March 21, 2016	March 21, 2017	No
Chen Lve, Sino Great Wall Co., Ltd. and He Feiyan	150,000,000.00	July 19, 2016	July 19, 2017	No
Sino Great Wall Co., Ltd.	50,000,000.00	August 8, 2016	August 8, 2017	No
Chen Lve and Zhongcheng Jianyee Engineering Co., Ltd.	80,000,000.00	June 19, 2015	June 3, 2016	Yes
Chen Lve and Sino Great Wall Co., Ltd.	130,000,000.00	October 28, 2016	September 28, 2017	No
Chen Lve, He Feiyan and Sino Great Wall Co., Ltd.	50,000,000.00	November 19, 2015	November 19, 2016	Yes
Qinghai Heyi Mining Co., Ltd.		March 10, 2016	March 9, 2017	No
Chen Lve	500,000,000.00	March 10, 2016	March 9, 2017	No
Chen Lve and Sino Great Wall Co., Ltd.	84,000,000.00	December 19, 2016	December 19, 2017	No
Chen Lve	12,000,000.00	January 13, 2016	January 13, 2018	No
Chen Lve	12,000,000.00	March 29, 2016	March 29, 2018	No
Chen Lve	12,000,000.00	March 27, 2016	March 27, 2018	No
United Venture Guarantee Group Co., Ltd.	28,000,000.00	January 8, 2016	January 7, 2017	No
Great Wall Jianyee Engineering Co., Ltd., Chen Lve and Qinghai Heyi Commercial Co., Ltd.	114,280,000.00	January 20, 2015	January 19, 2016	Yes
Chen Lve and He Feiyan	140,000,000.00	June 11, 2015	May 18, 2016	Yes
Chen Lve, Sino Great Wall Co., Ltd. and He Feiyan	140,000,000.00	July 12, 2016	July 12, 2017	No
Beijing Zhongguancun Sci-tech Financing Guaranty Co., Ltd.	230,000,000.00	February 22, 2016	March 22, 2018	No
Chen Lve and Qinghai Heyi Commercial Co., Ltd.	114,280,000.00	January 20, 2015	January 19, 2016	Yes
Chen Lve	80,000,000.00	June 19, 2015	June 3, 2016	Yes
Chen Lve	80,000,000.00	June 19, 2015	June 3, 2016	Yes

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Warrantor	Amount of the guarantee	Starting date of the guarantee	Maturity date of the guarantee	Have the guarantee been performed?
Chen Lve and He Feiyan	140,000,000.00	June 11, 2015	May 18, 2016	Yes
Chen Lve	70,000,000.00	September 3, 2014	September 2, 2016	Yes
Chen Lve	11,000,000.00	February 11, 2015	February 11, 2018	No
Chen Lve	11,000,000.00	July 30, 2015	July 30, 2018	No
Sino Great Wall International Engineering Co., Ltd. and Chen Lve	100,000,000.00	January 13, 2016	January 12, 2017	No
Sino Great Wall International Engineering Co., Ltd., Chen Lve and He Feiyan	120,000,000.00	January 13, 2016	January 12, 2017	No
Sino Great Wall International Engineering Co., Ltd., Chen Lve and He Feiyan	257,140,000.00	August 25, 2016	August 25, 2017	No
Sino Great Wall International Engineering Co., Ltd. and Chen Lve	200,000,000.00	January 21, 2016	January 20, 2017	No
Chen Lve	50,000,000.00	January 29, 2016	July 28, 2016	Yes
Chen Lve	30,000,000.00	March 4, 2016	September 3, 2016	Yes
Chen Lve	50,000,000.00	July 29, 2016	January 28, 2017	No
Sino Great Wall International Engineering Co., Ltd. and Chen Lve	200,000,000.00	June 21, 2016	June 20, 2017	No
Sino Great Wall International Engineering Co., Ltd., Zhongcheng Jianyee Engineering Co., Ltd. and Chen Lve	100,000,000.00	April 29, 2016	April 28, 2017	No
Chen Lve	100,000,000.00	April 26, 2016	April 26, 2017	No
Chen Lve	5,000,000.00	June 22, 2016	November 22, 2016	Yes
Chen Lve	45,000,000.00	July 5, 2016	December 5, 2016	Yes
Sino Great Wall International Engineering Co., Ltd., Chen Lve and He Feiyan	100,000,000.00	August 22, 2016	August 22, 2017	No
Chen Lve and He Feiyan	100,000,000.00	September 29, 2016	September 28, 2018	No
Chen Lve	400,000,000.00	June 28, 2016	June 28, 2018	No
Sino Great Wall International Engineering Co., Ltd., Chen Lve and He Feiyan	200,000,000.00	April 19, 2016	April 18, 2018	No
Chen Lve	10,000,000.00	December 15, 2016	June 14, 2017	No

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Warrantor	Amount of the guarantee	Starting date of the guarantee	Maturity date of the guarantee	Have the guarantee been performed?
Sichuan Jinyu Financing Guaranty Co., Ltd., Ye Meifu and Yang Qiuhua	8,000,000.00	February 17, 2016	February 16, 2017	No
Sino Great Wall Co., Ltd.	400,000,000.00	June 28, 2016	June 27, 2017	No
Sino Great Wall Co., Ltd.	200,000,000.00	March 23, 2016	March 23, 2017	No
Sino Great Wall Co., Ltd.	180,000,000.00	January 3, 2017	January 2, 2018	No
Sino Great Wall Co., Ltd.	100,000,000.00	April 29, 2016	February 13, 2017	No
Sino Great Wall International Engineering Co., Ltd. and Chen Lve	500,000,000.00	November 22, 2016	November 22, 2017	No
Sino Great Wall International Engineering Co., Ltd., Chen Lve and He Feiyan	300,000,000.00	December 21, 2016	December 20, 2017	No
Sino Great Wall Co., Ltd.	250,000,000.00	December 20, 2016	December 19, 2017	No
Sino Great Wall Co., Ltd.	50,000,000.00	March 25, 2016	March 25, 2017	No

**9.4.3 Borrowings from and to related parties**

Related parties	Lending/borrowing amount	Starting date	Maturity date	Remark
Lending				
Chen Lve	93,855,000.00	January 1, 2016	June 30, 2016	
Chen Lve	4,000,000.00	July 1, 2016	December 31, 2016	

Remark: Provision for interest on the lendings to shareholders has been made. The amount included in the profit and loss in 2016 was RMB 2,356,589.48.

**9.4.4 Remuneration of key management**

Item	Amount in 2016	Amount in 2015
Remuneration of key management	1,696,900.00	1,495,100.00

**9.5 Receivables from and payables to related parties**

**9.5.1 Receivables**

Project	Related parties	Balance as at December 31, 2016		Balance as at January 1, 2016	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					
	Kunwu Jiuding Investment Holdings Co., Ltd. and its related parties	1,609,996.92	80,499.85	2,500,737.20	125,036.86
	Beijing Baolilai Technology Co., Ltd.	160,000.00	8,000.00	2,816,000.00	140,800.00
Advances to suppliers					

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Project	Related parties	Balance as at December 31, 2016		Balance as at January 1, 2016	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Qinghai Heyi Commercial Co., Ltd.			18,902,151.50	

**9.5.2 Payables**

Project	Related parties	Book Balance as at December 31, 2016	Book Balance as at January 1, 2016
Accounts payable			
	Qinghai Heyi Commercial Co., Ltd.		1,750,581.64
Other payables			
	Qinghai Heyi Commercial Co., Ltd.		2,999,209.78
	He Sen	4,405,644.43	

**10. Commitments and contingencies**

**10.1 Significant commitments**

There were no major commitments required to be disclosed in 2016.

**10.2 Contingencies**

There were no contingencies required to be disclosed in 2016.

**11. Post balance sheet events**

**11.1 Notes to significant non-adjusting events**

On July 7, 2016, the Company held the tenth session of the seventh Board of Directors and approved the Proposal on Non-public Issuance of A Shares by Sino Great Wall Co., Ltd.. The Company intended to issue shares to Sino Great Wall (Beijing) Investment Co., Ltd., Beijing Anben Medical Investment Holding Co., Ltd. and Mr. Zheng Jihua to raise funds of RMB 2.5 billion. On October 14, 2016, the China Securities Regulatory Commission accepted the Company's application for non-public offering of shares. At the sixteenth meeting of the seventh Board of Directors convened by the Company on February 16, 2017, the Company deliberated and passed the Proposal on Adjusting the Scheme for the Non-public Issuance of Shares and adjusted the amount of funds to be raised to RMB 900 million. On March 22, 2017, the Company's application for non-public issuance of A shares was approved by the Issuance Examination Commission of China Securities Regulatory Commission, but official documents approved by the China Securities Regulatory Commission have not received yet.

**11.2 Profit distribution**

Approved at the seventeenth session of the seventh Board of Directors, the Company distributed cash dividends of RMB 0.60 (including tax) for every 10 shares based on the existing 16,982,450,110,000 shares. No bonus shares were given and no capital reserves were converted to increase share capital.

**12. Other important matters**

**12.1 Outstanding L/G**

In order to ensure the smooth completion of the project, at the request of the owner, the Company applied to a commercial bank for issuing a performance guarantee. As at December 31, 2016, the amount of the outstanding L/G was RMB 1,262,632,100.

**12.2 Segment information**

12.2.1 Basis for recognition of reportable segment and accounting policies  
Accounting policies of reportable segment

There were no related-party transactions among domestic architectural decoration, overseas architectural decoration and medical treatment, so no inters-segment price was transferred;

Medical treatment was implemented by the Company and its independent subsidiary; overseas architectural decoration was accounted for according to the account sets set up in the regions where the projects in progress are located, mainly including account sets for Qatar, Kuwait, Cambodia, Sri Lanka, Malaysia, Burma, Maldives and Saipan, so there were no fees which were indirectly attributable to each segment and needed to be amortized; the business data of overseas architectural decoration was formed by the financial data of the above 8 account sets for major projects.

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**12.2.2 Financial information of reportable segments**

Item	Domestic architectural decoration		Overseas architectural decoration		Medical treatment		Offset		Total	
	Year 2016	Year 2015	Year 2016	Year 2015	Year 2016	Year 2015	Year 2016	Year 2015	Year 2016	Year 2015
I. Operating income	1,418,192,694.17	2,428,344,815.19	3,165,213,312.57	1,560,310,586.25	81,593,110.43			-21,703,598.14	4,664,999,117.17	4,010,358,999.58
Including: income from external transactions	1,418,192,694.17	2,428,344,815.19	3,165,213,312.57	1,560,310,586.25	81,593,110.43			-21,703,598.14	4,664,999,117.17	4,010,358,999.58
Income from inter-segment transactions										-
II. Operating cost	1,184,945,928.21	1,988,442,188.52	2,216,759,318.30	1,154,881,399.00	57,672,498.15			-21,703,598.14	3,459,377,744.66	3,165,027,185.66
Including: costs of external transactions	1,184,945,928.21	1,988,442,188.52	2,216,759,318.30	1,154,881,399.00				-21,703,598.14	3,401,705,246.51	3,165,027,185.66
Costs of inter-segment transactions										-
III. Losses from asset impairment	74,286,638.56	80,433,729.48	95,207,208.36	30,903,374.69	518,043.19				170,011,890.11	111,337,104.17
IV. Depreciation and amortization	3,004,474.27	6,985,552.79	30,488.71	21,288.88	19,316.10		-3,794,638.67		6,848,917.76	7,006,841.67
V. Total profit	-304,963,110.16	69,862,580.73	864,476,659.76	360,904,330.95	3,583,802.03	-	1,759,594.94	-25,117.82	561,337,756.68	430,792,029.50
VI. Income tax expenses	-10,207,854.94	76,207,293.00	99,038,519.27	8,766,407.91	1,703,401.20		1,289,203.78		89,244,861.75	84,973,700.90
VII. Net profit	-294,755,255.22	-6,344,712.27	765,438,140.48	352,137,923.04	1,880,400.83	-	470,391.16	-25,117.82	472,092,894.93	345,818,328.60
VIII. Total assets	10,947,559,949.24	6,044,181,578.99	3,044,412,477.45	1,097,651,243.20	121,748,481.08		6,127,541,946.13	3,124,369,997.56	7,986,178,961.63	4,017,462,824.63
IX. Total liabilities	7,089,471,639.73	2,406,019,801.98	1,752,059,212.34	690,133,065.43	136,402,672.37		2,822,237,435.41	358,948,894.24	6,155,696,089.04	2,737,203,973.17



**13. Notes to main items of the financial statements of the parent company**

**13.1 Accounts receivable**

**13.1.1 Disclosure of accounts receivable by category**

Category	Balance as at December 31, 2016				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion (%)	
Receivables that are individually significant but with provision for bad debts made on an individual basis					
Receivables subject to provision for bad debts on credit risk characteristics basis	6,680.00	100.00	334.00	5.00	6,346.00
Receivables that are individually insignificant but with provision for bad debts made on an individual basis					
<b>Total</b>	<b>6,680.00</b>	<b>100</b>	<b>334</b>	<b>5</b>	<b>6,346.00</b>

(Continued)

Category	Balance as at January 1, 2016				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion (%)	
Receivables that are individually significant but with provision for bad debts made on an individual basis					
Receivables subject to provision for bad debts on credit risk characteristics basis	30,614.00	100.00	1,530.70	5.00	29,083.30
Receivables that are individually insignificant but with provision for bad debts made on an individual basis					
<b>Total</b>	<b>30,614.00</b>	<b>100</b>	<b>1,530.70</b>	<b>5</b>	<b>29,083.30</b>

In the portfolio, accounts receivable with the provision for bad debts made under the aging analysis method:

Aging	Balance as at December 31, 2016		
	Accounts receivable	Provision for bad debts	Proportion of provision
Within 1 year	6,680.00	334.00	5.00
1 to 2 years			
2 to 3 years			
3 to 4 years			
4 to 5 years			
Over 5 years			
<b>Total</b>	<b>6,680.00</b>	<b>334.00</b>	

**13.1.2 Provision, recovery or reversal of accounts receivable in 2016**

The provision for bad debts made in 2016 was RMB 0.00; the provision for bad debts recovered or reversed in 2016 was RMB 1,196.70.

**13.1.3 Top five receivables by debtor**

Company name	Balance as at December 31, 2016		
	Accounts receivable	Proportion in the total accounts receivables (%)	Provision for bad debts
Sporadic individual rent in Kuichong, Shenzhen	6,680.00	100.00	334.00
<b>Total</b>	<b>6,680.00</b>	<b>100.00</b>	<b>334.00</b>

## 13.2 Other receivables

### 13.2.1 Disclosure of other receivables by category:

Category	Balance as at December 31, 2016				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables that are individually significant but with provision for bad debts made on an individual basis					
Other receivables provided for bad debts on portfolio of credit risks	1,672,982,763.29	100.00	782,721.31	0.05	1,672,200,041.98
Other receivables that are individually insignificant but with provision for bad debts made on an individual basis					
<b>Total</b>	<b>1,672,982,763.29</b>	<b>100</b>	<b>782,721.31</b>	<b>0.05</b>	<b>1,672,200,041.98</b>

(Continued)

Category	Balance as at January 1, 2016				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables that are individually significant but with provision for bad debts made on an individual basis					
Other receivables provided for bad debts on portfolio of credit risks					
Other receivables that are individually insignificant but with provision for bad debts made on an individual basis					
<b>Total</b>					

Remark: There were no other receivables as at January 1, 2016.

### 13.2.2 Provision for bad debts and reversal or recovery thereof in 2016

The provision for bad debts made in 2016 was RMB 782,721.31; the provision for bad debts recovered or reversed in 2016 was RMB 0.00.

### 13.2.3 Category of other receivables by nature

Nature	Book Balance as at December 31, 2016	Book Balance as at January 1, 2016
Current accounts between entities	1,657,328,337.13	
Petty cash	1,272,085.13	
Margin and deposit	14,382,341.03	
Others		
<b>Total</b>	<b>1,672,982,763.29</b>	

### 13.2.4 Top five other receivables by debtor

Company name	Nature	Balance as at December 31, 2016	Aging	Proportion in total other receivables (%)	Balance of provision for bad debts as at December 31, 2016
Wuhan Commercial Workers Hospital Co., Ltd.	Current accounts with related parties	107,800,000.00	Within 1 year	6.44	

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Company name	Nature	Balance as at December 31, 2016	Aging	Proportion in total other receivables (%)	Balance of provision for bad debts as at December 31, 2016
Upper First-class Hospital, Hongqiao, Liangdu, Liupanshui (Finance Bureau of Fushun Economic Development Zone)	Deposits	10,000,000.00	Within 1 year	0.60	500,000.00
Hunan Trust Co., Ltd.	Deposits	2,000,000.00	Within 1 year	0.12	100,000.00
Xu Ce	Borrowings of employees	1,109,002.22	Within 1 year	0.07	55,450.11
The First People's Hospital of Lingbao City (COCITC)	Deposits	1,000,000.00	Within 1 year	0.06	50,000.00
Total	/	121,909,002.22	/	7.29	705,450.11

**13.3 Long-term equity investments**

Item	Balance as at December 31, 2016			Balance as at January 1, 2016		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	3,176,451,536.66		3,176,451,536.66	3,079,451,536.66		3,079,451,536.66
Total	3,176,451,536.66		3,176,451,536.66	3,079,451,536.66		3,079,451,536.66

**13.3.1 Investment in subsidiaries**

Investee	Balance as at January 1, 2016	Increase in 2016	Decrease in 2016	Balance as at December 31, 2016	Provision for impairment in 2016	Balance of provision for impairment as at December 31, 2016
Sino Great Wall International Engineering Co., Ltd.	3,079,451,536.66			3,079,451,536.66		
Wuhan Commercial Workers Hospital Co., Ltd.		97,000,000.00		97,000,000.00		
Total	3,079,451,536.66	97,000,000.00		3,176,451,536.66		

**13.4 Investment income**

Item	Amount in 2016	Amount in 2015
Income from long-term equity investments accounted for under cost method		
Income from long-term equity investments accounted for under equity method		
Investment income from disposal of long-term equity investments		
Investment income received from financial assets measured at fair value through current profit and loss during the holding period		

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Item	Amount in 2016	Amount in 2015
Investment income received from disposal of financial assets measured at fair value through current profit and loss		
Investment income from held-to-maturity investments during the holding period		
Investment income of available-for-sale financial assets during the holding period		
Investment income from disposal of available-for-sale financial assets		
Gains and losses arising from re-measurement of the remaining equities at the fair value after the loss of the control		
Others	396,197.49	
Total	396,197.49	

**13.5 Operating income and operating cost**

Item	Amount in 2016		Amount in 2015	
	Income	Cost	Income	Cost
Primary business				
Other business	238,048.64		2,318,061.00	237,620.18
Total	238,048.64		2,318,061.00	237,620.18

**14. Supplementary information**

**14.1 Breakdown of current non-recurring profits and losses**

Item	Amount	Remark
Profits or losses from disposal of non-current assets	-564,833.40	
Tax returns, deduction and exemption approved beyond the authority or without official approval documents		
Government grants included in current profits and losses (except for government grants closely related to the enterprise business, obtained by quota or quantity at unified state standards)	108,121.33	
Expenses for using funds charged from non-financial enterprises and included in the current profit and loss		
Gains from the difference between the investment costs of acquisition of subsidiaries, associates and joint ventures and share in the net fair value of the identifiable assets of the investee when investing	1,783,284.99	
Profit or loss on exchange of non-monetary assets	-	
Gains or losses from entrusting the investments or management of asset		
Provision of asset impairment made due to force majeure, such as natural disasters		
Gains or losses from debt restructuring		
Enterprise reorganizing expenses, such as employee accommodation costs and integration expenses		
Gains or losses from transactions with obvious unfair transaction price		
Current net gains and losses of the subsidiaries from business combinations under common control from the beginning of the period to the combination date		

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Item	Amount	Remark
Profit or loss on contingencies irrelevant to normal operation of the Company		
Except for effective hedging business related to the normal business of the company, profits or losses from fair value changes in held-for-trading financial assets and held-for-trading financial liabilities, and investment income from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets	443,065.98	
Reversal of the impairment provision for receivables subject to separate impairment test	-	
Profits or losses from entrusted loans	-	
Profit or loss on changes in fair value of investment properties subsequently measured under the fair value model	-	
Effects of one-off adjustments to the current profit and loss in accordance with the requirements of tax and accounting laws and regulations on the current profit and loss	-	
Custodian income from entrusted management	-	
Other non-operating income and expenditure except for the above items	5,296,814.65	
Other items of gains and losses subject to the definition of non-recurring gains and losses	-	
Effect of income tax	-3,668,000.60	
Effect of minority interests	-11,192.65	
Total	3,387,260.30	

**14.2 Return on equity and earnings per share:**

Profit for the reporting period	Weighted average return on equity (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	31.18	0.28	0.28
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	30.96	0.28	0.28

**Sino Great Wall Co., Ltd.**  
**(Official Seal)**  
**April 26, 2017**